ANNUAL REPORT

2020-2021

PHF LEASING LIMITED

923, G.T. ROAD, JALANDHAR – 144001, PUNJAB

OUR KEY PRINCIPLES

VISION	MISSION
We aim to be the most preferred financial institution by providing easy and quick finance options. We aspire to live upto the expectations of our customers, our people, our investors and society at large	Our mission is to create long-term value for all our stakeholders by being a dynamic and customer centric organization. To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal. To promote a work culture that fosters individual growth, team spirit and creativity.

Board Of Directors

Mr. Subhash Chander Sikka

- Mr. Subhash Chander Sikka is Chairman and Non-Executive Independent Director on the Board of the Company. He is having more than 15 years of experience in the NBFC industry. He is actively involved in the business affairs of the company and introduced innovative ideas in the business, which helped it to grow manifold.

Late Sh. Shiv Dyal Chugh (Founder & Promoter)

- Specialization: Finance, Administration, Educational & Social Work. Mr. Shiv Dayal Chugh was the promoter and Managing Director of the Company. He had more than 40 years' experience in the business of NBFC. He was actively involved in social, educational and business organizations.

Mr. Vijay Kumar Sareen

- Mr. V.K. Sareen is Ex-Vice-Principal and Head of PG Department at D.A.V. College, Jalandhar. With academic experience of 40 years, he is reputed author of books on law, gst, banking and MSME. He has presented research papers on Corporate Disclosures & corporate governance at national and international seminars. He has guided students of MBA and professional courses like CA/CS , paper setter and evaluator and nominated to different bodies of University , worked in various administrative capacities. He has rich experience in organizing national and international events in collaboration with ICSI and PCMAand awarded with Best Teacher Award.

Mr. Chandan Chugh

- He is having more than 13 years of experience in the NBFC industry and having wide knowledge of all aspects of NBFC business. He also contributes in the Management of the Company and also involved in the Business Administration and Policy Decisions of the Company.

Mr. Ashwani Kumar Jindal

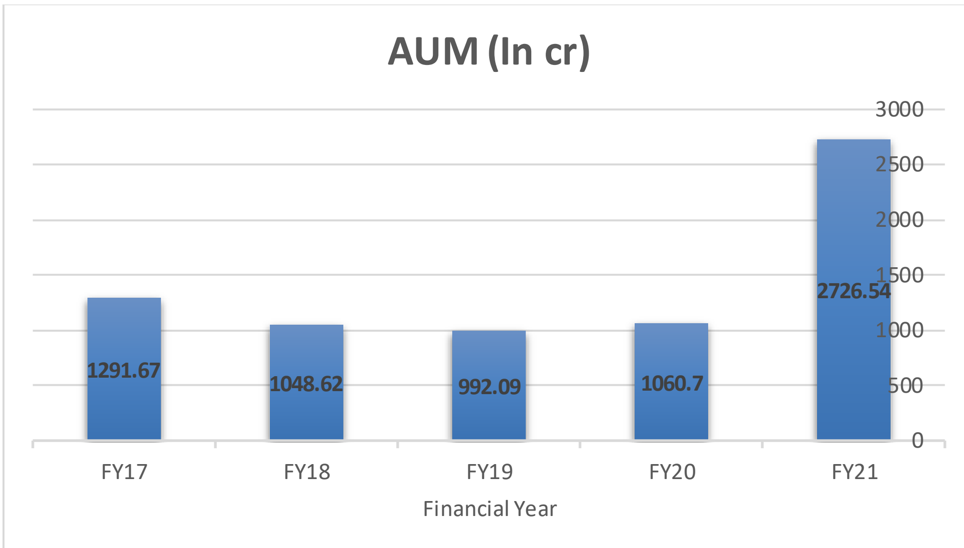
- Mr Ashwani Kumar Jindal is an Independent Director. He is a recognized member of the Institute of Chartered Accountants of India. He has an immense knowledgeable experience in Income Tax, GST and Auditing. Worked and dedicated for social cause and organize blood donation camps, Flag Hosting, Plantation and many more. He is Co-opted Member of Internal Audit Standard Board of ICAI for the year 2020-21 and remained co-opted member of Committee of Members in Industry & Business of ICAI for the year 2019-20.

Mr. Vijay Kumar Bhandari

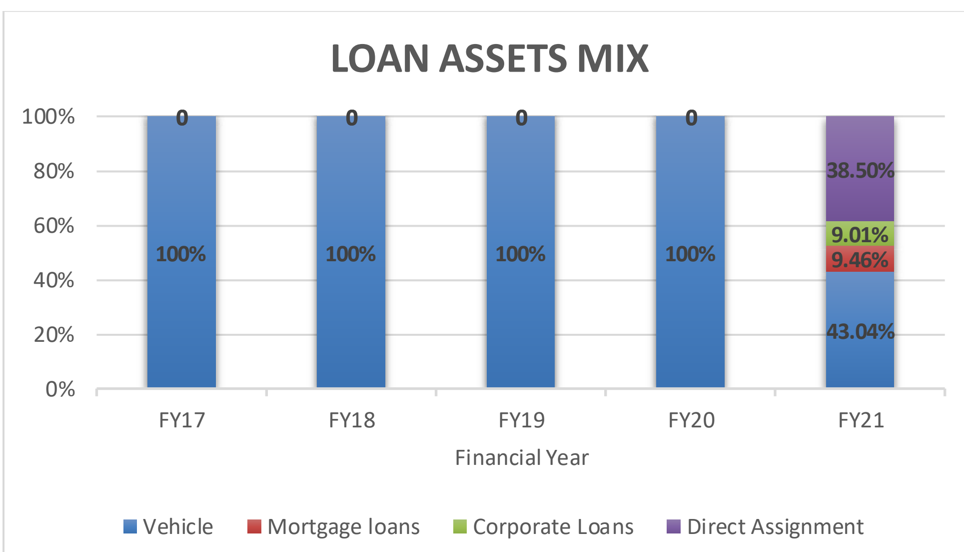
- V.K Bhandari is a Nominee Director of the Company. He is a fellow member of the Institute of Chartered Accountants of India. He has expertise and rich experience of over 33 years in banking and finance field. During his tenure with Central Bank of India, he held various important positions in Audit, Regional, Zonal, Credit, Credit Monitoring, Merchant Banking, Treasury, International Divisions of the bank.

Growth At Glance

1. Loan Assets



2. Loan Assets Mix



BOARD COMMITTEES

1. AUDIT COMMITTEE

Mr. Ashwani Kumar Jindal	Chairman (Independent Director)
Mr. Subhash Chander Sikka	Member (Independent Director)
Mr. Vijay Kumar Sareen	Member (Non-Executive Director)

2. NOMINATION AND REMUNERATION COMMITTEE

Mr. Ashwani Kumar Jindal	Chairman (Independent Director)
Mr. Subhash Chander Sikka	Member (Independent Director)
Mr. Vijay Kumar Sareen	Member (Non-Executive Director)

3. STAKEHOLDER & RELATIONSHIP COMMITTEE

Mr. Chandan Chugh	Chairman (Independent Director)
Late Mr. Shiv Dayal Chugh*	Member (Executive Director)
Mr. Vijay Kumar Sareen	Member (Non-Executive Director)
Ms. Neelam Kohli	Member (Independent Director)

4. RISK MANAGEMENT COMMITTEE

Late Mr. Shiv Dyal Chugh*	Chairman (Managing Director)
Mr. Ashwani Kumar Jindal	Member (Independent Director)
Ms. Neelam Kohli	Member (Independent Director)

* *Mr. Shiv Dyal Chugh (Managing Director), ceased to be Director of the Company due to his sudden demise on March 07, 2021.*

CORPORATE INFORMATION

CIN: L65110PB1992PLC012488

1. **STATUTORY AUDITORS**
   M/S MSKA & Associates
   Firm Registration No. 105047W
   The Palm Springs Plaza
   Office No. 1501-B, 15th Floor
   Sector-54, Golf Course Road
   Gurgaon-122001, Haryana, India

2. **INTERNAL AUDITORS**
   M/S JAC & ASSOCIATES LLP (formerly known as M/s Walia Jasvir & Associates)
   LLPIN: AAW-4793
   365 R, Model Town
   Jalandhar-144003, Punjab, India

3. **SECTRETARIAL AUDITORS**
   Harshita Aggarwal & Associates
   M.NO: 55717
   72 Kasturba Nagar,
   Jalandhar Cantt- 144004, Punjab, India.

4. **DEBENTURE TRUSTEE**
   Catalyst Trusteeship Limited
   GDA House, First Floor, Plot No. 85,
   No. 94 & 95, Bhusari Colony,
   Kothrud Pune-411038, India

5. **REGISTRAR & TRANSFER AGENT**
   M/s Skyline Financial Services Private Limited
   D-153A , 1st Floor, Okhla Industrial Area,
   Phase -I, New Delhi - 110 020, India

6. **REGISTERED & CORPORATE OFFICE**
   923, G.T.ROAD Jalandhar-144001
   Punjab, India

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 29TH ANNUAL GENERAL MEETING OF THE MEMBERS OF PHF LEASING LIMITED (THE COMPANY) WILL BE HELD ON THURSDAY, THE 23RD DAY OF SEPTEMBER, 2021 AT 01:00 P.M. THROUGH VIDEO CONFERENCING ('VC')/ OTHER AUDIO VISUAL MEANS ('OAVM') FACILITY TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS

1. Adoption of Audited Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on March 31, 2021 and the reports of the Board of Directors and the Auditors thereon and, in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

2. Appointment of Mr. Vijay Kumar Sareen (DIN: 07978240) as a Director, liable to retire by rotation

To appoint a Director in place of Mr. Vijay Kumar Sareen (DIN: 07978240) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Vijay Kumar Sareen (DIN: 07978240), who retires by rotation at this meeting and being eligible offers himself for re-appointment, be and is hereby appointed as a Director of the Company liable to retire by rotation."

3. Appointment of Statutory Auditors and to fix their remuneration

To appoint Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

a) To fill the casual vacancy:

"RESOLVED THAT in accordance with the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India (RBI) vide Notification Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated 27th April 2021 ("RBI Guidelines") and pursuant to the provisions of Section 139 (8) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s), clarifications, exemptions or re-enactment(s) thereof for the time being in force) and upon recommendation of the Audit Committee & Board of Directors, M/s GSA & Associates LLP, Chartered Accountants, New Delhi, having FRN: 000257N/N500339, be and are hereby appointed as Statutory Auditors of the Company, to fill the casual vacancy caused by the resignation of M/s MSKA & Associates, Chartered Accountants, Gurugram, having FRN: 502896.

RESOLVED FURTHER THAT M/s GSA & Associates LLP, Chartered Accountants, New Delhi, having FRN.: 000257N/N500339, be and are hereby appointed as Statutory Auditors of the Company to hold the office from 13th August, 2021, until the conclusion of the ensuing 29th Annual General Meeting of the Company, at such remuneration plus applicable taxes, and out of pocket expenses, as may be mutually agreed with the Board of Directors.

b) For a period of three years:

"RESOLVED THAT in accordance with the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India (RBI) vide Notification Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dated 27th April 2021 ("RBI Guidelines") and pursuant to the provisions of Section 139(8) and other applicable provisions of the Companies Act, 2013 read with rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and upon recommendation of the Audit Committee and Board of Directors, consent of the members of the Company be and is hereby accorded to appoint M/s GSA & Associates LLP, Chartered Accountants, New Delhi, having FRN.: 000257N/N500339, as the Statutory Auditors of the Company to conduct the statutory audit for a period of three years commencing from the conclusion of this 29th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company at such remuneration and out-of-pocket expenses, as may be mutually agreed with the Board of Directors ("the Board", which term shall be deemed to include any committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its committee for such purpose)."

SPECIAL BUSINESS

4. Appointment of Mr. Meghal Gupta (DIN: 09179500) as a Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 and any other applicable provisions of the Companies Act, 2013 ("the Act") and Companies (Appointment & Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), applicable provisions of Articles of Association of the Company and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Meghal Gupta (DIN: 09179500) who was appointed as an Additional Director of the Company under the category of Non-Executive Director of the Company in the professional capacity with effect from May 20, 2021 and who holds office until the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors ("the Board", which term shall be deemed to include any committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its committee for such purpose) be and is hereby authorised to do all acts and take all such steps as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution."

5. Appointment of Ms. Aditi Kapur (DIN: 06597596) as a Non-Executive Independent Director of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), RBI guidelines (to the extent applicable) and applicable provisions of Articles of Association of the Company, Ms. Aditi Kapur (DIN: 06597596) who was appointed as an Additional (Non-Executive) in the capacity of an Independent Director of the Company with effect from June 26, 2021 and who holds office only upto this Annual General Meeting in terms of section 161 of the Act, and who has submitted a declaration that she meets the criteria for independence as provided under the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a Member proposing her candidature for the office of Independent Director and in accordance with the recommendation of the Nomination & Remuneration Committee and the Board of Directors, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years with effect from June 26, 2021 to June 25, 2026, not liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors ("the Board", which term shall be deemed to include any committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its committee for such purpose) be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution."

6. Appointment of Mr. Vijay Kumar Sareen (DIN: 07978240) as a Whole-time Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V and applicable provisions, if any of the Companies Act, 2013 ("the Act"), Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof) RBI guidelines (to the extent applicable), and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, consent of the members of the Company be and is hereby accorded for the appointment of Mr. Vijay Kumar Sareen as a Whole-time Director of the Company for a period of 5 years with effect from May 6, 2021, on the remuneration and on such terms and conditions as set out in explanatory statement annexed to the notice convening this meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration as it may deem fit and as may be accepted to Mr. Vijay Kumar Sareen, subject to the same not exceeding the limit specified under Schedule V of the Act or any statutory modifications or re-enactment thereof.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the tenure of services of Mr. Vijay Kumar Sareen, the payment of salary, perquisites and other allowances shall be governed by the limits prescribed under Schedule V of the Act.

RESOLVED FURTHER THAT the Board of Directors ("the Board", which term shall be deemed to include any committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its committee for such purpose) be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution."

7. Amendment in the Articles of Association of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act and rules framed thereunder, including any statutory modification(s) thereto or re-enactment(s) thereof for the time being in force, the consent of the members of the Company be and is hereby accorded to insert a new Article No. 37A, immediately after the existing Article No. 37 of the Articles of Association of the Company:

"37A. Subject to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, the provisions of section 42 and 62 of the Companies Act, 2013 and other applicable provisions, the company is authorized to offer, issue and allot equity shares or convertible warrants or any other securities on preferential issue basis/ private placement basis."

RESOLVED FURTHER THAT the Board of Directors ("the Board", which term shall be deemed to include any committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its committee for such purpose) be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the aforesaid resolution."

8. Increase in Authorised Share Capital of the Company and consequential amendment in Memorandum of Association of the Company

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) thereto or re-enactment(s) thereof for the time being in force) and the Rules framed thereunder, the consent of the members of the Company be and is hereby accorded for increase in the Authorised Share Capital of the Company from existing INR 4,50,00,000/- (Rupees Four Crores and Fifty Lacs Only) divided into 45,00,000 (Forty Five Lacs) Equity Shares of INR 10/- (Rupees Ten Only) each to INR 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of INR. 10/- (Rupees Ten Only) each ranking *pari passu* in all respect with the existing Equity Shares of the Company as per the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT pursuant to Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded, for alteration of Clause V of the Memorandum of Association of the Company by substituting in its place, the following:-

"V. The Authorised Capital of the Company is Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each Only."

RESOLVED FURTHER THAT Board of Directors ("the Board", which term shall be deemed to include any committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its committee for such purpose) of the Company be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

9. To consider and approve further issue of equity shares on preferential basis

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 23(1)(b), Section 42 and Section 62(1)(c) of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and other applicable provisions, if any (including any statutory modifications(s) or re-enactment thereof, for the time being in force), and subject to the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (as applicable) ("SEBI (ICDR) Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended up to date ("SEBI (LODR) Regulations") and subject to other applicable rules, regulations and guidelines of Securities and Exchange Board of India ("SEBI") and/or the stock exchange, where the shares of the Company are listed and enabling provisions of the Memorandum and Articles of Association of the Company and subject to requisite approvals, consents, permissions and/ or sanctions of regulatory and other appropriate authorities, as may be required and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, permissions, and/ or sanctions and which may be agreed to, by the board of directors of the Company ("the Board", which term shall be deemed to include any committee constituted by the Board to exercise its powers including the powers conferred hereunder or any person authorised by the Board or its committee for such purpose); the consent and approval of the Company be and is hereby granted to create, offer, issue and allot on a preferential basis, upto 9,62,200 (Nine Lakh Sixty Two Thousand and Two Hundred) equity shares of face value INR 10/- (Rupees Ten Only) each ("Equity Shares") for cash at an issue price of Rs. 20/- (Rupees Twenty Only) each (i.e. at a premium of INR 10/- each), to the following belonging to the non-promoter group:

S. No.	Name of the Proposed Allottee	No. of Shares to be allotted
1	Mr. Kalyana Chakravarthy Pilla	2,50,000
2	Ms. Nalini Rampilla	2,50,000
3	Mr. Rampilla Chaitanya	90,000
4	Ms. Maheshwari Rampilla	1,50,000
5	Mr. Manthan Gupta	74,000
6	Agile Finserv Private Limited	1,48,200

RESOLVED FURTHER THAT aforesaid issue and allotment of Equity Shares shall be subject to the conditions prescribed under the Companies Act, 2013 and the SEBI (ICDR) Regulations including the following:

a. The Proposed Allottees shall be required to bring in 100% of the consideration for the Equity Shares to be allotted on or before the date of allotment thereof.

b. The consideration for allotment of Equity Shares shall be paid to the Company from the bank accounts of the Proposed Allottees.

c. The Equity Shares shall be locked in as per the provisions of the SEBI (ICDR) Regulations relating to preferential issue.

d. The Equity Shares to be allotted shall be in dematerialized form only and shall rank pari-passu in all respects including as to dividend with the existing fully paid up equity shares of face value INR 10/- (Rupees Ten Only) each of the Company.

e. The Equity Shares so offered, issued and allotted will be listed and traded on the stock exchange, where the equity shares of the Company are listed, subject to the receipt of necessary regulatory permissions and approvals, as the case may be.

f. The Equity Shares shall be issued and allotted by the Company to the Proposed Allottees within a period of 15 (Fifteen) days from the date of passing of the shareholders' resolution provided that where any approval or permission by any regulatory authority for the allotment of the Equity Shares is pending as on the date of the shareholders' resolution, the period of 15 (Fifteen) days shall be counted from the date of approval or permission, as the case may be.

RESOLVED FURTHER THAT pursuant to the provisions of the Companies Act, 2013 and rules made thereunder, the consent of the Company be and is hereby accorded for the issuance of a private placement offer cum application letter and application form in respect of the Equity Shares to be subscribed by the Proposed Allottees, in the form and manner prescribed under the applicable provisions of the Companies Act, 2013 and the rules and regulations thereunder.

RESOLVED FURTHER THAT the price of the aforesaid Equity Shares has been calculated in accordance with the provisions of the SEBI (ICDR) Regulations and the "Relevant Date" for the purpose of calculating the price of the Equity Shares is 24th August, 2021 (being the date thirty days prior to the date of the annual general meeting).

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue and allotment of the Equity Shares, including but not limited to seeking listing of the Equity Shares on the relevant stock exchange, making application to the relevant depository for admission of the new equity shares as appropriate, and to resolve and settle all questions and difficulties that may arise in relation to the proposed preferential issue, offer and allotment of any of the said Equity Shares, the utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it to any committee of the Board, any other director(s) or officer(s) of the Company or other authorized persons to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board or a committee of the Board, any other director(s) or officer(s) of the Company or any other authorized persons in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects."

For PHF LEASING LIMITED

Sd/-
Manpreet Kaur
Company Secretary
Membership No.: A54656
Add :H. No. 5B Gurdev Nagar, Near New Grain Market, Jalandhar-144008, Punjab, India

Date: 20/08/2021
Place: Jalandhar

NOTES:

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its Circular nos. dated 02/2021 dated January 13, 2021 read with Circular nos. 14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020, May 5, 2020 respectively, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19", Circular no. 20/2020 dated May 5, 2020 and Circular no. 02/2021 dated January 13, 2021 in relation to "Clarification on holding of Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM")" (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its Circular no. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (collectively referred to as "SEBI Circulars") permitted convening the Annual General Meeting ("AGM") through Video-Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the AGM of the members of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

2. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act"), setting out the material facts concerning business in respect of Item No. 3, 4,.5, 6, 7, 8 and 9 as set out above is annexed hereto.

3. Details pursuant to Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India and pursuant to provisions of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of Directors retiring by rotation / seeking appointment/ re-appointment at this Meeting are provided in the "Annexure" to the Notice.

4. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member of the company. Since this AGM is being held through VC / OAVM pursuant to the MCA Circulars and SEBI Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed hereto.

5. Since the AGM will be held through VC/OAVM Facility, the Route Map is not annexed with this Notice.

6. The Company's Registrar and Transfer Agent for its Share Registry work (physical and electronic) is Skyline Financial Services Private Limited, D-153A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi – 110020, India.

7. Participation of members through VC/ OAVM facility will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.

   Procedure for Inspection of Documents:

8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189

of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 23, 2021. Members seeking to inspect such documents can send an email to phf_leasingltd@yahoo.co.in.

9. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before Thursday, September 16, 2021 by sending e-mail on phf_leasingltd@yahoo.co.in. The same will be replied by the Company suitably.

Dispatch of Annual Report through Electronic Mode:

10. In compliance with the MCA Circulars and SEBI Circular dated January 15, 2021 read with Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail address is registered with the Company/ Depository Participants. Members may note that the Notice and Annual Report 2020-21 has been uploaded on the Company's website www.phfleasing.com, The Notice can also be accessed from the website of the stock exchange, Metropolitan Stock Exchange of India at www.msei.in and on the website of the NSDL (agency for providing the Remote e-Voting facility) i.e. www.evotingnsdl.com.

11. For receiving all communication (including Annual Report) from the Company electronically:

    a) Members holding shares in physical mode and who have not registered / updated their e-mail address with the Company are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at phf_leasingltd@yahoo.co.in or to RTA at admin@skylinerta.com.

    b) Members holding shares in dematerialised mode are requested to register / update their e-mail address with the relevant Depository Participant.

12. The notice is being sent to all the members of the Company, whose names appear on the register of members/ record(s) of depositories as on Friday, August 20, 2021. A person who is not a member as on cut-off date should treat this Notice for information purpose only.

IEPF Related Information:

13. The Company has transferred the unpaid or unclaimed dividends declared up to financial years 2012-13, from time to time, to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

14. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Company Secretary, at the Company's registered office or at phf_leasingltd@yahoo.co.in for revalidation and encashment before the due dates. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF"). Shares on which dividend remains unclaimed for seven consecutive years shall be transferred by the Company to the demat account of IEPF Authority within a period of thirty days of such shares becoming due to be transferred to the IEPF.

    In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from the IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website http://www.iepf.gov.in/.

    Due dates for transfer to IEPF, of the unclaimed/unpaid dividends for the financial year 2013-14 and thereafter, are as under:

Financial Year	Declaration Date	Due Date
2013-2014	August 8, 2014	September 14, 2021
2014-2015	September 16, 2015	October 22, 2022

Procedure for 'remote e-voting' and e-voting at the AGM

15. A. E-Voting Facility:

(i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing to its members, facility to exercise their right to vote on resolutions proposed to be passed at the AGM by electronic means ("e-voting"). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below ("remote e-voting''). For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as venue voting on the date of the AGM will be provided by NSDL.

The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting: September 20, 2021 at 09:00 A.M
End of remote e-voting: September 22, 2021 at 05:00 P.M

The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. September 16, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 16, 2021.

(ii) In case a person becomes a member of the Company after dispatch of e-AGM Notice, and is a member as on the cut-off date for e-voting, i.e. Thursday, September 16, 2021, such person may obtain the user id and password by mailing to the Company at phf_leasingltd@yahoo.co.in or RTA at admin@skylinerta.com.

(iii) The Company has appointed Ms. Harshita Aggarwal (M No.: A55717), Practicing Company Secretary and in her absence, Ms. Nikita Arora (M No.: F8402), Practicing Company Secretary, as the Scrutinizer for conducting the e-voting process in accordance with the law in a fair and transparent manner. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting will be declared within two working days of the conclusion of the Meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of NSDL, the e-voting agency & on the Company's website at www.phfleasing.com.

B. INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING:

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. Existing **IDeAS** user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "**Beneficial Owner"** icon under **"Login"** which is available under **'IDeAS'** section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on **"Access to e-Voting"** under e-Voting services and you will be able to see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period. 2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. 4. Shareholders/Members can also download NSDL Mobile App "**NSDL Speede**" facility by scanning the QR code mentioned below for seamless voting experience. 
Individual Shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of **e-Voting service provider i.e. NSDL.** Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com

	home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	**Helpdesk details**
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for e-Voting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

(i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period Now you are ready for e-Voting as the Voting page opens.

3. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

4. Upon confirmation, the message "Vote cast successfully" will be displayed.

5. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

6. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to csharshitaaggarwal@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to at evoting@nsdl.co.in or contact Ms. Pallavi Mhatre, Manager or Ms. Soni Singh, Asst. Manager, National Securities Depository Limited, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email id – evoting@nsdl.co.in or pallavid@nsdl.co.in or SoniS@nsdl.co.in or at telephone nos.:- +91 22 24994545, +91 22 24994559, who will also address the grievances connected with voting by electronic means. Members may also write to the Company Secretary at the Company's email address phf_leasingltd@yahoo.co.in.

Process for those shareholders whose email ids are not registered with the depositories/ company for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to phf_leasingltd@yahoo.co.in.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card),

AADHAR (self-attested scanned copy of Aadhar Card) to phf_leasingltd@yahoo.co.in. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at **Step 1 (A**) **i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode**.

3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above-mentioned documents.

4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

C. INFORMATION AND INSTRUCTIONS RELATING TO E-VOTING:

(i) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

(ii) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

(iii) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(iv) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

D. INSTRUCTIONS FOR MEMBERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

(i) The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

(ii) Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under **"Join General meeting"** menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

(iii) Members are encouraged to join the Meeting through Laptops for better experience.

(iv) Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

(v) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

(vi) Shareholders who would like to speak during the meeting must register themselves as a speaker by sending their request in advance by Thursday, September 16, 2021 mentioning their name, demat account number/folio number, email id, mobile number at phf_leasingltd@yahoo.co.in. The same will be replied by the company suitably. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

Other Information:

16. As mandated by the Securities and Exchange Board of India ("SEBI"), securities of the Company can be transferred/traded only in dematerialised form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.

17. Members holding shares in physical mode are:

a) required to submit their Permanent Account Number (PAN) and bank account details to the Company / RTA , if not registered / updated with the Company /RTA, as mandated by SEBI. Alternatively, such Members may write to the Company at phf_leasingltd@yahoo.co.in or to RTA at admin@skylinerta.com along with the details of folio no., self-attested copy of PAN card, bank details (Bank account number, Bank and Branch Name and address, IFSC, MICR details) and cancelled cheque leaf.

b) are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH-13 prescribed by the Government can be obtained from the Registrar and Share Transfer Agent or the Company at its registered office.

18. Members holding shares in electronic mode are:

a) requested to submit their PAN and bank account details to their respective Depository Participants ("DPs") with which they are maintaining their demat accounts.

b) advised to contact their respective DPs for registering nomination.

19. Non-Resident Indian Members are requested to inform the Company/RTA (if shareholding is in physical mode)/ respective DPs (if shareholding is in demat mode), immediately on:

a) Change in their residential status on return to India for permanent settlement;

b) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with PIN Code number, if not furnished earlier.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to ordinary business and special businesses mentioned in the accompanying Notice of Annual General Meeting:

Item No. 3: Object and Purpose:

Though not mandatory, this statement is provided for reference.

The Reserve Bank of India vide its Circular No. RBI/2021- 22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ("RBI Circular"), has issued guidelines w.r.t. appointment of Statutory Auditors in Banks including NBFCs and FAQs released subsequently. The guidelines will be applicable to the NBFCs for Financial year 2021-22 and onwards in respect of appointment/ re-appointment of Statutory Auditors. Pursuant to the said guidelines in order to protect the independence of the auditors, the Company will have to appoint the Statutory Auditors for a continuous period of three years subject to the firm satisfying the eligibility norms each. Further, an audit firm would not be eligible for reappointment in the same Entity for six years (two tenures) after completion of full or part of one term of the audit tenure.

The members of the Company had approved the appointment of M/s MSKA & Associates, Chartered Accountant in the 28th Annual General Meeting of the Company to hold the office for the period of 2 years till the conclusion of 30th Annual General Meeting of the Company. However, pursuant to the RBI Circular No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, the existing Statutory Auditors have reached the maximum limit for the number of audits to be undertaken in the current year, therefore, the firm has tendered their resignation on August 13, 2021 expressing their inability to continue as Statutory Auditors as they have reached the maximum limit for the number of audits o be taken in the year, resulting in a casual vacancy in the office of the Auditors of the Company as per section 139(8) of the Companies Act, 2013.

In accordance with aforesaid provisions of the Act, the casual vacancy caused by the resignation of the Statutory Auditors shall be filed by the Board within a period of thirty days and such appointment shall also be approved by the members of the Compan y within three months of the recommendation of the Board.

Accordingly, based on the recommendation of the Audit Committee and conformation received from M/s GSA & Associates LLP, Chartered Accountants (FRN: 000257N / N500339) on their eligibility, the Board recommends to the members for the appointment of M/s GSA & Associates LLP, Chartered Accountants, as the Statutory Auditors of the Company:

a) to fill the casual vacancy caused by the resignation of M/s MSKA & Associates, Chartered Accountants, Gurugram and to hold the office of the Statutory Auditors upto the conclusion of this Annual General Meeting; and
b) for a period of three five years, from the conclusion of the 29th Annual General Meeting till the conclusion of 32nd Annual General Meeting of the Company to be held in the year 2024.

Additional information about Statutory Auditors pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided below:-

Terms of Appointment	In terms of the applicable provisions of the Companies Act, the appointment of M/s GSA & Associates LLP, Chartered Accountants is to fill the casual vacancy caused by the resignation of M/s MSKA & Associates, Chartered Accountants, Gurugram and to hold the office of the Statutory Auditors upto the conclusion of this Annual General Meeting; and In terms of RBI Circular, the Statutory Auditors of the Company is being appointed for the period of 3 years starting from the conclusion of this AGM till the conclusion of 32nd AGM of the Company to be held in calendar year 2024.
Proposed Audit fees payable to Auditor and material change in fee payable	Rs. 5 Lacs (Indian Rupees Five Lacs Only) from conclusion of 29th AGM till the conclusion of 32nd AGM in addition to applicable GST and reimbursement of out of pocket expenses, if any and/or such other remuneration as may be decided by the Board of Directors from time to time.

	Further, the remuneration payable to old Auditors was fixed at Rs. 5.50 Lacs in addition to applicable taxes and reimbursement of out of pocket expenses, if any during the 2020-21. Apart from the statutory audit fees in line with industrial practice, there are no material changes in the fee payable to new Statutory Auditors from that paid to the outgoing Statutory Auditors.
Basis of recommendation and Auditor credentials	M/s GSA & Associates LLP was established in the year 1975 and has its head office at Delhi and branch offices at Jammu, Surat and Gurugram. The firm is empanelled with C&AG, RBI, MCX, SFIO, IBA and several others. Its clientele includes several large Public sector units, telecommunication companies, Banks and Private Sector Corporates.

The said appointment of M/s GSA & Associates LLP, Chartered Accountants shall be pursuant to applicable provisions of the Companies Act 2013, SEBI (LODR) Regulations, 2015 and terms as contained in SEBI circular No.CIR/CFD/CMD/1/114/2019 dated October 18, 2019.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested financially or otherwise, in the said Resolution.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the Notice for appointment and payment of remuneration to the Statutory Auditors.

Item No. 4: Object and Purpose:

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company, the Board of Directors of the Company appointed Mr. Meghal Gupta (DIN: 09179500) as an Additional Director of the Company with effect from May 20, 2021. Mr. Meghal Gupta holds office up to the date of this Annual General Meeting.

The Company has also received candidature letter under Section 160 of the Act.

Mr. Meghal Gupta is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given his consent to act as Director. The Board is of the view that the appointment of Mr. Meghal Gupta as a Director is desirable and would be beneficial to the Company.

Mr. Meghal Gupta may be deemed to be concerned or interested, financially or otherwise, to the extent of his shareholding in respect of his appointment as a Director. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

The Board of Directors recommends this resolution for the approval of members as an Ordinary Resolution

Item No. 5: Object and Purpose:

Based on recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors had appointed, subject to the approval of the members at the AGM, Ms. Aditi Kapur (DIN: **06597596)** as an Additional Director in an Independent capacity of the Company, not liable to retire by rotation, to hold the office for a period of 5 years with effect from June 26, 2021.

The Company has received necessary declaration(s) from Ms. Kapur confirming that she meets the criteria as prescribed under the Companies Act, 2013 (the Act) and SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (Listing Regulations). Further, Ms. Aditi Kapur is not disqualified from being appointed as Director in terms of Section 164 of Companies Act, 2013 and has given her consent to act as Director. A brief profile and other details required the Companies Act, 2013 and Secretarial Standards-2 of Institute of Company Secretaries of India is given below in this notice.

In the opinion of the Board, Ms. Aditi Kapur possess appropriate skills, experience & knowledge and fulfils the conditions for appointment as Independent Director as specified in the Act and that she is independent of the management. Ms. Aditi Kapur confirmed that she satisfies the fit and proper criteria as prescribed under Non-Banking Financial Companies (NBFCs) – Corporate Governance (Reserve Bank) Directions, 2015. Ms. Kapur also confirmed that she is not debarred from holding the office of director by virtue of any order from any regulatory Board or any such authority.

The Company has also received candidature letter under Section 160 of the Act. In compliance with the provisions of section 149 read with Schedule IV of the Companies Act, 2013, the appointment of Ms. Aditi Kapur as an Independent Director is now being placed before the Members for their approval. A copy of appointment letter setting out terms and conditions of her appointment and all other documents referred to in the accompanying Notice and this Statement are available for inspection through electronic mode.

Except Ms. Aditi Kapur, being appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested (financially or otherwise) in the proposed resolution.

The Board of Directors recommends this resolution for the approval of members as an Ordinary Resolution

Item No. 6: Object and Purpose:

The Board on the recommendation of the Nomination & Remuneration Committee at its meeting held on 6th May, 2021, approved the appointment of Mr. Vijay Kumar Sareen, as a Whole-time Director of the Company for a period of 5 years, with effect from 6th May, 2021, subject to the approval of shareholders at the forthcoming Annual General Meeting on such terms and conditions as set out below with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment from time to time within the scope of Schedule V of the Companies Act, 2013, or any amendments thereto or any re-enactment thereof as may be agreed.

(1) Remuneration at the rate of Rs. 50,000/- (Rupees Fifty Thousand Only) per month with effect from May 6, 2021, which may be reviewed by the Board.

(2) Reimbursement of expenses incurred by him on account of the business of the Company in accordance of the Company's policy.

Both the Nomination and Remuneration Committee and the Board were of the opinion, after evaluation of his qualifications, experience and other attributes, that his induction on the Board would be of immense benefit to the Company and it is desirable to avail her services as a Director to strengthen the management of the Company.

Additional information alongwith brief profile in respect of Mr. Vijay Kumar Sareen, pursuant to Regulation 36 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), is given at Annexure to this Notice.

Except Mr. Vijay Kumar Sareen, none of the Directors, Key Managerial Personnel of the Company and their relatives, are, in any way, concerned or interested (financially or otherwise) in the proposed resolution.

The Board of Directors recommends this resolution for the approval of members as an Ordinary Resolution.

Item No. 7: Object and Purpose:

The Board has proposed to issue equity shares on preferential basis. In order to enable issue of securities, the consent of the members by way of a special resolution is also required for amendment in Articles of Association to incorporate enabling provisions for issue of securities on preferential basis.

A copy of the proposed amended Articles of Association (AOA) is available for inspection through electronic mode.

None of the Directors or any Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested, whether directly or indirectly in passing of the said Resolution, save and except to the extent of their respective interest as shareholders of the Company.

The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the Members.

Item No. 8: Object and Purpose:

The present Authorised Share Capital of the Company is Rs. 4,50,00,000/- (Rupees Four Crores and Fifty Lacs Only) comprising of 45,00,000 (Forty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

Considering the increased fund requirements of the Company, the Board at its Meeting held on 20th August, 2021, had accorded its approval for increasing the Authorised Share Capital from existing Rs. 4,50,00,000/- (Rupees Four Crores and Fifty Lacs Only) divided into 45,00,000 (Forty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only), subject to shareholders approval.

It is therefore proposed to increase the Authorised Share Capital of the Company from existing Rs. 4,50,00,000/- (Rupees Four Crores and Fifty Lacs Only) divided into 45,00,000 (Forty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 10,00,00,000/- (Rupees Ten Crores Only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten Only) each ranking *pari passu* with the existing Equity Shares in all respects as per the Memorandum and Articles of Association of the Company.

Consequently, Clause V of the Memorandum of Association would also require alteration so as to reflect the changed Authorised Share Capital.

The proposal for increase in Authorised Share Capital and amendment of Memorandum of Association of the Company requires approval of members at a general meeting.

A copy of the Memorandum of Association of the Company duly amended will be available for inspection through electronic mode.

None of the Directors or any Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested, whether directly or indirectly in passing of the said Resolution, save and except to the extent of their respective interest as shareholders of the Company.

The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the Members.

Item No. 9: Object and Purpose:

To augment the fund requirements of the Company, your Company intends to raise funds through preferential issue of equity shares. Your Board proposes to issue upto 9,62,200 (Nine Lacs Sixty Two Thousand and Two Hundred) equity shares at an issue price of Rs. 20/- (Rupees Twenty Only) each.

Since your Company is a listed company, the proposed issue of equity shares would be made in terms of the provisions of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements), Regulations, 2018, and other applicable provisions, if any. In terms of the provisions of the Companies Act, 2013 and the rules made thereunder and the aforesaid SEBI Regulations, the relevant disclosures/details are given below:

Particulars of the Preferential Issue including date of passing of Board resolution: The Board of Directors at its meetings held on August 13, 2021 and subsequently amended in its meeting held on August 20, 2021 has, subject to the approval of the Members and such other approvals as may be required, approved the issuance of upto 9,62,200 (Nine Lacs Sixty Two Thousand and Two Hundred) Equity Shares of a face value of Rs. 10/- (Rupees Ten Only) each at a price of Rs. 20/- (Rupees Twenty Only) per Equity Share on a preferential basis.

Instrument and Numbers: The Company is proposing to issue upto 9,62,200 (Nine Lacs Sixty Two Thousand and Two Hundred) Equity Shares of a face value of Rs. 10/- (Rupees Ten Only) each to following belonging to the non-promoter group, at an issue price of Rs. 20/- (Rupees Twenty Only) each, aggregating to Rs. 1,92,44,000/- (Rupees One Crore Ninety Two Lacs and Forty Four Thousand Only):

S. No.	Name of the Proposed Allottee	No. of Shares to be allotted
1	Mr. Kalyana Chakravarthy Pilla	2,50,000
2	Ms. Rampilla Nalini	2,50,000
3	Mr. Rampilla Chaitanya	90,000
4	Ms. Maheshwari Rampilla	1,50,000
5	Mr. Manthan Gupta	74,000
6	Agile Finserv Private Limited	1,48,200

Pending Preferential Issue: No allotment on preferential basis has been made during the financial year and further, there is no preferential allotment under process except as proposed in this notice.

Relevant Date: As per SEBI (ICDR) Regulations, 2018, the relevant date for the purpose of determination of issue price of the Equity Shares is August 24, 2021.

Issue Price: The equity shares of the Company are listed at the Metropolitan Stock Exchange of India Limited (MSEI). There is in-frequent trading of shares of the Company on MSEI. In terms of Regulation 165 of the SEBI (ICDR) Regulations, 2018, where the shares are not frequently traded, the price determined by the issuer shall take into account valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies.

The Company has obtained a valuation certificate dated August 12, 2021 from Mr. Subodh Kumar, 210, Wadhwa Complex, Street No. 10, Laxmi Nagar, Delhi – 110092, India. The present issue price of Rs. 20/- (Rupees Twenty Only) per equity share as per the valuation arrived as per the valuation certificate.

Since, there is no capitalization of profit, right issue, bonus issue, re-classification of shares or any other corporate action in the Company. Accordingly, there is no adjustment in pricing is required in terms of Regulation 166 of the SEBI (ICDR) Regulations, 2018.

Justification for allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer: Not Applicable

Re-computation of Price: The Company shall re-compute the issue price of the Equity Shares, in terms of the provision of the SEBI (ICDR) Regulations, 2018, where it is required to do so; and that if any amount payable on account of the re-computation of issue price is not paid within the time stipulated in the SEBI (ICDR) Regulations, 2018, the Equity Shares allotted under preferential issue shall continue to be locked- in till the time such amount is paid by the allottees.

Payment: In terms of the provisions of Regulation 169(1) of the SEBI (ICDR) Regulations, 2018; the entire (100%) of the issue price in respect of the issue of Equity Shares shall be payable before the allotment of the Equity Shares. The equity shares will be issued against the funds received as share application money through banking channel from the proposed allottees.

Identity & particulars of proposed allottees and pre & post issue holding of the proposed allottees: Present preferential issue of Equity Shares is proposed to be made to the following, belonging to the non-promoter group.

1. Mr. Kalyana Chakravarthy Pilla, an Indian Resident
2. Ms. Nalini Rampilla, an Indian Resident
3. Mr. Rampilla Chaitanya, an Indian Resident
4. Ms. Maheshwari Rampilla, an Indian Resident
5. Mr. Manthan Gupta, an Indian Resident
6. Agile Finserv Private Limited, a company incorporated under the laws of India

The identity and the pre-issue & post issue shareholding of the proposed allottees is shown in the table below:

S. No.	Name & Address	Category	Identity of the natural persons who are the ultimate beneficial owners of the shares of the proposed allottee and/or who ultimately control the proposed allottee	No. of Equity Shares proposed to be allotted	Pre-issue Shareholding		Post-issue Shareholding	
					No. of Shares	%	No. of Shares	%
1.	Mr. Kalyana Chakravarthy Pilla Add: Flat No. 103, Building No. 21, Priri CHS, Krishnachandra Marg, Near Rang Sharda, Bandra Reclamation, Bandra (West), Mumbai – 400050, Maharashtra, India	Non- Promoter Public Category (an Indian Resident)	Self	2,50,000	Nil	Nil	2,50,000	6.33
2.	Ms. Nalini Rampilla Add: 5-7/4-16, 4th Line, Near Small Church, Chittinagar, Vijayawada (Urban), Krishna, Andhra Pradesh, 520001	Non- Promoter Public Category (an Indian Resident)	Self	2,50,000	Nil	Nil	2,50,000	6.33
3.	Mr. Rampilla Chaitanya Add: Ho. No. 14-24/6/4, Plot No. 10/C, Jaya Lakshmi Nagar, Road No. 9, Phase 2, Beeramguda, Ammenapur, Meak, Telangana – 502032	Non- Promoter Public Category (an Indian Resident)	Self	90,000	Nil	Nil	90,000	2.28
4.	Ms. Maheshwari Rampilla Add: 14-24/6/4, Road No – 9, Jayalaxmi Colony, Beeramguda, Ameenapur, Medak, Telangana - 502032	Non- Promoter Public Category (an Indian Resident)	Self	1,50,000	Nil	Nil	1,50,000	3.80
5.	Mr. Manthan Gupta Add: H. No. 76, Green Park, Jalandhar – I, 44001, Punjab	Non- Promoter Public Category (an Indian Resident)	Self	74,000	1,80,000	6.02	2,54,000	6.43
6.	Agile Finserv Private Limited Add: 11, Ground Floor, City Square Building, Near Kesar Petrol Pump, EH-197, Civil Line, Jalandhar-144001, Punjab	Non- Promoter Public Category (a company incorporated under the laws of India)	Mr. Ashish Bhandari	1,48,200	5,90,000	19.75	7,38,200	18.69

All the pre-preferential shareholding of the proposed allottees shall be under lock-in as per the SEBI (ICDR) Regulations. The proposed allottees have not sold/transferred any shares of the Company during the six months period prior to the Relevant Date.

Neither the Company nor any of the promoters, promoter group persons, directors or the proposed allottees is debarred or prohibited to access the capital market. Further, neither the Company nor any of the promoters, promoter group persons, directors or the proposed allottees is a willful defaulter or has been declared as a fugitive economic offender. Accordingly, disclosure as per Schedule VI of the SEBI (ICDR) Regulations, 2018 is not applicable.

Change in control, if any, upon preferential issue: Consequent to the proposed preferential issue of Equity Shares; there shall not be any change in control of the Company.

Lock-in Period: The Equity Shares to be allotted to the proposed allottees shall be locked-in for a period of one year from the date of trading approval by the stock exchange or such other period as per the SEBI (ICDR) Regulations, 2018.

Intention of promoters/directors/key management persons to subscribe: No promoter or any director or key management person intend to subscribe to the present preferential issue.

Pre-issue & Post-issue Shareholding Pattern of the Issuer Company: Pre-issue and post issue shareholding pattern of the Company (based on the shareholding pattern as on August 20, 2021) is as below:

S. No.	Category	Pre-Issue Shareholding		Post-issue Shareholding	
		No. of Shares held	% of shareholding	No. of Shares held	% of shareholding
A.	**Promoters' holding**				
	Indian				
1	Individual	6,79,980	22.76	6,79,980	17.21
2	Body Corporate	0	0.00	0	0.00
3	Others – HUF	0	0.00	0	0.00
	Sub Total	6,79,980	22.76	6,79,980	17.21
1	Foreign Promoters	0	0.00	0	0.00
	Sub Total	0	**0.00**	0	**0.00**
	Total Promoters Holding (A)	**6,79,980**	**22.76**	**6,79,980**	**17.21**
B.	**Non-Promoters' holding**				
1	Institutional Investors	0	0	0	0
2	Non-Institution:				
	Body Corporate	9,67,800	32.39	11,16,000	28.26
	Indian Public	13,40,020	44.85	21,54,020	54.53
	Other (Including NRIs)	0	0	0	0
	Total Non-Promoters Holding (B)	**23,07,820**	**77.24**	**32,70,020**	**82.79**
	Grand Total (A+B)	**29,87,800**	**100.00**	**39,50,000**	**100.00**

Issue of the Equity Shares pursuant to the Preferential Issue would be within the Authorised Share Capital of the Company.

Objects and purpose of the Preferential Issue: Funds raised through the proposed preferential issue will be utilized for the purpose of meeting fund requirement for expansion of business activities, meeting working capital requirements and other general corporate purposes.

Proposed time of Allotment: The allotment of Equity Shares in the present preferential issue will be made within a period of 15 days from the date of passing of the Special Resolution in the present general meeting, excluding the time taken in obtaining the necessary statutory approvals.

Subject to the aforesaid, in terms of the Companies Act, 2013, the allotment of the equity shares shall be made within 60 days of the receipt of the share application money from the proposed allottees.

Undertaking with regard to re-computation of issue price: In terms of SEBI (ICDR) Regulations, 2018, the Company shall re-compute the price of the equity shares, in terms of the provision of the SEBI (ICDR) Regulations, 2018, where it is required to do so; and that if any amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI (ICDR) Regulations, 2018, the Equity Shares allotted under preferential issue shall continue to be locked- in till the time such amount is paid by the allottees.

Auditors' Certificate: A certificate from Statutory Auditors of the Company, certifying that the issue of equity shares is being made in accordance with requirements of ICDR Regulations shall be placed before the general meeting of the shareholders.

As it is proposed to issue and allot the aforesaid securities on preferential allotment basis, special resolution is required to be approved by members pursuant to the provisions of Sections 42 and 62 of the Companies Act, 2013, and rules made thereunder and Chapter V of the SEBI (ICDR) Regulations, 2018 and other applicable provisions.

The Board of Directors believes that the proposed preferential issue is in the best interest of the Company and its members. Accordingly, the Board recommends the Special Resolution as set out in Item No. 9 in the accompanying notice for your approval.

None of the Directors or any Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested, whether directly or indirectly in passing of the said Resolution, save and except to the extent of their respective interest as shareholders of the Company.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT / ALTER IN THEIR TENURE AT THE FORTHCOMING ANNUAL GENERAL MEETING OF THE COMPANY (PURSUANT TO PARA 1.2.5 OF SECRETARIAL STANDARD 2 AND SEBI (LODR) REGULATIONS, 2015)

S. NO.	PARTICULARS	Meghal Gupta	Aditi Kapur	Vijay Kumar Sareen
1.	**DIN**	09179500	06597596	07978240
2.	**Date of First Appointment at the Board**	20/05/2021	26/06/2021	07/03/2020
3.	**Date of Birth**	20/01/1995	29/09/1987	24/12/1959
4.	**Age**	26 Years	34 Years	60 Years
5.	**Qualification**	B. Tech	Law Graduate and Company Secretary	Post Graduate
6.	**Experience (including expertise in specific functional area) / Brief Resume**	Mr. Meghal Gupta has a wide experience in NBFC and finance sector. For detailed profile, please refer to Company's website https://phfleasing.com/about_us.html	Ms. Aditi Kapur is an Advocate by profession and her expertise includes corporate laws, management consultancy and BPR solutions. For detailed profile, please refer to Company's website https://phfleasing.com/about_us.html	Mr. V.K. Sareen is Ex-Vice-Principal and Head of PG Department at D.A.V. College, Jalandhar. For detailed profile, please refer to Company's website https://phfleasing.com/about_us.html
7.	**Terms and conditions of appointment/ re-appointment**	To be appointed as a Non-Executive Director in professional capacity	5 years as an Independent Director	As per the terms and conditions of as approved by the Board/ Shareholders Further, the appointment for 5 years as Whole Time Director is proposed
8.	**Remuneration sought to be paid**	As per the terms of the Board	Sitting fee as may be approved by the Board	As per the terms of the Board
9.	**Remuneration last drawn**	Rs. 50,000/ per month	-	-
10.	**Shareholding in the Company as on March 31, 2021**	4.02%	-	-
11.	**Relationship with other Directors, Manager and Key Managerial**	Not related to any Director Manager and Key Managerial Personnel	Not related to any Director Manager and Key Managerial Personnel	Not related to any Director Manager and Key Managerial Personnel

	Personnel in the Company			
12.	**No. of Board Meetings attended during the year (2020-2021)**	-	-	10
13.	**Directorships of other Boards as on March 31, 2021**	-	-	1
14.	**Membership/ Chairmanship in committees of other Entities**	-	-	-

BOARD REPORT

To
The Esteemed Members

The Board of Directors ("Board") of PHF Leasing Limited ("your Company" or "the Company") take pride in presenting their 29th (Twenty Ninth) Annual Report together with the Audited Financial Statements for the financial year ended on March 31, 2021 ("FY 2020-21" or "period under review" or "financial year under review"). The Company is registered with the Reserve Bank of India ("RBI") as a Non-Systemically Important Non-Banking Financial Company ("NBFC") accepting public deposits.

COVID-19 PANDEMIC IMPACT

The COVID -19 pandemic adversely affected almost all sectors of Indian economy. The COVID-19 pandemic is a global humanitarian and health crisis, that continues to impact all our stakeholders–employees, clients, investors and communities we operate in. Many countries are expecting third waves of infections after the second wave has hit badly. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, have resulted in significant commotion to people and businesses. While vaccines have been made available, there are delays in vaccinating larger populations, increased instances of variants and infections, and consequential stress on the healthcare sector. Consequently, market demand and supply chains have been affected.

To hostage the crippling impact of the lockdowns on economies, the world's policymakers have resorted to fiscal and monetary measures never seen before in global economic history. It still remains to be seen if these relief measures sufficed, and whether actions taken by Governments across the globe adequately compensated for the disruptions created in the lives of people.

The challenges for the NBFCs have moved from the liability to the asset side in terms of liquidity and asset eminence with the outbreak of Covid19. The liquidity covers of NBFCs is largely dependent on collections and the ability to raise resources. The collections of NBFCs witnessed decline during the six-month moratorium on the payment of installments in respect of all term loans to their borrowers for the period from March 1, 2020 to August 31, 2020, as ~45% of total outstanding loans were under moratorium as on August 31, 2020.

The Reserve Bank of India's Financial Stability Report (FSR) in January estimated that gross bad loans of banks in India would rise to 13.5 per cent by September from 7.5 per cent in the year-ago month under the baseline scenario.

The only grey cloud at present is the huge flow in infections that started with the second wave beginning in early March 2021. Hopefully, a serious increase in the leap of vaccinations across the country will bring this gush down; and if we keep all enterprises and workers open for business, it should not affect the economy in any momentous manner.

ABOUT THE COMPANY

PHF Leasing Limited founded in 1992, is a Punjab based Non-Banking Financial Company listed on Metropolitan Stock Exchange of India (MSEI) and is pioneer in providing loans and financing of vehicles to customers. PHF is primarily engaged in retail financing of two wheelers, used LCVs, used/new cars, 3 wheelers, home loans, LAP etc. to youth, needy housing loans seekers, small traders & small service providers, people in dairy farming, labour class, lower middle class, migrant labour and in fact rural and urban peripheral downtrodden strata of the society to fulfil their basic needs of shelter, conveyance (mobility to work place).

PHF during the year under review has started MSME business loans to small traders and service providers trying their entrepreneurial skills/talent at small scale. PHF is into marketing finance solutions to masses who comprise bottom of the pyramid, in a way benefitting sections of the society who are deprived from availing the desired financial aid from banking sector due to various reasons, PHF is helping in the financial inclusion process.

In its Core Business, Company operates with transparent policies, well-managed team at Head Office & Branches and positive efforts of field officers. There are three branches located at Amritsar, Batala and Kapurthala and Collection Centers at Tarn Taran, Ludhiana and Ferozepur. The company has opened more collection centres at Hoshiarpur, Pathankot, Gurdaspur and has planned to diversify in the states of HP, Rajasthan and Haryana during the year 2021-22.

Furthermore, the Company's focus has always been to maintain long term relationship with lessees, suppliers, lenders and employees.

PRODUCTS AND SERVICES

Company is primarily engaged in financing of all types of Vehicles, Moveable assets, Commercial Vehicles, Two Wheelers and Three Wheelers which are either generating income or has economic value to the customer in India. Company classifies its customers as 'Borrowers'. Company's core business is investing in said assets which have economic value to its progressive poor and middle class customers. Our Borrowers are predominantly located in rural areas in India and Company makes available finance to them mainly for use for their businesses or for activities supporting economic growth.

Recently, as an expansion and diversification plan, the company has forayed into Mortgage loans against Immovable Property for supporting MSME and Affordable Housing, Term loans and Direct Assignment transactions.

1. FINANCIAL AND OPERATIONAL SUMMARY

1.1 Financial Highlights

The Company's financial performance for the financial year ended March 31, 2021 as compared to the previous financial year ended March 31, 2020 (regrouped) is as under:

(Figures INR in Lakh)

S. No.	PARTICULARS	For period ended March 31, 2021 (Audited)	For year ended March 31, 2020 (Audited)
1	Total Gross Income	359.95	273.18
2	Interest Expended	159.58	75.83
3	Operating expenses (i)+(ii)		
	(i) Employees cost	120.65	84.71
	(ii) Other operating expenses	83.32	71.50
4	TOTAL EXPENDITURE (2)+(3) (Excluding provisions and contingencies)	363.55	232.03
5	OPERATING PROFIT (1 - 4) (Profit before Provisions and Contingencies)	(03.60)	41.15
6	Provisions (other than tax) and contingencies (Net)	47.14	55.56
7	Profit before Tax (5-6)	(50.74)	(14.41)
8	Tax expense	2.96	6.32
9	Net Profit from Ordinary Activities after Tax (7 - 8)	(47.78)	(8.10)
10	Net Profit/(Loss) for the period	(47.78)	(8.10)
11	Paid-up equity share capital (Face value Rs.10/- per share)	298.78	298.78
12	Reserves & Surplus excluding revaluation reserves	203.17	252.53
13	Dividend %	-	-
14	Net Worth	469.03	519.16
15	Earnings Per Share (In Rs.)	(1.60)	(0.27)
16	Capital Adequacy Ratio (in %)	17%	48%
17	Operating Expenses (Opex) Ratio (in %)	57.39%	57.41%

The above figures are extracted from the Standalone Financial Statements prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under Sections 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

i) Preparation of Annual Accounts

The Annual Accounts have been prepared on the basis of Ind-AS accounting.

ii) Gross Income

During the F.Y.2020-21, Gross Income of your Company increased to Rs. 359.95 Lakhs registering a growth of 31.76% over the previous year's Gross Income of Rs.273.18 Lakhs. The Company has observed an increase in the gross income during the current financial year as a result of increase in the operations of the Company. The growth in the business has also been accompanied by improvements in efficiency parameters. The Company inspite of COVID pandemic has increased the income due to increase in portfolio and efficient recovery.

iii) Profit Before Tax (PBT)

During the F.Y. 2020-21, the Profit/ (Loss) before (PBT) of the Company was Rs. (-) 50.74 Lakhs as compared to Rs. (-) 14.41 Lakhs in the F.Y. 2019-20. The loss is attributed to higher provision made for pandemic and also increase in expenses as a result of expansion and diversification undertaken by the Company.

iv) Profit After Tax (PAT)

The Profit after Tax (PAT)for the FY 2020-21 was Rs. (-) 47.78 Lakhs as compared to Rs. (-) 8.10 Lakhs in the FY 2019-20.The increase in loss is due to reasons mentioned in para 1.1(iii) above. The Company has formulated various strategies and is working hard to increase the business and positively the operational profitability of the Company shall be recorded by the close of the current financial year.

v) Net Worth

Due to loss incurred by the Company during the year under review, the net worth of the Company has decreased to Rs. 469.03Lakhs in the FY 2020-21 as compared to Rs. 519.16 Lakhs in the FY 2019-20. However, the Company is planning to infuse more equity during the current year to strengthen its Net Worth. The Net worth would further increase due to anticipated profits owing to increase in business.

vi) Earnings PerShare

Consequently, during the FY 2020-21,the Earning per share of the Company was Rs. (-) 1.40 as compared to Rs. (-) 0.27 during the previous year.

viii) Capital to Risk Weighted Assets Ratio (CRAR)

The Company's Capital to Risk Weighted Assets Ratio (CRAR) stood at 17% as at the end of the financial year under review, which is well above permissible limit of 15% prescribed under RBI norms for NBFCs. The Capital adequacy has reduced due to increase in Risk Weight Assets as a result of expansion and diversification and loss incurred during the year under review. However, with the increase in infusion of equity and profitability, the Capital adequacy will strengthen.

1.2 Operational Highlights

i) Branch Expansion

The Company has expanded its distribution capabilities and has expanded its presence in the state of Punjab by adding more collection centres and one administrative office overall to its net work that has been scaled remarkably as compared to previous year. Concurrently, the Company has emphasized on increasing the operational efficiency of the existing branches and other offices.

ii) Operational Cost

During these challenging times, the Senior Management is trying to cut operational & financial costs wherever possible, while simultaneously improving operational efficiency, IT infrastructure and level of existing branches/other offices. The Company understands that a jolt such as COVID-19 will help to examine these costs in great detail, and prune them wherever possible. As a result, the productivity of the Company boosted resulting into the growth in business and reducing the operational cost.

During the year, the operational and financial performance of your Company was as follows:

Particulars	March 31, 2021	March 31, 2020
Branches	3	3
Collection Centres	3	1
Administrative Office	1	0
No. of Borrowers	3615	3528
Outstanding Loan Portfolio (Own Book) (Rs. In lakhs)	1676.89	1028.64
Gross Loan Portfolio (Rs. In lakhs)	2726.54	1028.64
Loan Disbursed in FY (Rs. In lakhs)	2834.00	878.71
Total Assets (Rs. In lakhs)	3334.02	1308.02

1.3 Fund Mobilization

During the FY 2020-21, your Company raised a sum of Rs. 7698 Lacs by way of issuance of Non-Convertible Debentures (NCDs). Further, your Company raised resources aggregating to Rs. 110 Lacs from various financial institutions in the form of term loans.

2. LENDING OPERATIONS

2.1 Disbursements

During the Financial Year 2020-21, the loan disbursals were of Rs. 2834.00 Lakhs showing increase of 222.52% as compared to previous year's loan disbursals of Rs. 878.71Lakhs due toexpansion and diversification undertaken by the company.

The Company reviews its policies/ procedures from time to time, to suitably align with market requirements, its corporate objectives and applicable statutory requirements. During the Financial Year and till the date of this Report, the Company has introduced various new schemes and modified existing schemesto sustain growth of the Company's market share in NBFC sector. These includes:

(i) "Scheme for Moratorium of Loan Installments" for a period not more than two months i.e. April and May 2020 was introduced to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses in the midst of on large-scale shutdown.

(ii) "Scheme for refund/adjust the interest on interest" charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 was introduced in conformity with the RBI Notification dated April 7, 2021.

3. RECOVERY & STRESSED ASSETS MANAGEMENT

Reserve Bank of India (RBI) vide Circular dated June 7, 2019 issued guidelines pertaining to Prudential Framework for Resolution of Stressed Assets. As per the said circular, lenders shall recognize incipient stress in loan accounts, immediately on default, by classifying such assets as Special Mention Accounts (SMA). Accordingly, the Income Recognition, Asset classification and Provisioning has been considered as per the said Circular and the accounts having overdue of more than 90 days have been classified as Non-Performing Assets (NPAs).

Further, in accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020, the lending institutions were permitted to grant a moratorium of 3 months on payment of all installments and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to eligible borrowers in accordance with the Board approved policy which was further extended to August 31, 2020 ('moratorium period'). For all such accounts where the moratorium was granted, the asset classification stood still during the moratorium period.

4. RESOURCE MOBILISATION

The total Borrowings of the Company stood at Rs. 2012.87 Lacs as on March 31, 2021 as against Rs. 384.72 Lacs in the previous year.

5. SHARE CAPITAL AND DEBENTURES

5.1 Capital Structure

The Authorized Share Capital of the Company as on March 31, 2021 stood atRs. 4,50,00,000/- (Rupees Four Crores and Fifty Lakhs Only) divided into 45,00,000 (Forty-Five Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

The Issued and Subscribed Share Capital of the Company as on March 31, 2021 stood at Rs. 3,00,23,000/- (Rupees Three Crores and Twenty-Three Thousand Only) divided into 30 02,230 (Thirty Lacs Two Thousand Two Hundred and Thirty) equity shares of Rs. 10/- (Rupees Ten Only) each.

The Paid-up Share Capital of the Company as on March 31, 2021 stood at Rs. 2,98,78,000/- (Rupees Two Crores Ninety-Eight Lacs and Seventy-Eight Thousand Only) divided into 29,87,800 (Twenty-Nine Lacs Eighty-Seven Thousand and Eight Hundred) Equity Shares of Rs. 10/- (Rupees Ten Only) each.

5.2 Non-Convertible Debentures

During the financial year under review, the Company had allotted Secured Redeemable Non-Convertible Debentures (NCDs) on private placement basis as follows:

Date	**No. of Debentures**	**Nominal Amount (In Rs.)**	**Total Amount (InRs.)**
September 30, 2021	19,500	1,000	1,95,00,000
November 24, 2020	33,870	1,000	3,38,70,000
February 13, 2021	16,610	1,000	1,66,10,000
March 30, 2021	7,000	1,000	70,00,000
Total	76,980		7,69,80,000

6. DIVIDEND

Due to losses during the financial year under review, the Board regret their inability to recommend any dividend for this financial year.

7. RISK MANAGEMENT

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as pandemic risk, credit risk, liquidity risk, operational risk) that may arise as a consequence of its business operations as well as its financing activities. The Company has in place a process to identify and mitigate various risks associated with the business. These are periodically reviewed to ensure that the key risks are well identified, and controls are put in place.

Brief description of the risks is as below:

Liquidity and Funding Risk: Liquidity risk refers to the risk where the company cannot meet its financial obligations. The Company measures and assess the same by identifying the gaps in the structural and dynamic liquidity statements. The Company also calculate the risk by assessing the incremental borrowings required for meeting the repayment obligation. The Company consistently generates sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Credit Risk: Credit risk primarily arises from cash and cash equivalents, financial assets measured at amortized cost, financial assets measured at fair value through profit or loss and trade receivables. The Company has in place the frameworks, policies, procedures and systems for managing the credit risk.

Operational Risk: Operational risk arises from the potential for loss due to significant deficiencies in system reliability or integrity. Most important types of operational risk involve breakdowns in internal controls and corporate governance. Such breakdowns can lead to financial losses through error, fraud, etc. Operational Risks lead to delays in loan sanctions, loan disbursements, other compliances, etc. The Operational Risks are identified periodically through the internal audit and corrective measures are taken by the Company accordingly.

The Company has constituted the Risk Management Committee which periodically arculate, codify the strategy, structure, processes and systems of the Company.

8. REGULATORY UPDATE

The Company continues to comply with all the requirements prescribed by the Reserve Bank of India from time to time.

The Company confirms that being a Listed Company, the timely disclosures have been made as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") during the Financial Year ended on March 31, 2021.

9. DETAILS OF SUBSIDIARIES/ ASSOCIATES/JOINT VENTURES

During the Financial Year ended on March 31, 2021, no company became or ceased to be the subsidiary/ associate/joint venture of the Company.

10. TRANSFER TO GENERAL RESERVES/STATUTORY RESERVES

Due to the losses incurred during the FY 2020-21, no amount was transferred to General Reserves/Statutory Reserves.

11. INTERNAL CONTROLS

11.1 Internal Financial Controls

In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audits are conducted by independent internal auditors. The internal controls, operating systems and procedures are reviewed by the Internal Auditors and accordingly, the corrective measures or improvements are recommended by them.

11.2 Internal Control Systems

The Company has in place, well defined and adequate Internal Control System and mechanism commensurate with size, scale and complexity of its operations to ensure control of entire business and assets. The Internal Audit reports are periodically reviewed by the Audit Committee.

12. LISTING STATUS OF THE COMPANY

PHF LEASING LIMITED got listed on Metropolitan Stock Exchange of India (MSEI) on May 16, 2018 and admitted for dealings on the exchange w.e.f. May 21, 2018 vide circular no. MSE/LIST/6322/2018. Therefore, the Company being a listed entity is complying with the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as applicable on the company.

13. DEPOSITS

The Company is registered with the Reserve Bank of India as Deposit taking NBFC. As the company has not obtained the minimum investment grade till date, the Company has neither accepted fresh public deposits from the financial year 2015-16 nor renewed the public deposits from the financial year 2016-17 and all the deposits, due for repayment during the financial year 2019-20 were paid to the Depositors with no amount left unpaid or unclaimed except a deposit of Rs. 0.36 Lacs. The Company has complied with the RBI directions with regard to matured deposits.

The company is planning to increase the asset size and thereafter apply for obtaining the minimum investment grade in order to comply with the Reserve Bank of India - **Master Direction RBI/DNBR/2016-17/45 DNBR.PD.008/03.10.119/2016-17 – "Non-Banking Financial Company –Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016"** in order to accept Public Deposits.

14. ANNUAL RETURN

In accordance with the provisions of Section 92(3) of the Act, the Annual Return of the Company is hosted on website of the Company at the weblink https://phfleasing.com.

15. LOANS, GUARANTEES OR INVESTMENT IN SECURITIES

Pursuant to Section 186(11) (a) of the Act read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a NBFC registered with the Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. Hence, no disclosure is required to be made.

16. CORPOATE SOCIAL RESPONSIBILITY

In the midst of certain uncertainties in the overall financial sector of the Country, the Company has continued to demonstrate its commitment to a wide range of social initiatives. The Company basically is a socially responsible Institution and has hol istic approach to go green and save little angles alleviation. The provisions of Section 135 of the Act are not applicable to the Company, therefore, no disclosure is required under this clause.

17. AUDITS & INSPECTION OF ACCOUNTS

17.1 Statutory Auditors

Pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder, the Company in its 28th Annual General Meeting (AGM) held on September 28, 2020 had appointed M/s MSKA & Associates, Chartered Accountants, (Firm Registration No.:105047W), as Statutory Auditors of the Company to hold office for a term of two years until the conclusion of the 30th Annual General Meeting to be held in the year 2022.

M/s MSKA & Associates, Chartered Accountants, Statutory Auditors of the Company have audited the financial statements of the Company for the Financial Year 2020-2021.

17.2 Auditors' Report

M/s MSKA & Associates, Chartered Accountants, Statutory Auditors of the Company, have audited the financial statements of the Company for the financial year ended on March31, 2021. Pursuant to section 143(3)(I) of the Act, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as 'Annexure to Independent Auditors' Report.

The Statutory Auditors' Report to the members does not contain any qualification. During the year under review, no instance of fraud committed against the Company by its officers or employees has been reported to the Audit Committee by the Statutory Auditors.

17.3 Response of the Board to the Auditors' Comment

The Auditors' Report, read with notes to the accounts are self-explanatory and therefore, do not require further comments/elaborations pursuant to Section 134 of the Act.

17.4 Internal Audit

In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audits are conducted by independent internal auditors. They review internal controls, operating systems and procedures. The Audit function also proactively recommends improvement in operational process and service quality to mitigate various risks. The Company had appointed M/s Walia Jasvir & Associates (now, JAC & Associates LLP), Chartered Accountants (FRN: 013170N) as Internal Auditors for FY 2020-21. The Audit Committee periodically reviews the significant findings of audits, as prescribed in the Act.

17.5 Secretarial Auditors and Secretarial Audit Report

M/s Harshita Aggarwal & Associates, Company Secretaries (COP:21189),was appointed by the Board of Directors as the Secretarial Auditors of the Company to carry out the secretarial audit of the Company for the financial year ended on March 31,2021, as required under Section 204 of the Act and rules framed thereunder.

The Secretarial Audit Report for the financial year ended on March 31, 2021 is attached herewith to this Report and the same is self-explanatory. There are no observations, qualifications, reservations or adverse remarks, which requires comments from the Board.

17.6 Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Act, details of which need to be mentioned in this Report.

17.7 Compliance with Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

17.8 Cost Records and Cost Audit

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable for the business activities carried out by the Company.

18. CORPORATE GOVERNANCE

Pursuant to Schedule V of the Listing Regulations, the following Reports/Certificates form part of the Annual Report:

a) the Report on Corporate Governance;

b) the Certificate duly signed by the Whole Time Director & CFO on the Financial Statements of the Company for the year ended March 31, 2021;

c) the declaration by the Whole-time Director & CFO regarding compliance by the Board members and senior management personnel with the Company's Code of Conduct ;

d) Certificate from PCS regarding non-disqualification of the directors of the company; and

e) the Management Discussion & Analysis Report

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were entered in ordinary course of business on an arm's length basis. Hence, no disclosure in Form AOC-2 is necessary and the same does not form part of this report. For details of the transactions with related party entered in ordinary course of business on an arm's length basis refer to the Note 31 to the financial statements. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company save and except the payment of sitting fees and commission paid to Independent Directors.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO, IN MANNER PRESCRIBED

The information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is as follows:

a) **Conservation of Energy**

The Company, being engaged in financing business within the country, does not have any activity-intensive to Energy. However, significant measures are taken to reduce energy consumption by using energy efficient computers and electrical equipments. The Company has allocated specific cost budgets for the same in its head office and all its branches to reduce electricity waste and the same is monitored on periodical basis.

b) **Technology Absorption**

The Company is using customized centralized finance software for its operational and financial activities. It is designed to handle large volume of accounts and transactions. It is equipped with customizable modules, menu driven interface that can be easily adapted to the changing business and growth requirements that also safeguards IT investments. However, the company has planned to shift its software to fully integrated LOS and LMS which will help in efficiency and reduction in cost.

The Company has not imported any technology during the last three financial years.

c) Foreign Exchange Earnings and Outgo

There was no foreign exchange earnings and outgo during the year.

21. DIRECTORS

21.1 Board and Committees of the Board

The details of the composition, terms of reference and number of meetings of the Board and its Committees held during the Financial Year 2020-21 are provided in the Corporate Governance Report annexed to this Report. 10 (Ten) Meetings of the Board of Directors were held during the FY 2020-21.

21.2 Directors

During the year 2020-21, following changes took place in the composition of Board of Directors of your Company;

i. Appointment of Directors

During the financial year 2020-21, the following Directors were appointed:

a) Mr. Vijay Kumar Sareen was regularized as the Director of the Company in its Annual General Meeting held on September 28, 2020;

b) Mr. Ashwani Kumar Jindal was regularized as an Independent Director of the Company in its Annual General Meeting held on September 28, 2020 for the term of 5 years;

c) Mr. Vijay Kumar Bhandari was appointed as the Nominee Director of the Company on November 13, 2020.

Apart from the above, after the closure of the FY 2020-21 and till the date of this Report, following changes took place on the Board of the Company:

a) The designation of Mr. Vijay Kumar Sareen, Director has been changed to Whole-time Director of the Company with effect from May 6, 2021.

b) Mrs. Neelam Kohli resigned from the office of the Independent Director of the Company with effect from May 19, 2021.

c) Mr. Meghal Gupta has been appointed as an Additional Director of the Company with effect from May 6, 2021.

d) Ms. Aditi Kapur has been appointed as an Additional Director of the Company in an independent capacitywith effect from June 26, 2021.

ii. Re-appointment of Director

During the FY 2020-21, Mr. Subhash Chander Sikka and Mrs. Neelam Kohli were re-appointed as Independent Directors of the Company for the second term of Five Consecutive years.

During the FY 2020-21, Mr. Chandan Chugh was re-appointed as Director who was liable to retire by rotation

iii. Retire by Rotation

Pursuant to provisions of the Act and Articles of Association of the Company, Mr. Vijay Kumar Sareen (DIN: 00052716) is liable to retire by rotation and seek re-appointment as the Director of the Company in the financial year 2021-2022.

iv. Cessation of Directors

During the year ended on March 31, 2021, following Directors ceased to hold office of the company:

a) On August 28, 2020, Mr. Rohin Chugh, Director (DIN: 01519724) ceased to hold the office as the Director of the Company. The Board places on records its sincere appreciation.

b) On March 07, 2021, Mr. Shiv Dyal Chugh, Managing Director, ceased to hold the office as the Managing Director of the Company due to his sudden demise.

The Board places on record its sincere appreciation for guidance, services, valuable contribution and mentorship provided by Mr. Rohin Chugh and Mr. Shiv Dyal Chugh in the growth of the Company during their tenure as a members of the Board of the Company.

21.3 Key Managerial Personnel

Pursuant to the provisions of section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following were the KMPs of the Company as on March 31, 2021:

DIN/PAN	Name	Designation
ADGPB1123N	Mr. Kuldip Bhandari	Chief Financial Officer (CFO)
CIRPK4038F	Mrs. Manpreet Kaur	Company Secretary

During the financial year 2020-2021, Ms. Davinder Kaur, Company Secretary resigned from the post of the Company Secretary w.e.f. December 15, 2020 and Mrs. Manpreet Kaur was appointed as Company Secretary w.e.f. December 15,2020.

21.4 Confirmation /Statement/Declaration by Independent Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act"), the independent directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board.

Pursuant to Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, The Independent Directors have committed to qualify the online proficiency self-assessment as required under aforesaid Rule within prescribed timeline.

21.5 Disclosure in respect of any MD / WTD Receiving Commission from a Company and also receiving Commission or Remuneration from its Holding or Subsidiary Company

The Managing Director of the Company had been receiving remuneration during the FY 2020-21. Since the Company has no holding or subsidiary company, thus, no particulars are required to be given pursuant to the provisions of section 197 (14) of the Act.

22 POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

Pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("the Act"), the Board of Directors has approved and adopted the Nomination & Remuneration Policy, inter alia, for the appointment and fixation of remuneration of the directors, key managerial personnel and other employees of your Company as applicable. The Nomination and Remuneration Committee has also developed the criteria for determining the qualifications, positive attributes and independence of Directors.

The Nomination and Remuneration Policy of the Company as required under Section 178(3) of the Act is available on our website.

The salient features of the Nomination and Remuneration Policy of the Company are mentioned hereunder:-

a) To support the organization's strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees;
b) To promote the achievement of strategic objectives within the company's risk appetite;
c) To promote / support positive outcomes across the economic and social context in which the company operates; and
d) To promote an ethical culture and responsible corporate citizenship.

23 CRITERIA FOR PERFORMANCE EVALUATION OF BOARD, IT'S COMMITTEES AND OF INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Act and Rules made thereunder as amended from time to time, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually (including Independent Directors). Feedback was sought from Directors on various parameters, inter-alia, degree of fulfillment of key responsibilities towards stakeholders, Quality of relationship between Board Members and the Management, adequacy of the composition of the Board and its Committees, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, etc.

Performance evaluation framework of the Company is as follows:

a. Nomination and Remuneration Committee would approve framework of performance evaluation of the Company and review the performance of the individual directors and the Board as a whole;
b. Board would evaluate the performance of the Independent Directors, Board as a whole and Committees of the Board;
c. Independent Directors would evaluate the performance of the Chairman of the Company after taking views of other directors, Board as a whole and Non-Independent Directors;
d. Self-evaluation of individual Directors.

24 VIGIL MECHANISM/ WHISTLE BLOWER POLICY

As per the provisions of Section 177(9) of the Act, the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns. The Company as part of the 'vigil mechanism' has in place a Board approved 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company and the same can be accessed at https://phfleasing.com/vigilmechanism.html.

The Vigil Mechanism ensures standards of professionalism, honesty, integrity and ethical behaviour. This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimisation of employees and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances.

The confidentiality of those reporting violations is maintained and are not subjected to any discriminatory practice.

During the year under review, no complaints were received by the Company. Further, none of the personnel of your Company were denied access to the Audit Committee.

25 HUMAN RESOURCE DEVELOPMENT

25.1 Human Resources

Your Company provides to its employees a work culture that is transparent, solution-centric and growth oriented. The global pandemic had tested our resilience, bringing with it a lot of 'firsts' and we swiftly adapted to the 'new normals'. Our transition to remote working was unified during times of the lockdown and commotions. We believe that our people are our biggest assets. The workforce at your Company has a right blend of youth & experience and the success of our organisation is based on the capability, passion & integrity of our people. There is a high premium placed on internal growth which has enabled us to have a stable mid and senior management team over the last many years. Your Company conducts an array of online engagement activities (given the Covid background), encourage our employees to acquire newer skills and create platforms to interact with peers across the country that enables growth by sharing of best practices and learnings. Your Company continues to attract and retain talent that focuses on sustained superior performance, provide them opportunities to learn, realise their true potential and contribute positively to the success of the Company.

Our Senior Leadership Team, from time to time, shares the strategy and vision for the company through virtual town-halls that ensures that our employees are always cognizant of what is happening in the Company, thereby encouraging an interactive and engagement driven work culture.

Our HR team focusses on manpower planning for timebound horizontal and vertical growth in different departments, filling those positions with capable, qualified & competent people in right places at right time , ensuring training, organising, development of our human capital to ensure achieving operational efficiency through them.

25.2 Particulars of Employees and Related Disclosures

The statement of disclosure of remuneration under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules"), is appended as **Annexure-A** and forms part of this report.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is appended as **Annexure-B** and forms part of this report.

25.3 Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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 Anti Sexual Harassment Committee 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.

During the financial year 2020-21, no complaint pertaining to Sexual Harassment was received by the Committee.

26 DISCLOSURE IN RESPECT OF VOTING RIGHTS NOT EXERCISED DIRECTLY BY THE EMPLOYEES

Pursuant to Section 67(3) of the Act read with Rule16(4)of the Companies (Share Capital and Debentures) Rules,2014, the Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees, thus, the disclosure is not required to be given in the Report.

27 DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

No such application has been made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year under review.

28 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

The Company has not entered into one time settlement with any bank or financial institution, thus the disclosure is not required to be given by the Company.

29 STATUTORY DISCLOSURES

29.1 Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

No material changes and commitments affecting the financial position of the Company have occurred after March 31, 2021till the date of this report.

29.2 Significant and material orders passed by regulators or courts or tribunals impacting the going concern status and operations of the Company

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operation in future.

29.3 Transfer of Unclaimed Dividend to Investor Education and Protection Fund

As per section 124(5) of the Companies Act, the company will transfer to the IEPF account, the dividend and shares which remains unclaimed for a period of 7 years from the date of transfer to the unpaid dividend account of the company.

29.4 Disclosure pertaining to Consolidated Financial Accounts under section 129(3) of the Companies Act, 2013

The Company has no subsidiary or associate companies, thus, the provisions of Section 129(3) of the Companies Act, 2013 are not applicable to the Company.

29.5 Change in the nature of business

There was no change in the nature of business of the Company in the financial year ended on March31, 2021. The Company is determined to work efficiently for its growth.

29.6 Issue of equity shares with differential rights, sweat equity, ESOP etc.

The Company has not issued any equity shares with differential rights, Sweat Equity, ESOP etc. during the financial year ended on March 31,2021.

30 COMPLIANCE WITH REGULATION 34(3) AND PART F OF SCHEDULE V OF THE LISTING REGULATIONS

In accordance with the provisions of Regulation 34 (3) and Part F of Schedule V of the Listing Regulations, the Company will report the details in respect of the unclaimed Equity Shares as and when required and credited to demat suspense account opened by your Company.

31 DISCLOSURES PURSUANT TO RBI MASTER DIRECTION

Your Company has complied with all the provisions and has made adequate disclosures pursuant to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

32 CUSTOMER RELATIONS

32.1 Customer Service

On March 25, 2020, the Government of India had ordered nationwide lock down as a preventive measure against the COVID-19 pandemic. To support the customers during lock down, the entire Customer Service team was quickly equipped to work from home so as to respond to customer queries on email and ensure unhindered services to our customers. Additionally, the contact centre was configured in a manner that enabled Customer Service team to attend customer calls from home. This was much appreciated by the customers.

Continuous communication with the customers was maintained during COVID-19 with the help of constant updation of FAQs, SMSs etc. to clarify queries relating to loan accounts.

32.2 Fair Practices Code

Your Company adhere to a Fair Practices Code (FPC), issued by the Reserve Bank of India, which is applicable for all Non-Banking Financial Companies. These guidelines, inter alia, covers disclosures on the terms and conditions of a loan and mentions adoption of a non-coercive recovery method. As part of the FPC, we also have a Grievances Redressal Mechanism and a Whistle Blower Policy/Vigil Mechanism. While Grievances Redressal Mechanism is aimed at ensuring excellent customer service, Whistle Blower Policy/Vigil Mechanism gives liberty to our employees to raise concerns regarding any violations of the values and Code of Conduct. With respect to this, there were no code of conduct violations reported during FY 2020-21.

Further, the Company is also complying with the KYC Procedures as a tool to Risk Management. Fair Practice code has also been displayed on web site of the company in English and Vernacular Language at the website of the Company which can be accessed at https://phfleasing.com/fpcenglish.html and https://phfleasing.com/fpcpunjabi.html.

32.3 Customer Grievance Redressal

The Company has adopted a well-structured customer grievance redressal mechanism and provides customers a reliable and easily accessible interface for timely and fair resolution of enquires & complaints. The policy aims to minimize the instances of customer complaints through proper service delivery and review mechanism.

- **Grievance Redressal at Branch Level** - We have placed suggestion cum complaint boxes in all our branches as the customers' first point of contact for any query resolution. Due to low literacy and vulnerable backgrounds, our customers find it convenient talking to someone face-to-face rather than calling a remote helpdesk, hence we have given importance to placement of suggestion cum complaint boxes in all our branches.

- **Grievance Redressal Officer** - We have appointed Grievance Redressal Officer (GRO) at Head Office. GRO monitors customer grievances at all the levels and is responsible for ensuring timely resolution of all complaints through Customer Care Representatives and Help Desks. A report on status of customer grievances is periodically reviewed at various levels of Management and the Board for decision making and minimizing complaints.

  Our efforts at customer education during the years have paid off with an increasing number of customers approaching our grievance redressal channels for their queries

33 MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms an integral part of this report and gives details of the overall industry structure, economic developments, performance and state of affairs of your Company's business in India, risk management systems and other material developments during the year under review, as per the Annexure.

34 CODE OF CONDUCT

The Company periodically reviews the ‘Code of Conduct’ (COC) of the Company as per the needs for the best interest of the Company. The assessment and compliance is being conducted by proficient Principal Officer of the Company as an independent agent of the Company.

Further, the Code of Conduct of the Company applicable to the Board and Senior Management Personnel is also uploaded on the Company’s website at the web linkhttp://www.phfleasing.com/coc.html.

35 NON-PERFORMING ASSETS

Your Company has made provisions for NPAs as per guidelines of RBI. The company is making earnest efforts through continuous appraisal, timely recovery and sound policy of write-offs for reducing and controlling the NPAs. A translucent and rational recovery policy has been framed to ensure that there is no let up in the recovery and upgradation of the over dues. As on March 31, 2021, your Company has a provision of INR 79.20Lacs as per the norms prescribed by RBI.

36 DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Act:

a. that in the preparation of annual accounts for the financial year ended on March 31,2021, the applicable accounting standards have been followed and there are no material departures;

b. that appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for the financial year ended on March 31, 2021;

c. that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

d. that the annual accounts of the financial year ended on March 31,2021have been prepared on a going concern basis;

e. that the Company had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

37 ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation for the support extended by the Reserve Bank of India, other regulatory and Government Bodies, Company’s Auditors, Customers, Bankers, Promoters and Shareholders. Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth.

For & On Behalf of the Board of Directors
PHF LEASING LIMITED

Sd/- Sd/-

Place: Jalandhar
Date: June 30, 2021

Chandan Chugh
(Director)
DIN: 01519390

Vijay Kumar Sareen
(Whole Time Director)
DIN: 07978240

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

PHF Leasing Limited (“the Company”) is a Non-Banking Financial Company serving thousands of customers by providing vehicle loans, loans against property, business loans, etc.

As per the RBI guidelines, the Company is termed as Non-Systemically Important Non-Baking Financial Company accepting public deposits.

GLOBAL ECONOMIC OVERVIEW

The Covid-19 pandemic has impacted most countries, including India. This resulted in countries announcing lockdown and quarantine measures that sharply stalled economic activity. Several countries took unprecedented fiscal and monetary actions to help assuage the impact of the crisis.

International Monetary Fund (IMF), in its World Economic Outlook April 2021 has projected a stronger global recovery, with global growth projected to be 6 percent in 2021 and 4.4 percent in 2022. IMF expects India to see a GDP growth of 12.5% in 2021. These projections are further backed by independent rating agencies like CRISIL, which expects India’s gross domestic product (GDP) growth to rebound to 11% in fiscal 2022, after an estimated 8% contraction this fiscal. Going by these projections, India Is expected to be one of the spearheads of global economic recovery through fiscal 2022.

Growth metrics however, may have to be tempered a bit, with scars of the pandemic running deep for small businesses and the urban poor. The uncertainty around the economic fallout of the second wave induced localised restrictions being placed in various parts of the country may also dampen sentiments in the first quarter of the new fiscal. Hence, fiscal 2022 is expected to be a story of two halves, the first half largely showing an optical growth with second half reflecting a real economic rebound based on a more broad-based pick-up in economic activity.

OVERVIEW OF INDIAN ECONOMY

The impact of the pandemic, FY2021 was expected to be an extremely demanding year. The unanimity was that GDP growth in FY2021 would not only be negative but also would institute the greatest fall in growth since 1979-80.

Moreover, the degrowth in GDP was much larger than expected. For April-June 2020, real GDP slender by a massive 24.4%. India had never detailed a quarter of negative growth since it began issuing such data publicly in 1996. No other large economy withered so much during the pandemic. In the second quarter, July-September 2020, GDP again contracted by 7.3%. The consensus was that growth in the second half of the fiscal year would be far less than what was needed to erase the effect of the deep recession in the first half.

The third quarter (October-December 2020) recorded a GDP growth of 0.4%. And, as mentioned earlier, the second advance estimates of national income for FY2021 released by the CSO indicates a negative GDP growth of 8% for FY2021. Though this was bad enough, the contraction will be far less than earlier thought of — and we may see the fourth quarter (January-March 2021) showing relatively robust growth.

On the non-bank financing side, assets under management (AUM) of mutual funds grew by 41% percent to Rs 31.43 lac crores in FY 2021. These funds faced aggressive redemption pressures during the first quarter of the year amid a liquidity crunch in debt markets. However, RBI’s special liquidity window for mutual funds helped them to tide over this difficult period. RBI’s liquidity-enhancing measures also boosted Commercial Paper (CP) issuances and eased spreads. CP issuances were Rs 17.44 lakh crores in FY 2021, and an easing of rates was observed between July to February 2021. However, in March 2021, interest rates on CPs rose slightly above the reverse repo rate, reflecting the year-end demand for credit.

COVID-19 PANDEMIC

The financial year 2020-21 began with ongoing COVID-19 pandemic that led to nationwide lockdown; the first phase started on March 24, 2020, till the second week of April 2020. The lockdown was relaxed in a phased manner depending upon the severity and magnitude of the spread of the pandemic. NBFCs were adversely impacted by COVID-related stress due to their underlying business models.

On the supply side, the sources of funds dried up, more so for the small and mid-sized NBFCs, on account of reduced risk appetite of lenders for low rated and unrated exposures. The situation was worsened by the unprecedented redemption pressure on the mutual fund industry, resulting in a spike in spreads. On the demand side, it became difficult for NBFCs to find creditworthy projects and borrowers to lend to as a result of the pandemic induced stress. A key measure taken by the Reserve Bank and Government of India to ameliorate the liquidity constraints faced by NBFCs, was to set up a Special Purpose Vehicle (SPV) to purchase short-term papers from eligible NBFCs/ HFCs, which could then utilise the proceeds to extinguish their existing liabilities.

Furthermore, the economic recovery accelerated, helped by a strong recovery rate of 96 percent by December 2020. The second wave of COVID-19 started in February 2021 in Maharashtra, Kerala, Punjab, Madhya Pradesh, Chhattisgarh. It then spread to other states, including the National Capital Region (NCR), leading to the reimposition of various restrictions on the free movement of people by some state governments. The Central Government, in response, rapidly rolled out the vaccine, initially for medical personnel, which was later extended to senior citizens and citizens above 45 years of age.

NBFC SECTOR

NBFC Sector plays an important role in financial inclusion by meeting credit needs of retail and MSME sector. Over the last decade, NBFCs have witnessed phenomenal growth. From being around 12% of the balance sheet size of banks in 2010, these are now more than a quarter of the size of banks.

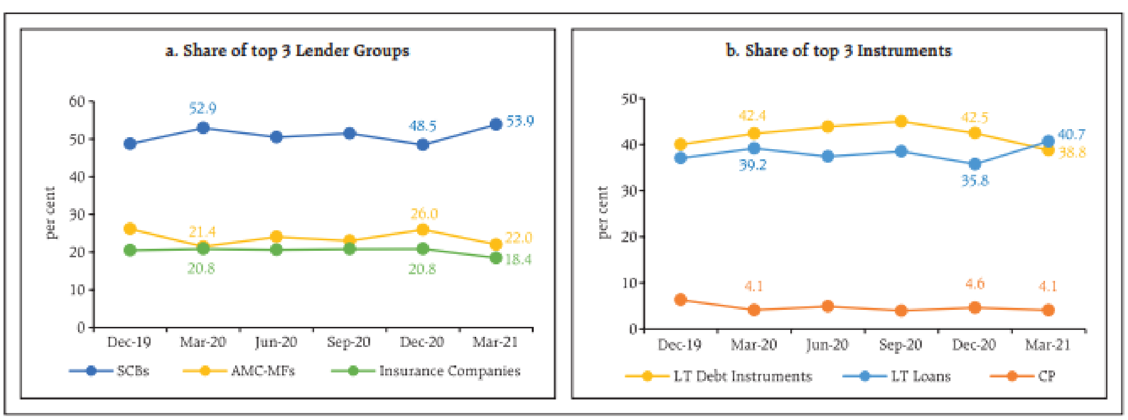
NBFCs convey the much needed diversity to the financial sector by providing consumer credit, including automobile finance, home finance and consumer durable products finance, wholesale finance products such as bills discounting for small and medium companies and fee based services such as investment banking and underwriting. NBFCs have carved niche business areas for them within the financial sector space and are also popular for providing customized products. The credit delivery of NBFC sector constituted 11.6 per cent of GDP.

Credit extended by NBFCs rose 8.8 per cent during 2020-21 after a deceleration in the preceding year that was marred by credit events in the sector and muted demand. Despite the pandemic conditions during the year, the GNPA ratio for the sector declined with a more than commensurate fall in the NNPA ratio attesting to higher provisioning, and capital adequacy improved marginally.

NBFCs were the largest net borrowers of funds from the financial system, with gross payables of Rs. 11.69 lakh crore and gross receivables of Rs. 1.86 lakh crore as at end-March 2021. The share of funding by SCBs grew substantially in Q4:2020-21 while that of AMC-MFs and insurance companies dipped (Chart 2.36 a).

During the Last Quarter of the Year 2020-21, the NBFC funding mix saw a decline in the share of LT debt while that of LT loans increased (Chart 2.36 b).

Chart 2.36: Gross Payables of NBFCs to the Financial System



Source: RBI supervisory returns and staff calculations

GOVERNMENT POLICY MEASURES TO COMBAT COVID-19

The Central Government, State governments announced a series of fiscal stimulus measures to support and stimulate economic recovery. The Government announced Rs. 1.70 lac crores relief package under Pradhan Mantri Garib Kalyan Yojana for the poor. The Government also increased its emphasis on the rural economy by raising the minimum support price and increasing the budgetary allocation to the Mahatma Gandhi National Rural Employment Guarantee Scheme, or MGNREGA, to Rs.1 lakh crore, putting purchasing power in their hands.

FINANCIAL AND OPERATIONAL PERFORMANCE

S. No.	Particulars	2020-21	2019-20	Change (in %)	Reason for increase in ratios more than 25%
1	Total Income (including exceptional items)	359.95	273.18	31.76%	Due to increase in Loan Portfolio on expansion and diversification into Two Wheeler segment and Mortgage loans
2	Net Interest Income	355.40	272.03	30.65%	-do-
3	Assets Under Management	2726.54	1060.70	157.05%	-do-
4	Net worth	468.65	516.70	-9.30%	NA
5	Profit after tax	(47.78)	(8.10)	489.88%	Due to higher NPA Provision
6	Capital Adequacy Ratio	17%	48%	-64.58%	Higher Risk Weight Assets and loss incurred by the Company
7	Return on total assets	-1.44%	-0.62%	132.26%	Due to Loss incurred by the Company
8	Debt Equity Ratio	5.63x	1.37x	310.23%	As per Serial No. 1 above
9	Interest Coverage Ratio	-38.12%	-34.94%	9.10%	NA
10	Operating Profit Margin in % age	NA being NBFC	NA being NBFC	NA being NBFC	NA
11	Net Profit Margin	-13.27%	-2.96%	347.64%	As per S.No.5 above
12	Return on Net Worth	-10.19%	-1.57%	550.30%	As per S.No.5 & 7 above

OUTLOOK

The pandemic continues to pose major challenges to the entire world including India. The duration and severity of spread of second wave of pandemic, roll out of new vaccines, the scale and effectiveness of implementation of the ongoing vaccination program and the efficacy of monetary and fiscal policy actions of Indian Government are the deciding factors to impact the pace of economic recovery.

Companies will have to evolve their customer acquisition and engagement in post COVID economy. PHF Leasing Limited with its distribution network built over the years and committed workforce is enthusiastically optimistic in its outlook for the year 2021-22.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company believes that strong internal control system and processes play a critical role in the health of the Company. The Company's well-defined organizational structure, documented policy guidelines, and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these processes and systems in line with the best available practices. The internal control system is supported by an internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the internal control and governance processes. The framework commensurate with the nature of the business, size, scale and complexity of its operations. The internal audit plan is developed based on the risk profile of business activities of the organization.

The Company has, in material respect, an adequate internal financial control over financial reporting and such controls are operating effectively. The Company's Internal Auditor performed regular reviews of business processes to assess the effectiveness of internal controls. Internal Audits were carried out to review the adequacy of the internal control systems, compliance with policies and procedures. Internal Audit areas are planned based on inherent risk assessment, risk score and other factors such as probability, impact, significance and strength of the control environment. Further, each area processes/sub-processes risks were properly identified with mitigating controls. Its adequacy is assessed and the operating effectiveness was also tested.

HUMAN RESOURCES

Highlighting the importance of social distancing, wearing of masks, use of sanitizers, maintaining cleanliness to mitigate spread of Corona virus and developing habits of living with the Corona Virus, PHF Leasing Limited continues to create awareness amongst employees to strictly follow the Social Distancing protocol and mitigate the health risks during the pandemic by adapting to new methods of efficient working.

The 'Lockdown' gave many new learnings, ideas and experience with respect to effective communication techniques, efficient time management, thereby improving overall efficiency, cost optimization. The importance of focusing on digital payment and use of advanced techniques for customer services has gained much prominence. The Company continued to create awareness amongst employees to strictly follow the Social Distancing protocol and mitigate the health risks during the pandemic by adap ting to new methods of efficient working, striking work-life balance, switching to Work from Home (WFH) whenever necessary.

OPPORTUNITIES AND THREATS

NBFCs have also taken various steps to navigate through the pandemic induced headwinds, stricter and strengthened underwriting norms, use of alternate data sources for underwriting, quickening the pa ce of digitalization through use of UPI handles, Bots, IVR's, strengthening of collection teams and focus on safer asset classes amongst others.

The aforementioned measures, coupled with greater focus on asset quality, digitalization across customer life cycle, co-lending, effective utilization of structured financing and strengthening of capital base amongst others will hold NBFCs in good stead as they navigate towards a more benign economic environment that is expected in the latter part of fiscal 2022 a nd beyond.

In FY 2021-22, NBFCs can expect growth in the vehicle-financing space after a lull in FY 20-21 due to pandemic and reluctance of buyers due to increase in vehicle prices due to introduction of BS-VI norms. Overall, loan defaults have also reduced and are expected to drop further as the economy shows positive recovery. NBFCs have also mobilized their on-ground recovery staff to ramp up their collection efforts.

[Source: Industry, RBI and Rating Agency Reports]

SWOT ANALYSIS

OUR STRENGHTS

- Strategic Directions
- Time tested Trust of investors, dealers, customers
- Talented & dedicated employees
- Experienced senior management team

OUR WEAKNESSES

- Regulatory restrictions
- Small capital base

OUR OPPORTUNITIES

- Large untapped market
- Growth in the vehicles

OUR THREATS

- Looming threat of likely Covid19 third wave which may stall the recovery path
- Contraction in economy
- Falling interest rates leading to pressures on revenue despite growing volume of business
- Entry of banks & big NBFCs in segments catered by NBFCs earlier
- Restrictions on hard recovery
- Liquidity crisis

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

The Company operates in India and is primarily engaged in the business of financing, hence it is considered to operate only i n domestic segment. All operations of the Company are considered as single business segment; therefore, the Company does not have any separate reportable segment.

RISK MANAGEMENT

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as pandemic risk, cre dit risk, liquidity risk, operational risk) that may arise as a consequence of its business o perations as well as its financing activities.

The Risk Management Committee identifies, measures and mitigate risks faced by the Company. The Company has a differentiated approach to managing risks across our platforms with robust governance mechanisms in place, that not only manage risks at each of the segment levels but Risk Management Committee periodically review of the risk management policy, risk management plan, implementing and monitoring the risk management plan, and mitigation of the key risks.

CAUTIONARY STATEMENT

This report contains forward-looking statements extracted from reports of Government Authorities / Bodies, Industry Associations etc. available on the public domain which may involve risks and uncertainties including, but not limited to, economic conditions, government policies, dependence on certain businesses and other factors. Actual results, performance or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto. The Company does not undertake to update these statements.

For & On Behalf of the Board of Directors
PHF LEASING LIMITED

Place: Jalandhar
Date: June 30, 2021

Sd/-	Sd/-
Chandan Chugh	**Vijay Kumar Sareen**
(Director)	**(Whole Time Director)**
DIN: 01519390	**DIN: 07978240**

CORPORATE GOVERNANCE REPORT
(THE REPORT ON CORPORATE GOVERNANCE FORMS PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2021)

The Report for the financial year ended March 31, 2021 on compliance by the Company with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as amended, is given below.

The Company's philosophy on Corporate Governance is aimed at:

(a) Enhancing long term Shareholders value through:
- Assisting the top management in taking sound business decisions; and
- Prudent financial management.

(b) Achieving transparency and professionalism in all decisions and activities of the Company.

(c) Achieving excellence in Corporate Governance by:
- Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
- Reviewing periodically the existing systems and controls for further improvements.

BOARD OF DIRECTORS

The Company has put in place an internal governance structure. The Board of Directors of the Company consists of professionals from varied disciplines. The day to day management of the affairs of the Company is entrusted with the senior management personnel, headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors of the Company. The Board meets regularly to discuss, review and decide upon the matters such as policy formulation, setting up of goals, appraisal of performances with the goals and control functions, etc. Some of the powers of the Board have also been delegated to Committee(s), which monitors the day-to-day affairs relating to operational matters. The Board thus exercises close control over the overall functioning of the Company with a view to enhance the stakeholder's value.

The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large.

COMPOSITION

In compliance with the provisions of the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has an optimum combination of executive and non-executive directors with a woman director on the Board.

Details of composition of the Board as on March 31, 2021, number of meetings held and attended by the Directors during the year under review etc. is given herein below:

Name of the Directors	No. of Board Meetings		Whether attended last AGM	No. of other Directorships held (excluding Private Companies, Foreign Companies and Section 25 Companies)	Memberships in Committees	Chairmanship in Committees	Category of directorship and Names of listed entities where person is a director
	Held	Attended					
#Mr. Shiv Dyal Chugh DIN: 00993747 Managing Director	10	8	Yes	NIL	NIL	NIL	NIL
Mr. Chandan Chugh DIN: 01519390 Non-Executive Director	10	6	Yes	NIL	NIL	NIL	NIL
#Mr. Rohin Chugh DIN: 001519724 Non-Executive Director	10	2	No	NIL	NIL	NIL	NIL

Mr. Vijay Kumar Sareen DIN: 07978240 Non-Executive Director	10	10	Yes	NIL	NIL	NIL	NIL
Mr. Vijay Kumar Bhandari DIN: 00052716 Nominee Director	10	3	No	6	11	4	Non-Executive & Independent Director: (i) HSIL Limited (ii) Jayant Agro-Organics Limited (iii) Supershakti Metaliks Limited (iv) Midland Microfin Limited (Debt-listed Company)
Mr. Subhash Chander Sikka DIN: 01871492 Chairman & Independent Director	10	6	No	NIL	NIL	NIL	NIL
Mrs. Neelam Kohli DIN: 02628811 Independent Director	10	2	Yes	NIL	NIL	NIL	NIL
Mr. Ashwani Kumar Jindal DIN:00670384 Independent Director	10	10	Yes	NIL	NIL	NIL	NIL

\# *Mr. Shiv Dyal Chugh (Managing Director), ceased to be Director of the Company due to his sudden demise on March 07, 2021.*

\# *Mr. Rohin Chugh (Non-Executive Director), ceased to be Director of the Company due to his resignation on August 28, 2020.*

Notes:

1. *None of the Directors holds office as a director, including alternate director, in more than twenty companies at the same time. None of them has directorships in more than ten public companies. For reckoning the limit of public companies, directorships of private companies that are either holding or subsidiary company of a public company are included.*

2. *The Memberships and Chairmanships of Directors in Committees do not include their Memberships and Chairmanships in the Company.*

3. *Only Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.*

4. *As per declarations received, none of the directors serves as an independent director in more than seven listed companies.*

5. *Mr. Chandan Chugh and Mr. Rohin Chugh are sons of Late Sh. Shiv Dyal Chugh, Managing Director of the Company, Mr. Chandan Chugh and Mr. Rohin Chugh are brothers. Ms. Neelam Kohli is sister of Late Sh. Shiv Dyal Chugh, Managing Director of the Company.*

The Board evaluates its composition to ensure that the Board has the appropriate mix of skills, expertise, experience and knowledge for its continued effectiveness and serving the Company's governance and strategic needs. The Directors possess necessary experience, skills and ability relevant to the Company's business and affairs.

The following Table give details of the skills/expertise/competence identified by the Board of Directors pursuant to Regulation 34(3) read with Schedule V Part (C) (2)(h)(ii) of Listing Regulations and currently available with the Board:

Name of Director	Planning & Strategic Management	Financial Management	Business Leadership	Corporate Governance & Compliance	Marketing & Sales	Administration & Human Resource Management	Risk Management
Mr. Shiv Dyal Chugh	√	√	√	√	√	√	√
Mr. Chandan Chugh	√			√	√	√	√
Mr. Rohin Chugh	√		√	√	√	√	
Mr. Vijay Kumar Sareen	√	√	√	√	√	√	√
Mr. Subhash Chander Sikka	√	√	√	√	√	√	
Mr. Vijay Kumar Bhandari	√	√	√	√	√	√	√
Mrs. Neelam Kohli	√	√			√		√
Mr. Ashwani Kumar Jindal	√	√	√	√	√	√	√

NUMBER OF SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON- EXECUTIVE DIRECTORS

The Company had never issued any Convertible instruments. The details of shares held by Non-Executive Directors are as follows:

S. No.	Name of Directors	Designation	No of Shares held	% of Shares held
1	Mr. Vijay Kumar Sareen	Non-Executive Director	-	-
2	Mr. Chandan Chugh	Non-Executive Director	20000	0.67%
3	#Mr. Rohin Chugh	Non-Executive Director	20000	0.67%
3	Mrs. Neelam Kohli	Non-Executive Director	-	-

4	Mr. Subhash Chander Sikka	Non-Executive Director	4000	0.13%

#Mr. Rohin Chugh (Non-Executive Director), ceased to be Director of the Company due to his resignation on August 28, 2020.

Apart from the above, none of the Non-Executive (including Independent) Directors hold any shares in the Company as on March 31, 2021.

INDEPENDENT DIRECTORS

The Companies Act, 2013 define an 'independent director' as a person who is not a promoter or employee or one of the key managerial personnel of the company or its subsidiaries. Further, the person should not have a material pecuniary relationship or transactions with the company or its subsidiaries, during the two immediate preceding financial years or during the current financial year, apart from receiving remuneration as an independent director.

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee inter alia considers qualification, positive attributes, area of expertise and number of Directorship(s) and Membership(s) held in various committees of other companies and determining Directors' independence. The Board considers the Committee's recommendation and takes appropriate decision.

The Board is of the opinion that the Independent Directors of the Company has the required integrity, expertise and experience (including the proficiency) and fulfil the conditions as specified in the Act and rules made thereunder and are independent of the management.

MEETING OF INDEPENDENT DIRECTORS

The Company's Independent Directors met on December 24, 2020 without the presence of Executive Directors or members of management. The meeting was attended by all the Independent Directors. In the meeting, the Independent Directors reviewed performance of Non-Independent Directors, Board as a whole and Chairman of the Company. The performance of Executive Directors & Non-Executive Directors was also reviewed. The Directors were evaluated on parameters such as functioning of the Board, frequency of meetings of the board and committees of directors, level of participation of directors at the board and committee meetings, independence of judgments, performance of duties and obligations by directors, implementation of good corporate governance, safeguarding the interest of all other stakeholders. They assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

PECUNIARY RELATIONSHIP

There is no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company, apart from the sitting fees and commission, if any, received by them for attending the Meetings of the Board and Committee(s) thereof.

BOARD MEETINGS AND PROCEDURES

The agenda setting out the business to be transacted at the Meeting(s), supported by detailed notes is sent to each Director at least seven days before or on the shorter notice before the date of the Board Meeting(s) and of the Committee Meeting(s). In some instances, documents are tabled at the meetings and the presentations are also made by the respective executives on the matters related to them at the Board or Committee Meetings.

During the year under review, 10 (Ten) Meetings of the Board of Directors were held on May 6, 2020, June 29, 2020, August 14, 2020, September 3, 2020, September 30, 2020, November 13, 2020, December 14, 2020, February 13, 2021, March 3, 2021 and March 20, 2021. The maximum gap between any two meetings was not more than one hundred and twenty days. The necessary quorum was present for all the meetings.

MINUTES OF BOARD/COMMITTEE MEETINGS

Minutes of proceedings of each Board and Committee meetings are recorded and draft minutes are circulated to Board/Committee members for their comments and/or confirmation within 15 days from the date of the meeting. The inputs, if any, of the Board & Committee Members are duly incorporated in the minutes after which these are entered in the minutes book within 30 days from the date of meeting.

FAMILIARIZATION PROGRAMME

Pursuant to Regulation 25(7) of the Listing Regulations, the Company has put in place a system to familiarize its Independent Directors about the Company, its financial products, the industry and business model of the Company. In addition, the Company also updates on continuous basis to the Independent Directors about the ongoing events and developments relating to the Company, significant changes in regulatory environment through the Board/Committee meetings and separate familiarization programme(s). During the Financial Year 2020-2021, the Company had conducted 1 programme / meetings and the time spent by Independent Directors was in the range of 1-2 hours. The cumulative programmes / meetings conducted till date were 3 and the time spent by Independent Directors was in the range of 1-2 hours. Pursuant to Regulation 46 of Listing Regulations the details of Familiarization Programme is uploaded on the Company's website at the web link: https://phfleasing.com/familiarisation.html.

POLICY FOR PROHIBITION OF INSIDER TRADING

Vide notification No.EBI/LAD-NRO/GN/2018/59, Securities and Exchange Board of India (SEBI) has notified SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 with effect from April 01, 2019. The Company has accordingly amended its Prohibition of Insider Trading Code and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The Code also provides for pre-clearance of transactions by designated persons.

COMMITTEES OF DIRECTORS

❖ **AUDIT COMMITTEE**

The Audit Committee met six times viz May 05, 2020, June 29, 2020, August 14, 2020, October 14, 2020, November 13, 2020 and February 13, 2021 during the year under review and the number of meetings attended by each member during the year ended March 31, 2021 is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	6	6
Mr. Subhash Chander Sikka	Member (Independent Director)	6	3
Mr. Vijay Kumar Sareen	Member (Non-Executive Director)	6	6

TERMS OF REFERENCE OF AUDIT COMMITTEE:

The terms of reference of this Committee are wide. Besides having access to all the required information from within the Company, the Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. The brief descriptions of terms of references are as follows:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with management, the annual financial statements before submission to the Board.
- Review with management quarterly/half yearly/yearly financial statements before submission to the Board for approval.
- Recommending the appointment/re-appointment/removal of Statutory Auditors, fixation of audit fees and also approval of payments for any other services.
- Review and monitor the Auditor's independence and performance, and effectiveness of Audit process.
- Reviewing with management, Statutory and Internal Auditor's adequacy of the internal control systems.
- Discussing with Internal and Statutory Auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Reviewing the Company's financial and risk management policies.
- Compliance with the Stock Exchanges and legal requirements concerning financial statements.
- Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/ or other Committees of Directors of the Company.

❖ **NOMINATION AND REMUNERATION COMMITTEE:**

The Nomination and Remuneration Committee met thrice viz. September 30, 2020, October 15, 2020 and November 05, 2020 during the year under review and the number of meetings attended by each member during the year ended March 31, 2021 is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	3	3
Mr. Subhash Chander Sikka	Member (Independent Director)	3	3
Mr. Vijay Kumar Sareen	Member (Non Executive Director)	3	3

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE (NRC):

The terms of reference of the NRC, inter alia includes:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees after ensuring that-

    - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
    - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
    - remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

2. To identify persons who are qualified to become Directors and recommend the reappointment of Directors if they are qualified and fit to be reappointed. Also to identify and recommend who may be appointed in Senior Management in accordance with the criteria laid down by the Committee and recommend to the Board their appointment and removal.
3. To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
4. To carry out evaluation of every Director's performance.
5. To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
6. To devise a policy on Board diversity.
7. Formulation of Succession policy for Managing Director and CFO, Key Managerial Personnel and Senior Management Personnel.

CRITERIA FOR PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

The criteria for performance evaluation of Independent Directors provide certain parameters like commitment to the Company's vision, level of participation at Board/Committee Meeting, level of engagement and contribution, Independence of judgment, understanding duties, responsibilities, qualifications, disqualifications & liabilities as an independent director, up-to-date knowledge /information pertaining to business of the Company in which the Company is engaged in, implementation of good corporate governance practices, enhancing long term shareholder's value, professional approach, providing guidance and counsel to senior management in strategic matters and rendering independent and unbiased opinion at the meetings etc., which is in compliance with applicable laws, regulations and guidelines. The Nomination and Remuneration Committee and the Board is entrusted with the task for performance evaluation of Independent Directors

THE DETAILS OF SITTING FEES/REMUNERATION PAID TO THE DIRECTORS DURING THE FINANCIAL YEAR 2020-21 ARE AS UNDER:

Sr. No.	Name of Director	Designation	Salary & Perquisites (Rs.)	Sitting Fees for attending Meetings (Rs.)	Total (Rs.)
1.	#Sh. Shiv Dyal Chugh	Managing Director	11,00,000	-	11,00,000
2.	Sh. Chandan Chugh	Director	-	8,000	8,000
3.	Sh. Subhash Chander Sikka	Independent Director	-	8,000	8,000
4.	Sh. Ashwani Kumar Jindal	Independent Director	-	13,000	13,000
5.	Sh. Vijay Kumar Sareen	Non-Executive Director	-	13,000	13,000
6.	Smt. Neelam Kohli	Independent Director	-	4,000	4,000

Note: (#) Mr. Shiv Dyal Chugh (Managing Director), ceased to be Director of the Company due to his sudden demise on March 07, 2021.

Remuneration Policy

The remuneration paid to the Executive Director(s) is approved by the Nomination & Remuneration Committee and endorsed by the Board subject to the approval of the shareholders at the general meeting and such other authorities as may be required from time to time. At the Board Meeting, only the Non-Executive Directors participate in the business pertaining to the approval of the remuneration to be paid to the Executive Director. The remuneration is fixed considering various factors such as qualification, experience, prevailing remuneration in the industry and the current financial position of the Company

The Non-Executive Directors of the Company are paid sitting fees for attending each meeting of the Board and Committees of the Board, other than the Committee of Directors.

❖ **STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Committee/Stakeholders Relationship Committee met 1 (One) time viz. September 30, 2020 during the year under review and the number of meetings attended by each member during the year ended March 31, 2021 is as follows:

The Stakeholders Relationship Committee comprises as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Chandan Chugh	Chairman (Non-Executive Director)	1	1
#Mr. Shiv Dyal Chugh	Member (Executive Director)	1	1
Mr. Vijay Kumar Sareen	Member (Non-Executive Director)	1	1
Ms. Neelam Kohli	Member (Independent Director)	1	1

Mr. Shiv Dyal Chugh (Managing Director), ceased to be Director of the Company due to his sudden demise on March 07, 2021.

Ms. Manpreet Kaur, Company Secretary and Compliance Officer acts as a Secretary to the Stakeholders Relationship Committee. Mr. Vijay Sharma is the contact person for the Stakeholders' grievances.

The Committee meets as and when required to deal with the matters relating to monitoring and redressal of complaints from Shareholders relating to transfer, non -receipt of Annual Report, etc. The Committee is also empowered to consider and approve the physical transfers, transmissions, transposition, issue of duplicate certificates, consolidation/ split/ renewal of share certificates etc.

THE COMPLAINT STATUS DURING PREVIOUS YEAR WAS AS FOLLOWS:

At the beginning of the year	Received during the year	Resolved during the year	Pending
NIL	NIL	NIL	NIL

❖ **RISK MANAGEMENT COMMITTEE**

The terms of reference of the Risk Management Committee are as follows:

1. Review of Risk Management Policy.
2. Approval of Risk Management Plan, implementing and monitoring the Risk Management Plan.
3. Roll out and implementation of the Risk Management System.
4. Such other matters as may be delegated by Board from time to time.

During the year under review, the Committee met 1 (One) time on November 13, 2020. The necessary quorum was present for all the meetings.

The Risk Management Committee Composition is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Shiv Dyal Chugh	Chairman (Managing Director)	1	1
Mr. Ashwani Kumar Jindal	Member (Independent Director)	1	1
Ms. Neelam Kohli	Member (Independent Director)	1	1

 # Mr. Shiv Dyal Chugh (Managing Director), ceased to be Director of the Company due to his sudden demise on March 07, 2021.

The Committee meets as and when required to deal with the matters relating to Risk Management Policy of the company.

GENERAL BODY MEETINGS:

The details of last three Annual General Meetings are given below:

Financial Year	Date of AGM	Time	Location of Meeting	No. of Special Resolutions
2019-20	September 28, 2020	03:00 PM	Video Conferencing/ Other Audio Visual Means	3
2018-19	September 27, 2019	04:00 PM	Hotel Kings, G. T. Road, Jalandhar	2
2017-18	September 04, 2018	04:00 PM	Hotel Kings, G. T. Road, Jalandhar	1

Note: No Extra-Ordinary General Meeting was held during the Financial Year under review.

DETAILS OF SPECIAL RESOLUTIONS PASSED IN LAST THREE ANNUAL GENERAL MEETINGS:

1) **<u>During Financial Year 2019-20:</u>**
   1. Re-appointment of Mr. Subhash Chander Sikka as an Independent Director of the Company for a second term of Five Consecutive years
   2. Re-appointment of Ms. Neelam Kohli as an Independent Director of the Company

2) **<u>During Financial Year 2018-19:</u>**
   1. Special resolution under section 181(1)(a) of the Companies Act 2013.
   2. Special resolution under section 181(1)(c) of the Companies Act 2013, to authorize board of directors to borrow money in excess of aggregate of the paid up capital and free reserve.

3) **<u>During Financial Year 2017-18:</u>**
   1. Special Resolution for consider and approve Private Placement of Non-convertible Debenture

WHETHER ANY SPECIAL RESOLUTION PASSED LAST YEAR THROUGH POSTAL BALLOT
There were no special resolutions passed through the postal ballot by the Company during the passed last year.

PERSON WHO CONDUCTED THE POSTAL BALLOT
The Company had not conducted the postal ballot during the passed last year.

WHETHER ANY SPECIAL RESOLUTION IS PROPOSED TO BE CONDUCTED THROUGH POSTAL BALLOT
None of the business proposed to be transacted in the ensuing Annual General Meeting require a special resolution through Postal Ballot.

PROCEDURE OF POSTAL BALLOT
None of the business proposed to be transacted in the ensuing Annual General Meeting require a special resolution through Postal Ballot.

MEANS OF COMMUNICATION

The Company, from time to time and as may be required, interacts with its shareholders, debenture holders and investors through multiple channels of communication such as announcement of financial results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges, reminders for unclaimed shares, unpaid dividend/unpaid interest or redemption amount on debentures, unclaimed Fixed Deposits and/or interest due thereon and subject specific communications.

a)	**Results**	The Company publishes limited reviewed un-audited standalone financial results on a quarterly basis.
b)	**Newspapers wherein results normally published**	The quarterly/half-yearly/annual financial results were published in Financial Express (English editions) and Nawan Zamana (Punjabi edition).
c)	**Any website, where displayed**	The above information can be accessed on the Company's website at the web-link https://phfleasing.com/UnAuditedFinResults.html
d)	**Whether it also displays official news releases**	**N.A.**
e)	**Presentations made to institutional investors or to the analysis**	**N.A.**

GENERAL SHAREHOLDERS' INFORMATION:

S. No.	Particulars	As on March 31, 2021
a)	**Annual General Meeting: Date, Time and Venue**	September 23, 2021 at 01:00 P.M 923, G.T. Road, Jalandhar, Punjab, 144001 (Deemed Venue) The Company is conducting meeting through video conferencing ('VC')/other audiovisual means ('OAVM'). For details, please refer to the Notice of AGM. The Ministry of Corporate Affairs (MCA) through its circulars dated 8 April 2020, 13 April 2020, 5 May 2020 and 13 January 2021, read with SEBI circulars dated 12 May 2020 and 15 January 2021, have provided an option to companies to conduct AGM during the calendar year 2021 through 'VC or OAVM' and send financial statements (including Board's report, Auditors' Report and other documents to be attached therewith) through email.
b)	**Financial Year**	The financial year covers the period from 1st April 2020 to 31st March, 2021
c)	**Dividend payment date**	There will be no dividend payable by the Company during the Financial Year 2020-21 as no dividend has been recommended by the Board.
d)	**The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s)**	**Metropolitan Stock Exchange of India Limited (MSEI)** Building A, Unit 205A, 2ND Floor, Piramal Agastya Corporate Park, L.B.S Road, Kurla West, Mumbai-400070 The Company has paid the Annual Listing Fees to the exchange within the stipulated time.
e)	**Stock Code**	
	Metropolitan Stock Exchange of India Limited (MSEI)	Symbol: PHF
	Demat ISIN	INE405N01016
f)	**Market price data- high, low during each month in last financial year**	The Shares of the Company are not being traded.
i)	**Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index**	N.A.
j)	**Whether any Securities Suspended**	No
k)	**Registrars and Share Transfer Agents and address for correspondence**	Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area Phase – I, New Delhi - 110 020 Fax: 011-26812682 Email us at: admin@skylinerta.com or Call on Tel.: 011-26812682, 83, 011-64732681 to 88

l)	**Share Transfer System**	The Share transfer job is being handled by the Registrar and Transfer Agent of the Company i.e. Skyline Financial Services Private Limited.
m)	**Distribution of Shareholding**	As per Table 1 and Table 2 below
n)	**Dematerialization of shares and liquidity**	As on March 31, 2021, 26,03,330 (87.13%) of the total paid-up share capital was held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
o)	**Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely to impact on equity.**	The Company has not issued any outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity.
p)	**Commodity Price risk or foreign exchange risk and hedging activities**	Your Company does not deal in any commodity and hence, is not directly exposed to any commodity price risk.
q)	**Plant Locations**	In view of the nature of business activities carried on by the Company, the Company operates from its head office and branch offices located in Punjab and does not have any manufacturing plant.
r)	**Address for Correspondence and Registered Office**	923, G.T Road, Jalandhar-144001, Punjab, INDIA
s)	**List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad**	N.A.

Table 1: Distribution of Shareholding by size as on 31st March, 2021

Nominal Value of Each Share: Rs.10				
Share or Debenture holding Nominal Value	**Number of Shareholders**	**% to Total Numbers**	**Share or Debenture holding Amount**	**% to Total Amount**
(Rs.)			**(Rs.)**	
1	2	3	4	5
Up To 5,000	199	49.87	826700.00	2.77
5001 To 10,000	104	26.07	9705000.00	32.48
10001 To 20,000	37	9.27	533500.00	1.79
20001 To 30,000	14	3.51	390000.00	1.31
30001 To 40,000	5	1.25	185500.00	0.62
40001 To 50,000	8	2.01	379000.00	1.27
50001 To 1,00,000	6	1.50	441000.00	1.48
1,00,000 and Above	26	6.52	26151800.00	87.53
Total	**399**	**100**	**29878000.00**	**100.00**

Table 2: Category wise distribution of Equity shareholding as at March 31, 2021:

	Category	Number of Shares Held	Percentage of Shareholding (%)
(A)	**Shareholding of Promoter and Promoter Group**		
(1)	Indian	679980	22.76
a)	Individuals/ Hindu Undivided Family		
b)	Central Government/ State Government(s)	0	0
c)	Bodies Corporate	0	0
d)	Financial Institutions/ Banks	0	0
e)	Any Other (specify) Trust	0	0
	Sub-Total (A)(1)	**679980**	**22.76**
(2)	**Foreign**		
a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0
b)	Bodies Corporate	0	0
c)	Institutions	0	0
d)	Any Other(specify)	0	0
	Sub-Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**679980**	**22.76**
(B)	**Public shareholding**		
(1)	Institutions		
a)	Mutual Funds	0	0
b)	Banks/Financial Institutions	0	0
c)	Central Government/ State Government	0	0
d)	Venture Capital Funds	0	0
e)	Insurance Companies	0	0
f)	Foreign Institution Investors	0	0
g)	Foreign Venture Capital Investors	0	0
h)	Any Other (Specify)	0	0
	Sub-Total (B)(1)	0	0
(2)	Non-institutions		
a)	Bodies Corporate	957800	32.06
b)	Individuals -	0	0
	i) Individual shareholders holding nominal share capital up to Rs.2 lakh.	404120	13.53
	ii.Individual shareholders holding nominal share capital in excess of Rs.2 lakh.	833130	27.88
c)	Non Resident Indians	0	0
c-i)	Public Trusts	0	0
c-ii)	Corporate Bodies-OCB	0	0
c-ii)	Intermediary/Other Depository A/C	0	0
c-iv)	Hindu Undivided Family	112770	3.77
c-v)	Clearing member /House	0	0
c-vi)	Qualified Foreign Institution Investors-Individual	0	0
c-vii)	Qualified Foreign Institution Investors-Corporate	0	0
	Sub-Total (B)(2)	0	0
	Total Public Shareholding (B)= (B)(1) +(B)(2)	0	0
	TOTAL(A)+(B)	0	0
(C)	**Other than promoters**		
(D)	**Shares held by Custodians and against which Depository Receipts have been issued**	0	0
	GRAND TOTAL(A)+(B)+(C)	**2987800**	**100**

COMPLIANCE WITH REGULATION 34(3) AND PART F OF SCHEDULE V OF THE LISTING REGULATIONS

In accordance with the provisions of Regulation 34 (3) and Part F of Schedule V of the Listing Regulations, the Company will report the details in respect of the unclaimed Equity Shares as and when credited to a demat suspense account opened by your Company.

UNCLAIMED DIVIDEND AND SHARES TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY ("IEPF")

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF").

The IEPF Rules mandate companies to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF. The Members whose dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

Pursuant to the provisions of section 124(5) of the Companies Act, 2013, the company is required to transfer to the Investor Education and Protection Fund (IEPF) account, the dividend which remains unpaid/unclaimed for a period of 7 years from the date of transfer to the unpaid dividend account. Further the Company is also required to transfer to the IEPF Authority, the shares against which the dividend remained unpaid/unclaimed from last 7 years.

DISCLOSURE OF RISK MANAGEMENT:

The Company's Risk Management Policy deals with identification, mitigation and management of risks across the organization. The same has been dealt with in the Management Discussion and Analysis Report annexed to the Annual Report.

OTHER DISCLOSURES:

a) MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTERESTS OF LISTED ENTITY AT LARGE

There are no materially significant Related Party Transactions (RPTs) with the Company's Promoters, Directors, Key Managerial Personnel or their relatives, which may have potential conflict with the interests of the Company at large. Disclosures on transactions with related parties, as required under the Indian Accounting Standard, have been incorporated in the Notes to the Accounts.

b) DETAILS OF NON-COMPLIANCE BY THE LISTED ENTITY, PENALTIES, STRICTURES, IMPOSED ON THE LISTED BY STOCK EXCHANGE(S) OR THE BOARD OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS

There were no instances of non-compliance by the Company for which any penalties or strictures were imposed on the Company by the Stock Exchanges and SEBI, or any statutory authority on any matter related to capital markets.

c) DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM, WHISTLE BLOWER POLICY, AND AFFIRMATION THAT NO PERSON HAS BEEN DENIED ACCESS TO THE AUDIT COMMITTEE

The Company has established the Vigil Mechanism/ Whistle Blower Policy and the details of the same are disclosed under Board's Report and there is no person who has been denied access to the audit committee.

d) DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance. Further, the Company has not adopted any non-mandatory requirements.

e) WEB LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS DISCLOSED

The Company does not have any material listed/ unlisted subsidiary companies as defined in Regulation 24 (1) of Listing Regulations. However, the Company has framed the Policy on Material Subsidiaries and the same is uploaded on the Company's website at the web link www.phfleasing.com.

f) WEB LINK WHERE POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

The Policy on dealing with related party transactions can be accessed at https://phfleasing.com/relatedparty.html

g) DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES

Not Applicable

h) DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

The Company did not raise any funds through preferential allotment or qualified institutions placement.

i) CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE THAT NONE OF THE DIRECTORS ON THE BOARD OF THE COMPANY HAVE BEEN DEBARRED OR DISQUALIFIED FROM BEING APPOINTED OR CONTINUING AS DIRECTORS OF COMPANIES BY THE BOARD/MINISTRY OF CORPORATE AFFAIRS OR ANY SUCH STATUTORY AUTHORITY

Pursuant to Schedule V Para C clause (10)(i) of the Listing Regulations, the Company has obtained certificate from Harshita Aggarwal & Associates, Practicing Company Secretaries confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is annexed to this report.

j) WHERE THE BOARD HAD NOT ACCEPTED ANY RECOMMENDATION OF ANY COMMITTEE OF THE BOARD WHICH IS MANDATORILY REQUIRED, IN THE RELEVANT FINANCIAL YEAR, THE SAME TO BE DISCLOSED ALONG WITH REASONS

In the financial year 2020 – 2021, the Board has accepted all recommendations of its committees.

k) TOTAL FEES PAID BY THE COMPANY TO THE STATUTORY AUDITOR OF THE COMPANY

The Company has paid the fees of Rs. 5,50,000/- (Rupees Five Lacs and Fifty Thousand Only) on a consolidated basis for all services rendered by statutory auditor.

l) DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, for details refer Directors' Report.

NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE REPORT OF SUB-PARAS (2) TO (10) OF SCHEDULE V READ WITH REGULATION 34(3) OF LISTING REGULATIONS, WITH REASONS

The Company has complied all the requirement of corporate governance report as contained in Clause C (2) to (10) of Schedule V read with Regulation 34(3) of Listing Regulations, as applicable on the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Company has complied with all mandatory requirements of Listing Regulations (as amended upto date).

ADDRESS FOR INVESTOR'S CORRESPONDENCE:

For any assistance regarding share transfers, transmissions, change of address, non- receipt of dividend or any address, non-receipt of dividend or any other query relating to shares, please write to:

MR. VIJAY SHARMA (MANAGER - DEPOSITS)
PHF LEASING LIMITED
Regd. & Corp. Office: 923, G.T. Road, Jalandhar-144001, Punjab, INDIA,
Ph: 0181-4639903-06; Email: vijay@phfleasing.in

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members
PHF Leasing Limited
Regd Office: 923, G.T. Road, Jalandhar,
Punjab, 144401

Dear Sir/ Madam,

Based on the information provided to me, I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **PHF LEASING LIMITED** having **CIN: L65110PB1992PLC012488** and having registered office at 923, G.T. Road, Jalandhar, Punjab, 144001 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, it is hereby certified that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.NO.	DIRECTOR	DESIGNATION	DIN	DATE OF APPOINTMENT
1	MR. ASHWANI KUMAR JINDAL	INDEPENDENT DIRECTOR	00670384	07/03/2020
2	MR. CHANDAN CHUGH	NON-EXECUTIVE DIRECTOR	01519390	30/09/2000
3	MR. VIJAY KUMAR BHANDARI	NOMINEE DIRECTOR	01519724	13/11/2020
4	MR. SUBHASH CHANDER SIKKA	INDEPENDENT DIRECTOR	01871492	01/12/2014
5	NEELAM KOHLI	WOMAN INDEPENDENT DIRECTOR	02628811	16/12/2014
6	VIJAY KUMAR SAREEN	NON- EXECUTIVE DIRECTOR	07978240	07/03/2020

Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification. This certificate is neither an assurance as to the future viability of the Company nor the efficiency or the effectiveness with which the management has conducted the affairs of the Company.

For Harshita Aggarwal & Associates
Company Secretaries

Sd/-
Harshita Aggarwal
Proprietor
ACS No. 55717; CP No. 21189

Date: June 30, 2021
Place: Jalandhar

WTD & CFO CERTIFICATION

FOR FINANCIAL YEAR 2020-21

To
The Board of Directors
PHF Leasing Limited
923, G.T. Road, Jalandhar-144001,
Punjab, India

We, the undersigned, in our respective capacity as Whole Time Director & Chief Financial Officer (CFO) of PHF Leasing Limited ("the Company") to the best of my knowledge and belief certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2021 and that to the best of my knowledge and belief:

   (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violating of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have disclosed, based on my evaluation wherever applicable, to the Auditors and the Audit Committee:

   (1) Significant changes, if any, in internal controls over financial reporting during the year;

   (2) Significant changes, if any, in accounting policies during the year, and that the same have been disclosed in the notes to the financial statements; and

   (3) Instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of Board of Directors

	Sd/-	**Sd/-**
Place: Jalandhar	**Vijay Kumar Sareen**	**Kuldip Bhandari**
Date: June 30, 2021	**Whole Time Director**	**Chief Financial Officer**

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

The Board of Directors of PHF Leasing Limited ("the Company") at its Meeting held on December 16, 2014 adopted Code of Conduct as amended on August 25, 2019 to be followed by all Members of the Board and Senior Management Personnel of the Company respectively in compliance with the Regulation 17(5), 26 (3) and 34 (3) read with Schedule V (Part D) of Securities Exchange Board of India (LODR) Regulations, 2015 with the Stock Exchanges where the shares of the Company are listed.

As per Regulation 17(5), 26(3) and 34 (3) read with Schedule V (Part D) of Securities Exchange Board of India (LODR) Regulations, 2015 executed with the Stock Exchange, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2021.

For PHF Leasing Limited

Sd/-

Vijay Kumar Sareen
Whole Time Director
DIN: 07978240

Place: Jalandhar
Date: June 30, 2021

Annexure -A

Details of Remuneration

Statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for year ended March 31, 2021

Not Applicable as none of the persons in service for the whole year is drawing emoluments more than Rs.1,02,00,000/- per annum

Annexure-B

DETAILS OF REMUNERATION

Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2020-2021, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020- 2021 are as under:

S. No.	Name Director/ KMP	Designation	Remuneration Director/KMP for the Financial Year 2020- 21 (in Rs.)	Remuneration of Director/KMP for the Financial Year 2019- 20 (in Rs.)	% increase in Remuneration in the Financial Year 2020- 21	% increase in Remuneration in the Financial Year 2019- 20	Ratio of Remuneration of each Director to median remuneration	Directors Siting Fees for the Financial Year 2020- 21 (in Rs.)
1.	#Shiv Dyal Chugh	Managing Director	11,00,000	11,40,000	N.A	5.55%	6.39:1	-
2.	Kuldip Bhandari	Chief Financial Officer	4,20,407	3,69,980	13.63%	6.65%	-	-
3.	Manpreet Kaur	Company Secretary	1,12,895	-	-	N.A	-	-
4.	##Davinder Kaur	Company Secretary	82,500	55,000	N.A	(68.57%)	-	-
5	Chandan Chugh	-	-	-	-	-	-	8,000
6	Subhash Sikka	-	-	-	-	-	-	8,000
7	Ashwani Kumar Jindal	-	-	-	-	-	-	13,000
8	Vijay Kumar Sareen	-	-	-	-	-	-	13,000
9	Vijay Kumar Bhandari	-	-	-	-	-	-	6,000
10	Neelam Kohli	-	-	-	-	-	-	4,000

Notes: *(#) Mr. Shiv Dyal Chugh (Managing Director), ceased to be Director of the Company due to his sudden demise on March 07, 2021. Thus, the salary for the month of March 2021 was not credited to his account*

(##)During the financial year 2020-2021, `Ms. Davinder Kaur, Company Secretary, resigned from the post of the Company Secretary w.e.f. December 15, 2020 and Mrs. Manpreet Kaur was appointed as Company Secretary w.e.f. December 15, 2020.

Note: - The information disclosed above relates to complete financial year.

I. **The ratio of the remuneration of each director to the median remuneration of the employees of the company for the Financial Year:**

The median remuneration of employees of the Company during the Financial Year was Rs. 1,72,200 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table.

II. **the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year**

In the Financial Year, there was an increase of 13.63% in the median remuneration of Chief Financial Officer.

III. **The percentage increase in the median remuneration of employees in the Financial Year:**

In the Financial Year, there was an increase of 8.75% in the median remuneration of employees.

IV. **The number of permanent employees on the rolls of Company:**
There were 78 permanent employees on the rolls of the Company as on 31st March, 2021.

V. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

Particulars	FY. 2020-21	F.Y. 2019-20
Increase in Salary of employees other than managerial personnel	44.44%	9.42%
Increase in Managerial Remuneration	9.64%	-2.31%

VI. **Affirmation that the remuneration is as per the remuneration policy of the company**
It is hereby affirmed that remuneration to Key Managerial Personnel and Employees of the Company are in line with the Remuneration Policy of the Company.

To,
The Members,
PHF Leasing Limited
923, G.T. Road, Jalandhar, Punjab, 144001

Sir,

I have conducted the Secretarial Audit for the Financial Year 2020-2021 for the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s PHF Leasing Limited** (hereinafter referred to as the 'Company'). Our report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a reasonable basis for our opinion.

4. I 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 test basis to ensure that correct facts are reflected in secretarial records.

5. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

6. Some of the books and papers were verified through online means due to the prevailing lockdown (COVID-19) and due efforts have been made by the Company to make available all the relevant documents and records and by the Auditors to conduct and complete the audit in aforesaid lockdown conditions.

7. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

8. 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.

For Harshita Aggarwal & Associates
Company Secretaries

Sd/-
Harshita Aggarwal
Proprietor
M. No. A55717
COP No. 21189
UDIN: A055717C000557845

Date: June 30, 2021
Place: Jalandhar

FORM No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year Ended March 31, 2020

[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,
PHF Leasing Limited
923, G.T. Road, Jalandhar, Punjab, 144001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s PHF Leasing Limited** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us 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 authorized representatives during the conduct of secretarial audit, I hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 **("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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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; **(Not Applicable to the Company during the Audit Period)**

(v) 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(To the extent applicable to the Company during the Audit Period)**

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company during the Audit Period)**

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; **(To the extent applicable to the Company during the Audit Period)**

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the Company during the Audit Period)**

i) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; **(Not Applicable to the Company during the Audit Period)**

(vi) I have identified and hereby confirm that the following laws are specifically applicable to the company:

a) The Reserve Bank of India Act, 1934
b) Non-Banking Financial Company - Non Systematically Important Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time

Other laws applicable on the Company including

a) Employees' State Insurance Act, 1948
b) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
c) The Payment of Bonus Act, 1965
d) The Payment of Gratuity Act, 1972
e) The Employee Compensation Act, 1923
f) Income tax Act, 1961
g) Goods & Services Tax Act, 2017

have been duly complied with as per the representation received from the Company and on relying upon the Statutory Auditor Report.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and;

(ii) The Uniform Listing Agreement for equity shares entered into by the Company with MSEI Limited, Mumbai and;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that:

The Board of Directors of the Company is duly constituted with 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at le ast seven days 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.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minute s of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the period under audit, the following specific event/action, having a major bearing on the Compa ny's affairs, took place in pursuance of the above referred laws, rules, regulations and standards:

(i) The Company obtained the in-principle approval under Regulation 28 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from Metropolitan Stock Exchange on March 23, 2021 subsequent to the resolution passed by the Board of Directors of the Company for the further issue of capital subject to the approval of shareholders in the Extra-ordinary General Meeting of the Company. The Extra-ordinary General Meeting was schedued to be held on March 27, 2021 but the same could not be held due to guidelines issued by Punjab Government regarding restriction on gatherings due to surge in covid cases.

For Harshita Aggarwal & Associates
Company Secretaries

Sd/-
Harshita Aggarwal
Proprietor
M. No. A55717
COP No. 21189
UDIN: A055717C000557845

Date: June 30, 2021
Place: Jalandhar

INDEPENDENT AUDITOR'S REPORT

To the Members of PHF Leasing Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PHF Leasing Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ende d, and notes tothe financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Companies (Indian Ac counting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and loss, 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 Standards 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 t he 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 41 to the financial statements, which describes that the extent to which the COVID-19 pandemic will impact the Company's financial statements will depend on future developments.

Our opinion is not modified in respect of this matter.

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 matter s.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Identification of Non-performing advances (NPA) and provisioning on advances:** The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets. Refer Note 47 of the financial statements The NBFC is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. Further, the Company has policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underlying inputs to ECL model.	Our audit procedures in respect of this area included: Review of the policy on ECL for impairment of financial assets. Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation. Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	The NBFC is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision on NPA are estimated based on ageing and classification of NPAs, recovery estimates, nature of loan product, value of security and other qualitative factors and is subject to the minimum provisioning norms specified by RBI and approved policy of the Bank in this regard. Additionally, the NBFC makes provisions on exposures that are not classified as NPAs including advances in certain sectors and identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions. In line with the COVID-19 Regulatory Package, the NBFC has framed policies for providing moratorium as a relief measure to the borrowers. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and Bank policy. Performed other substantive procedures included and not limited to the following; • Selected samples of performing loans and assessed independently as to whether those should be classified as NPA; • For samples selected reviewed the collateral valuation, financial statements and other qualitative information; • For selected samples assessed independently accounts that can potentially be classified as NPA and Red Flagged Accounts; • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which needed to be considered as NPA; • Held specific discussions with the management of the NBFC on sectors where there is perceived credit risk and the steps taken to mitigate the risks to identified sectors; • Selected samples for standard accounts, default but standard accounts and overdue accounts and assessed compliance with RBI circular on COVID-19 Regulatory Package. Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Director's report but does not include the financial statements and our auditor's report thereon.

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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's 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 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 statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2021, were audited by another auditor whose report dated June 29, 2020expressed an unmodified opinion on those 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" 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, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 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 financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

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

   i. The Company does not have any pending litigations which would impact its financial position. Refer note 36 to the financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer note 37 to the financial statements.

   iii. Following are the instances of delay in transferring amounts of unpaid dividend, required to be transferred, to the Investor Education and Protection Fund by the Company iv.

Sr. No.	Name of Party	Date of Payment	Amount	No of days delay
1	Joginder Singh	May 27, 2021	450	331
2	Sardar Singh	May 27, 2021	450	331
3	Harcharan Singh	May 27, 2021	450	331
4	Satinder Sehgal	May 27, 2021	540	331

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Sd/-
Nipun Gupta
Partner
Membership No. 502896
UDIN: 21502896AAAACM3999

Place: Gurugram
Date: June 30, 2021

PHF Leasing Limited
Balance Sheet as at March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

	Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and Cash Equivalents	3	217.34	86.79
(b)	Loans	4	2,647.34	1,028.64
(c)	Investments	5	44.87	41.20
(d)	Other Financial Assets	6	255.20	75.37
(2)	**Non- Financial Assets**			
(a)	Current tax assets (Net)	7	4.54	0.32
(b)	Deferred tax assets (Net)	8	13.86	11.59
(c)	Property, Plant and Equipment	9	13.84	13.77
(d)	Right of Use assets	10	93.74	48.52
(e)	Other non-financial assets	11	37.60	1.82
	Total Assets		**3,328.33**	**1,308.02**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Payables	12		
	(I) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		1.27	1.35
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		16.73	9.41
	(II) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		37.48	17.53
(b)	Debt Securities	13	933.52	184.27
(c)	Borrowings (Other than Debt Securities)	14	1,079.35	200.45
(d)	Deposits	15	530.36	201.36
(e)	Other financial liabilities	16	227.67	142.34
(2)	**Non- Financial Liabilities**		-	-
(3)	**EQUITY**			
(a)	Equity Share capital	17	298.78	298.78
(b)	Other Equity	18	203.17	252.53
	Total Liabilites and Equity		**3,328.33**	**1,308.02**

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

This is the balance sheet referred to in our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
PHF Leasing Limited
CIN: L65110PB1992PLC012488

Nipun Gupta
Partner
Membership No: 502896

Place: Gurugram
Date: June 30, 2021

Vijay Kumar Sareen
Whole Time Director
DIN: 07978240

Place: Jalandhar
Date: June 30, 2021

Chandan Chugh
Director
DIN: 01519390

Place: Jalandhar
Date: June 30, 2021

Kuldip Bhandari
Chief Finance officer

Place: Jalandhar
Date: June 30, 2021

Manpreet Kaur
Company Secretary
Membership No: A54656
Place: Jalandhar
Date: June 30, 2021

PHF Leasing Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

	Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
	Revenue from Operations			
(i)	Interest Income	19	355.40	272.03
(ii)	Dividend Income		-	0.02
(I)	**Total Revenue from Operations**		**355.40**	**272.05**
(II)	Other Income	20	4.55	1.13
(III)	**Total Income**		**359.95**	**273.18**
	Expenses			
(i)	Finance Costs	21	159.58	75.83
(ii)	Impairment on financial instruments	22	47.14	55.56
(iii)	Employee Benefits Expenses	23	120.65	84.71
(iv)	Depreciation, amortization and impairment	24	10.10	12.08
(v)	Others expenses	25	73.22	59.42
(IV)	**Total Expenses**		**410.69**	**287.60**
(V)	Loss before exceptional and extraordinary items and tax		(50.74)	(14.42)
(VI)	Exceptional items		-	-
(VII)	Loss before tax		(50.74)	(14.42)
(VIII)	Tax Expense:			
	(1) Current Tax	8	-	(0.31)
	(2) Deferred Tax credit	8	3.89	9.08
	(3) Mat Tax Entitlement		-	(2.06)
	(4) Earlier year tax adjusments		(0.93)	(0.39)
(IX)	**Loss for the period**		**(47.78)**	**(8.10)**
(X)	**Other Comprehensive Income**			
	(A) (i) Net gain on equity instrument designated at FVOCI. (Shares in Capital Small Finance Bank)		-	16.80
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	(3.36)
			-	**13.44**
	(B) (i) Items that will be reclassified to profit or loss			
	Re-measurement losses on defined benefit plans		(0.71)	-
	Income tax relating to items that will be reclassified to profit or loss		(0.69)	-
			(1.40)	-
	Other Comprehensive Income		**(1.40)**	**13.44**
(XI)	**Total Comprehensive Income / (Loss) for the period(Comprising Profit (Loss) and other Comprehensive Income for the period)**		**(49.18)**	**5.34**
(XII)	**Earnings per equity share**	26		
	Basic (Rs.)		(1.60)	(0.27)
	Diluted (Rs.)		(1.60)	(0.27)
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

This is the Statement of Profit or Loss referred to in our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
PHF Leasing Limited
CIN: L65110PB1992PLC012488

Nipun Gupta
Partner
Membership No: 502896

Place: Gurugram
Date: June 30, 2021

Vijay Kumar Sareen
Whole Time Director
DIN: 07978240

Place: Jalandhar
Date: June 30, 2021

Chandan Chugh
Director
DIN: 01519390

Place: Jalandhar
Date: June 30, 2021

Kuldip Bhandari
Chief Finance officer

Place: Jalandhar
Date: June 30, 2021

Manpreet Kaur
Company Secretary
Membership No: A5465€
Place: Jalandhar
Date: June 30, 2021

PHF Leasing Limited
Statement of changes in equity for the year ended March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares of [Rs.10] each issued, subscribed and fully paid				
Opening	29.88	298.78	29.88	298.78
Add: Issued during the year	-	-	-	-
Closing	**29.88**	**298.78**	**29.88**	**298.78**

(B) Other equity
April 1, 2020 to March 31, 2021

Particulars	Reserve and surplus					Items of OCI	Total
	General Reserve	Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	Other Reserves (shares forefeited)	Other Reserves (investment reserve)	Retained Earnings	FVTOCI Reserve	
Balance at the beginning of the reporting period	29.00	118.96	0.38	0.17	83.56	20.46	**252.53**
Loss for the year	-	-	-	-	(47.79)	-	**(47.79)**
Other comprehensive income	-	-	-	-	(1.40)	-	**(1.40)**
Transfer to Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	-	-	-		-	-	**-**
Total other comprehensive income for the year	**-**	**-**	**-**	**-**	**(49.19)**	**-**	**(49.19)**
Adjustments made	-	-	-	(0.17)	-	-	**(0.17)**
Balance at the end of the reporting period	**29.00**	**118.96**	**0.38**	**-**	**34.37**	**20.46**	**203.17**

April 1, 2019 to March 31, 2020

Particulars	Reserve and surplus					Items of OCI	Total
	General Reserve	Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	Other Reserves (shares forefeited)	Other Reserves (investment reserve)	Retained Earnings	FVTOCI Reserve	
Balance at the beginning of the reporting period	29.00	117.89	0.38	0.23	92.73	7.02	**247.25**
Loss for the year					(8.10)	-	**(8.10)**
Other comprehensive income	-	-	-	-	-	13.44	**13.44**
Transfer to Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	-	1.07	-	-	(1.07)	-	**-**
Total other comprehensive income for the year	**-**	**1.07**	**-**	**-**	**(9.17)**	**13.44**	**5.34**
Adjustments made	-	-	-	(0.06)	-	-	**(0.06)**
Balance at the end of the reporting period	**29.00**	**118.96**	**0.38**	**0.17**	**83.56**	**20.46**	**252.53**

The accompanying notes are an integral part of the financial statements

This is the Statement of change in equity referred to in our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

For and on behalf of the Board of Directors of
PHF Leasing Limited
CIN: L65110PB1992PLC012488

Nipun Gupta
Partner
Membership No: 502896

Place: Gurugram
Date: June 30, 2021

Vijay Kumar Sareen
Whole Time Director
DIN: 07978240

Place: Jalandhar
Date: June 30, 2021

Chandan Chugh
Director
DIN: 01519390

Place: Jalandhar
Date: June 30, 2021

Kuldip Bhandari
Chief Finance officer

Place: Jalandhar
Date: June 30, 2021

Manpreet Kaur
Company Secretary
Membership No: A54656
Place: Jalandhar
Date: June 30, 2021

PHF Leasing Limited

Statement of cash flows for the year ended March 31, 2021

(All amounts in Rupees in lacs, unless otherwise stated)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities		
Loss before tax	(50.74)	(14.41)
Adjustments for:		
Depreciation and amortization expenses	10.10	12.08
Impairment on financial instruments	47.14	55.56
Loss/ (Profit) on sale of assets	0.31	(0.38)
Finance cost	159.58	75.83
Interest income in respect of investing activity	(1.35)	(1.21)
Dividend income	-	(0.02)
Interest income	(354.06)	(270.83)
Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received	**(189.02)**	**(143.38)**
Changes in working capital		
(Decrease)/ Increase in trade payables	(7.24)	0.09
Decrease in other payables	(19.95)	(48.93)
Increase in other financial liabilities	96.71	70.62
Increase in loans	(1,618.69)	(54.08)
Increase in other non-financial assets	(35.77)	(0.03)
(Increase)/ Decrease in other financial assets	(179.83)	8.28
Cash used in operations before adjustments for interest received, interest paid and dividend received	**(1,953.79)**	**(167.43)**
Interest paid	(159.58)	(75.83)
Interest received	354.06	270.83
Dividend received	-	0.02
Cash used in operations	**(1,759.31)**	**27.59**
Income tax paid	(3.61)	(0.32)
Net cash flows (used in)/ from operating activities (A)	**(1,762.92)**	**27.27**
Cash flow from Investing activities		
Payment for property, plant and equipment	(66.36)	(62.02)
Investment in government securities	(3.68)	(8.80)
Deletion of ROU	10.16	-
Net proceeds from fixed assets	0.50	0.82
Interest received	1.35	1.21
Net cash flow used in investing activities (B)	**(58.03)**	**(68.79)**
Cash flow from Financing activities		
Proceeds/(repayment) from issue of debt securities	749.25	(16.72)
Proceeds from Borrowings other than debt securities issued	878.90	53.13
Proceeds from issue of deposits	329.00	38.67
Payment of lease liabilities	(5.65)	(4.00)
Net cash flow from financing activities (C)	**1,951.50**	**71.07**
Net increase in cash and cash equivalents (A+B+C)	130.55	29.55
Cash and cash equivalents at the beginning of the year	86.79	57.24
Cash and cash equivalents at the end of the year	**217.34**	**86.79**

PHF Leasing Limited
Statement of cash flows for the year ended March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

Cash and cash equivalents comprise (Refer note 3)

Cash on hand	25.29	13.72
Balances with banks	113.89	73.07
Deposits with original maturity of less than three months	78.16	-
Total cash and bank balances at end of the year	**217.34**	**86.79**

Notes:
1. The above Cash flow statement has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'
2. Figures in brackets represents cash ouflows
3. Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

For the year ended March 31, 2021

Particulars	**Debt securities**	**Borrowings (other than debt securities)**	**Deposits**	**Lease liabilities**
Opening balance as at April 1, 2020	184.27	200.45	201.36	52.60
Cash flows during the year	687.67	816.66	307.74	(8.89)
Non-cash changes due to				
- Acquisitions under finance lease	-	-	-	63.27
- Deletions under finance lease	-	-	-	(11.73)
- Interest on debt securities/ Borrowings/ deposits / lease liabilities	61.58	62.24	21.25	3.24
Closing balance as at March 31, 2021	**933.52**	**1079.35**	**530.35**	**98.49**

For the year ended March 31, 2020

Particulars	**Debt securities**	**Borrowings (other than debt securities)**	**Deposits**	**Lease liabilities**
Opening balance as at April 1, 2019	200.99	147.32	162.70	-
Cash flows during the year	(44.14)	41.33	19.50	(9.67)
Non-cash changes due to				
- Acquisitions under finance lease	-	-	-	56.60
- Interest on debt securities/ Borrowings/ deposits / lease liabilities	27.42	11.80	19.16	5.67
Closing balance as at March 31, 2020	**184.27**	**200.45**	**201.36**	**52.60**

The accompanying notes are an integral part of the financial statements

This is the Statement of Cash flows referred to in our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No.:105047W

Nipun Gupta
Partner
Membership No: 502896

Place: Gurugram
Date: June 30, 2021

For and on behalf of the Board of Directors of
PHF Leasing Limited
CIN: L65110PB1992PLC012488

Vijay Kumar Sareen
Whole Time Director
DIN: 07978240

Place: Jalandhar
Date: June 30, 2021

Chandan Chugh
Director
DIN: 01519390

Place: Jalandhar
Date: June 30, 2021

Kuldip Bhandari
Chief Finance officer

Place: Jalandhar
Date: June 30, 2021

Manpreet Kaur
Company Secretary
Membership No: A546
Place: Jalandhar
Date: June 30, 2021

PHF Leasing Limited
Notes forming part of the Financial Statements for the year ended March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

1 General Information

PHF Leasing Limited (the "Company") is a public limited company domiciled in India and was incorporated on July 20, 1992 under the provisions of the Companies Act, 1956 applicable in India. Its shares are listed on Metropolitan Stock Exchange of India Limited. Its registered and principal office of business is located at 923, G.T. Road, Jalandhar, Punjab - 144005. The Company is an NBFC holding a Certificate of Registration from the Reserve Bank of India (“RBI”) dated May 15, 1998. The Company is primarily engaged in the business of financing vehicles. The Company has operating branches in Jalandhar, Batala, Amritsar, Kapurthala, Ferozpur, Tarn Taran and Ludhiana. Borrowers are predominantly located in rural areas in India and Company makes available loans and finance to them mainly for use for the personal consumption, businesses or for other income generating activities.

The financial statements of the Company for the year ended March 31, 2021 were approved for issue in accordance with the resolution of the Board of Directors on June 30, 2021.

2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements

The Balance Sheet, Statement of Profit and Loss and Statement of changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III of the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS. Amounts in the financial statements are presented in Indian Rupees.

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 (as Amended from time to time).

The Company is regulated by the Reserve Bank of India (‘RBI’). RBI periodically issues/amends directions, regulations and/or guidance (collectively “Regulatory Framework”) covering various aspects of the operation of the Company, including those relating to accounting for certain types of transactions. The Regulatory Framework contains specific instructions that need to be followed by the Company in preparing its financial statements. The financial statements for the current and previous year may need to undergo changes in measurement and / or presentation upon receipt of clarifications on the Regulatory Framework or changes thereto.

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:
i. The normal course of business
ii. The event of default
iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lacs, except when otherwise indicated.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:-
i) Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments)

All assets and liabilities have been classified as current or non-current as per the Company’s operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the rendering of service and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

(c) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. Refer Note 2.15 for detailed discussion on estimates and judgments.

2.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	
Furniture and Fixtures	10 years
Electric Equipments	10 years
Office Equipment	5 years
Vehicles	8-10 years
Computers:	
-End user devices such as, desktops, laptops etc.	3 years

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income'.

Depreciation methods, useful lives and residual values are reviewed periodically at each financial year end and adjusted prospectively, as appropriate.

2.3 Foreign Currency Transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.4 Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 01, 2019 (transition date). Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount, discounted at the Company's incremental borrowing rate at the date of initial application.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company's lease asset classes consist of leases for office premises.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i)Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii)Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii)Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office building and warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office building that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company also applied the available practical expedients wherein it:
- Applied single discount rate to the portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Uses hindsight, such as in determining the lease tem if the contract contains options to extend or terminate the lease

2.4 Revenue Recognition

Interest Income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed
a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

Interest spread under par structure of direct assignment of loan receivables is recognised upfront.

Dividend Income
Dividend income is recognised when the right to receive the payment is established

Fees & Commission Income
Fees and commissions are recognised when the Company satisfies the performance obligation, at fair value of the consideration received or receivable based on a five-step model as set out below, unless included in the effective interest calculation:
Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

Net gain/loss on fair value changes
Any differences between the fair values of financial assets classified as fair value through the profit or loss or OCI, held by the Company on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in “Net gains on fair value changes” under Revenue from operations and if there is a net loss the same is disclosed under “Expenses” in the statement of profit and loss.
Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

Net gain/loss on derecognition of financial instruments under amortised cost category
In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on derecognition of such financial asset previously carried under amortisation cost category is presented separately under the respective head in the statement of profit and loss. The resulting interest only strip initially is recognised at FVTPL under interest income

Other Income
Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

2.5 Finance Costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed
a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

2.6 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generate taxable income.
Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences except:
• When the deferred tax liability arises 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 the accounting profit nor taxable profit or loss Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
• When the deferred tax asset relating to the deductible temporary difference arises 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 the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

2.7 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. 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 or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus, if any, taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.
The impairment assessment for all assets is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.8 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, cheques on hand, balances with banks (of the nature of cash and cash equivalents) and short- term deposits, as defined above.

2.10 Financial instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the cashflows of the financial assets and the Company's business model for managing financial assets which are explained below:

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets goingforward.

The Solely Payments of Principal and Interest (SPPI) test

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company classifies its financial liabilities at amortised costs unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

Financial assets measured at amortised cost

Debt instruments

These financial assets comprise bank balances, Loans, Trade receivables, investments and other financial assets.

Debt instruments are measured at amortised cost where they have:

a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

b) are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost.

Financial assets measured at fair value through other comprehensive income

Debt instruments
Investments in debt instruments are measured at fair value through other comprehensive income where they have:
a) contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
b) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in the statement of profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss.

Equity instruments
Investment in equity instruments that are neither held for trading, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management and when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation. Such classification is determined on an instrumentby-instrument basis.

Amounts presented in other comprehensive income are not subsequently transferred to the statement of profit and loss.

Dividends on such investments are recognised in the statement of profit and loss.

Items at fair value through profit or loss

Items at fair value through profit or loss comprise:
• Investments (including equity shares) held for trading;
• Items specifically designated as fair value through profit or loss on initial recognition; and
• debt instruments with contractual terms that do not represent solely payments of principal and interest. As at the reporting date, the Company does not have any financial instruments measured at fair value through profit or loss.
Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, trade & other payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives, if any, are also classified as held for trading unless they are designated as effective hedging instruments.

Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and transaction costs that are an integral part of the Effective Interest Rate (EIR).

Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI. No impairment loss is applicable on equity investments

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payment is more than 30 days past due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures 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 are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for e.g. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

ECL on Investment in Government securities:

The Company has invested in Government of India loans. Investment in Government securities are classified under stage 1. No ECL has been applied on these investments as there is no history of delay in servicing of interest/repayments. The Company does not expect any delay in interest/redemption servicing in future.

Derecognition of financial assets

A financial asset is derecognized only when
a) the rights to receive cash flows from the financial asset is transferred or
b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

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.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.11 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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 is based on the presumption 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 accessible to the Company.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits 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.

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. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
► Level 1 — Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date
► Level 2 — Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3
► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Company's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

The Company estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself.

2.12 Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as anexpense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to The LIC fund.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

2.13 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 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. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

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 is adjusted for the effects of all dilutive potential equity shares.

2.15 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward except for the unabsorbed depreciation.

(b) Defined benefit plans (gratuity benefits)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

Judgements

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test . The Company determines the business model at a level that reflects how Companys of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

(b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

(c) Effective Interest Rate (EIR) method

The Company's EIR methodology, as explained, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

(d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of assets in its portfolio and generally disposes such assets through auction, to settle outstanding debt. The Company generally does not use the assets repossessed for the internal operations.

The underlying loans in respect of which collaterals have been repossessed and not sold for more than 12 months are considered as Stage 3 assets and fully provided for net of estimated realizable value or written off. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards and consequently the Company also does not derecognise the underlying financial asset immediately on repossession.

(e) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates

2.16 Operating segments

The Company's main business is financing by way of loans for retail and corporate borrowers in India. The Company's operating segments consist of "Financing Activity" and "Others". All other activities of the Company revolve around the main businesses. This in the context of Ind AS 108 – operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. Accordingly, all operating segment's operating results of the Company are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The "Financing Activity" segment consists of vehicle financing, term loans (corporate and retail).

Revenue and expense directly attributable to segments are reported under each operating segment. Expenses not directly identifiable to each of the segments have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

2.17 Modification of financial assets

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 maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original 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). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.

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

3 Cash and Cash Equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	25.29	13.72
Balances with banks	113.89	73.07
Deposits with original maturity of less than three months	78.16	-
	217.34	**86.79**

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The Company has not taken bank overdraft, therefore the cash and cash equivalent for cash flow statement is same as cash and for cash equivalent given above.

4 Loans

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
(A) (i) Term loans	245.55	-
(ii) Others		
(a) Hypothecation loans*	1,143.97	1,044.28
(b) Repossessed Vehicles	29.46	16.42
(c) Loan against Property	157.59	-
(d) MSME Loan	100.32	-
(e) Direct Assignment	1,049.65	-
Total (A) -Gross	**2,726.54**	**1,060.70**
Less:Impairment loss allowance	79.20	32.06
Total (A) - Net	**2,647.34**	**1,028.64**
(B) (i) Secured by tangible assets	2,726.54	1,060.69
(ii) Unsecured	-	-
Total (B)-Gross	**2,726.54**	**1,060.69**
allowance	79.20	32.06
Total (B)-Net	**2,647.34**	**1,028.63**
(C) (I) Loans in India		
(i) Public Sector	2,480.99	1,060.69
(ii) Others		
Corporate Loans	245.55	-
Total (C)- Gross	**2,726.54**	**1,060.69**
Less: Impairment loss allowance	79.20	32.06
Total(C) (I)-Net	**2,647.34**	**1,028.63**
(C) (II)Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (C) (II)- Net	-	-
Total C(I) and C(II)	**2,647.34**	**1,028.63**

* This includes the adjustment of First Loss Default Guarantee (FLDG) amounting to INR 50.42 lacs for March 31, 2021

(All amounts in Rupees in lacs, unless otherwise stated)

5 Investments

Particulars	As at March 31, 2021			As at March 31, 2020		
	Amortised cost	At Fair value through Other Comprehensive Income	Total	Amortised cost	At Fair value through Other Comprehensive Income	Total
Government securities	19.08	-	**19.08**	15.40	-	**15.40**
Equity instruments	-	25.79	**25.79**	-	25.80	**25.80**
Total - Gross	**19.08**	**25.79**	**44.87**	**15.40**	**25.80**	**41.20**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	19.08	25.79	**44.87**	15.40	25.80	**41.20**
Total - Gross	**19.08**	**25.79**	**44.87**	**15.40**	**25.80**	**41.20**
Less: Allowance for Impairment loss/ Provision of Depreciation on investments	-	-	-	-	-	-
Total - Net	**19.08**	**25.79**	**44.87**	**15.40**	**25.80**	**41.20**

Foot Notes

i. Details of investments

Particulars	Face Value (in Rs.)	Number of units As at March 31, 2021	Number of units As at March 31, 2020	Amount As at March 31, 2021	Amount As at March 31, 2020
(A) Investments in Government or Trust securities - at cost					
6.01% GOI Securities 2028	100	7,800	6,000	7.79	6.00
6.30% GOI Securities 2023	100	9,400	9,400	9.22	9.40
6.17% GOI Securities 2028	100	2,000	-	2.07	-
(B) Investment in Equity instruments - at FVOCI					
(Capital Small Finance Bank Ltd.)					
10,237 equity shares of Rs 252 each	10	10,237	10,237	25.80	25.80
		29,437	**25,637**	**44.88**	**41.20**

		As at March 31, 2021	As at March 31, 2020
6	**Other financial assets**		
	First Loss Default Guarantee (FLDG)*	120.00	10.00
	Advances to Vehicle dealers	92.09	48.90
	Claim Receivable from Central Government	9.57	-
	Taxes and Duties	3.24	9.34
	Interest accrued on:		
	- Fixed deposits	-	0.38
	- MPSEB Bonds	5.94	5.94
	- Bonds & GOI Securities	0.56	0.18
	- Vehicle Loans	10.52	-
	- MSME	0.48	-
	- Loan against property	1.05	-
	- Term Loan	9.45	0.33
	Security Deposits	2.30	0.30
		255.20	**75.37**

*This is lien for the borrowings taken from corporates

		As at March 31, 2021	As at March 31, 2020
7	**Current tax assets**		
	Advance income tax [(net of provision for tax: Nil);(March 31, 2020: INR 0.31 lacs)]	4.54	0.32
		4.54	**0.32**

		As at March 31, 2021	Charge/(Benefit) during the year	As at March 31, 2020
8	**Deferred tax assets (Net)**			
	Deferred tax relates to the following:			
	Deferred tax assets			
	On property, plant and equipment	0.13	0.15	0.28
	On lease liabilities (net)	1.09	5.50	6.59
	On Impairment on financial instruments	18.12	(9.78)	8.34
	Others	0.00	0.24	0.24
		19.34	**(3.89)**	**15.45**
	MAT credit entitlement	**-**	0.93	**0.93**
	Gross deferred tax assets	**19.34**	**(2.96)**	**16.38**
	Deferred tax liabilities			
	On Items recognised in OCI	5.48	(0.69)	4.79
	Gross deferred tax liabilities	**5.48**	**(0.69)**	**4.79**
	Net Deferred tax Asset	**13.86**	**(2.27)**	**11.59**

The components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	-	(0.31)
Deferred tax relating to origination and reversal of temporary differences	3.20	9.08
MAT Credit	-	(2.06)
Earlier year tax adjustments	(0.93)	(0.39)
	2.27	**6.32**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate.

A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2021 and year ended March 31, 2020 is, as follows:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	**(50.74)**	**(14.42)**
At India's statutory income tax rate of 22.88% (2020: 26%)	-	-
Non-deductible expenses		
Donation not allowable for tax purpose	0.05	-
Interest on delayed payments to MSME	0.05	-
Others	2.16	6.32
Income tax expense reported in the statement of profit and loss	**2.27**	**6.32**

(All amounts in Rupees in lacs, unless otherwise stated)

9 Property, Plant and Equipment-Tangible assets

	Gross block				Depreciation				Net block	
	As at April 1, 2020	Additions	Deductions	Up to March 31, 2021	As at April 1, 2020	For the year	On Deductions	Up to March 31, 2021	As at March 31, 2021	As at March 31, 2020
Owned assets										
Furniture and fixtures	4.78	0.32	-	5.10	1.07	0.47	-	1.54	3.56	3.71
Vehicles	7.28	0.00	-	7.28	2.48	0.53	-	3.01	4.25	4.80
Office equipments	3.20	0.25	-	3.45	0.98	0.34	-	1.32	2.13	2.22
Electical Equipments	2.95	0.21	1.68	1.48	0.89	0.43	0.87	0.45	1.03	2.06
Computers	2.63	2.31	0.00	4.94	1.65	0.43	-	2.08	2.87	0.98
	20.84	**3.09**	**1.68**	**22.25**	**7.07**	**2.20**	**0.87**	**8.40**	**13.84**	**13.77**
Total	**20.84**	**3.09**	**1.68**	**22.25**	**7.07**	**2.20**	**0.87**	**8.40**	**13.84**	**13.77**
Previous year	**16.85**	**5.42**	**1.43**	**20.84**	**4.06**	**4.00**	**0.99**	**7.07**	**13.77**	**12.78**

10 Right of Use assets

	Gross block				Amortization				Net block	
	As at April 1, 2020	Additions/ Adjustments	Deductions/ Adjustments	Up to March 31, 2021	As at April 1, 2020	For the year	On Deductions/ Adjustments	Up to March 31, 2021	As at March 31, 2021	As at March 31, 2020
Office builidings	56.60	63.27	10.16	109.72	8.08	7.90	-	15.98	93.74	48.52
Total	**56.60**	**63.27**	**10.16**	**109.72**	**8.08**	**7.90**	**-**	**15.98**	**93.74**	**48.52**
Previous year	**-**	**56.60**	**-**	**56.60**	**-**	**8.09**	**-**	**8.09**	**48.52**	**-**

(All amounts in Rupees in lacs, unless otherwise stated)

17 Equity Share capital

	As at March 31, 2021	As at March 31, 2020
Authorized		
4,500,000 (March 31, 2020: 4,500,000) equity shares of Rs. 10/- each	450.00	450.00
	450.00	**450.00**
Issued, subscribed and fully paid-up shares		
2,987,800 (March 31, 2020: 2,987,800) equity shares of Rs. 10/- each	298.78	298.78
	298.78	**298.78**

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	29,87,800	298.78	29,87,800	**298.78**
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**29,87,800**	**298.78**	**29,87,800**	**298.78**

(b) Rights, preferences and restrictions attached to shares

The PHF leasing Ltd has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. The PHF Leasing Ltd declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the PHF Leasing Ltd , the holders of equity shares will be entitled to receive remaining assets of the PHF Leasing Ltd, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) The company has not alloted any equity shares as fully paid up by the way of bonus shares or other than consideration in cash in the last 5 years.

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Shiv Dyal Chugh	6,39,980	21.42%	11,69,750	39.15%
Agile Finserv Pvt.Ltd.	5,90,000	19.75%	5,90,000	19.75%
Hamco Ispat Private Ltd.	2,00,000	6.69%	-	0.00%
Manthan Gupta	1,80,000	6.02%	-	0.00%

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

18 Other Equity

	As at March 31, 2021	As at March 31, 2020
(a) General Reserve		
Opening balance	29.00	29.00
Add: Transferred from retained earnings	-	-
Closing balance	**29.00**	**29.00**
(b) Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)		
Opening balance	118.96	117.89
Add: Transferred from retained earnings	-	1.07
Closing balance	**118.96**	**118.96**
(c) Share Options (Forefeited)		
Opening balance	0.38	0.38
Add: Transferred during the year	-	-
Closing balance	**0.38**	**0.38**
(d) Other Reserves (Investment reserve)		
Opening balance	0.17	0.23
Less: Adjustment during the year	0.17	0.06
Closing balance	**-**	**0.17**
(e) Other comprehensive income		
Opening balance	20.46	7.02
Add: Net gain on equity instrument designated at FVOCI	-	13.44
Add: Remeasurement gain/(loss) on defined benefit plan (net of tax)	(1.40)	-
Closing balance	**19.06**	**20.46**
(f) Retained earnings		
Opening balance	83.56	92.73
Add: Net Profit/(Net Loss) for the current year	(47.79)	(8.10)
Add /(Less): Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	-	1.07
Closing balance	**35.77**	**83.56**

Total Reserves and surplus	**203.17**	**252.53**

Nature and purpose of reserves

(a) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

(b) Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)

Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twentyone days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

(c) Share Options (Forefeited)

The Company came out with a public issue of equity shares of INR 10 each aggregating to Rs. 150 lacs on January 14, 1997. A sum of Rs. 2.50 per share was paid as share application money and Rs. 7.50 was to be paid on allotment by successful applicants as per the terms of the prospectus.

Notices were issued to successful applicants who failed to pay the Allotment money. A last and final call notice dated February 6, 2012 was sent to the shareholders calling to pay the unpaid amount failure to which the shares shall be liable for forfeiture as decided by the Board at its meeting held on January 21, 2012.

The Board of Directors of the company vide its meeting held on March 10, 2012 forfeited 14,500 shares of Rs. 10 each.

Rs. 38,425 was received as application money for 14,500 shares which was transferred to Share forfeited reserve after forfeiture of shares on which calls-in-arrear were not received.

(d) Investment reserve

From time to time, the company has purchased securities for complying with the SLR requirement as prescribed under section 451B of The Reserve Bank of India Act,1934. Since the purchase of securities are either at premium or at discount, the company has followed policy of discounting the securities at Face Value, the difference so arisen is credited to Profit & Loss account on proportionate basis by taking into account the year of redemption of security. The SLR securities have been remeasured at Purchase value in the Financial Year 2020-21.

(e) Other comprehensive income

The Company is a shareholder of Capital Small finance Bank Ltd. (CSFB) holding 10,237 equity shares of Rs. 10/- each. The Company purchased 9307 shares at Rs. 20/- per share which were recorded at Rs. 186,140/- in the Balance sheet.

Capital Small Finance Bank Ltd. has made two preferential allotments during the year 2019-2020 at Rs. 252/- per share. The same value has been taken by the company for recording the shares at Fair value which is as per guidance provided under Ind As 109 as applicable to the company.

Therefore, OCI reserve was created with the differential amount in accordance with Ind AS 109.

Other comprehensive income also includes Remeasurement gain/(loss) on defined benefit plan: Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

(f) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and general reserves.

19 Interest Income

Particulars	Year ended March 31, 2021			Year ended March 31, 2020		
	Interest Income on Financial Assets classified at fair value through other comprehensive income	On Financial Assets measured at Amortised Cost	Total	Interest Income on Financial Assets classified ay fair value through other comprehensive income	On Financial Assets measured at Amortised Cost	Total
Interest on Loans*	-	343.51	**343.51**	-	270.04	**270.04**
Interest income from investments	1.35	-	**1.35**	1.21	-	**1.21**
Interest on deposits with Banks	-	1.34	**1.34**	-	-	**-**
Income from loan related and other commission services	-	9.20	**9.20**	-	-	**-**
Other interest Income	-	-	**-**	-	0.78	**0.78**
Total	**1.35**	**354.05**	**355.40**	**1.21**	**270.82**	**272.03**

* This includes the interest income on First Loss Default Guarantee (FLDG) amounting to INR 24.18 lacs for March 31, 2021

20 Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on sale of fixed assets	-	0.39
Rent Concession	1.93	-
Interest on Income Tax Refund	0.62	0.03
Profit on sale of repossed vehicle	0.32	-
Miscelleanous Income	1.68	0.71
	4.55	**1.13**

21 Finance Cost

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On Financial liabilities measured at amortised cost		
- Interest on deposits	21.25	19.16
- Interest on Inter corporate deposits	5.65	4.57
Interest on borrowings (other than debt securities)		
- Loan from banks	-	-
- Loan from corporates	62.24	11.80
Interest on debt securities		
- Debentures	61.58	27.42
Other interest expense		
- Interest On Lease Liability	3.24	5.66
- Bank Interest	5.40	7.22
- Interest on delayed payments to MSME	0.22	-
	159.58	**75.83**

22 Impairment on Financial Instruments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial instruments measured at amortised cost		
Loans*	48.88	12.79
Bad Debt Written off	-	41.03
Others	(1.74)	1.74
	47.14	**55.56**

*The table below shows the ECL charges on financial instruments for the year recorded in the statement of profit and loss based on evaluation stage:

Year ended March 31, 2021

Particulars	General approach			Total
	Stage 1	Stage 2	Stage 3	
Loans and advances to customers	40.48	4.49	3.91	**48.88**
Total impairment loss	**40.48**	**4.49**	**3.91**	**48.88**

Year ended March 31, 2020

Particulars	General approach			Total
	Stage 1	Stage 2	Stage 3	
Loans and advances to customers	0.61	1.62	10.57	**12.79**
Total impairment loss	**0.61**	**1.62**	**10.57**	**12.79**

23 Employee Benefit Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages	111.06	76.36
Contribution to provident and other funds	7.28	5.96
Gratuity expenses	-	1.30
Staff welfare expenses	2.31	1.09
	120.65	**84.71**

(All amounts in Rupees in lacs, unless otherwise stated)

24 Depreciation and amortization expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment	2.20	4.00
Depreciation on Right-of-use assets	7.90	8.08
	10.10	**12.08**

(All amounts in Rupees in lacs, unless otherwise stated)

25 Other Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent, taxes and energy costs	3.78	4.85
Repairs and maintenance	3.30	4.27
Communication Costs	3.10	3.34
Printing and Stationery	2.61	1.84
Advertisement and publicity	2.09	0.53
Director's fees, allowances and expenses	0.52	0.41
Rates and Taxes	4.80	1.83
Payment to auditor (Refer details below)	3.15	0.25
Legal and Professional charges	13.32	4.07
Insurance	1.92	1.90
Tour & Travelling Expenses	14.78	27.21
Donation	0.23	0.26
Entertainment & Festive Expenses	2.90	2.26
Incentive Expenses	6.97	-
Loss on Sale of Fixed Assets	0.31	-
Membership Fees & Subcription	4.35	0.38
Software Development Charges	1.90	1.24
Loss on repossessed vehicle	-	1.85
Miscellanous Expenditure	3.19	2.83
	73.22	**59.42**

Note : The following is the break-up of Auditors remuneration

Payment to Auditors (exclusive of applicable taxes):	Year ended March 31, 2021	Year ended March 31, 2020
Statutory Audit fees	2.50	0.25
Certification	0.65	-
	3.15	**0.25**

26 Earnings/ Loss per share

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings /(loss) per share amounts are calculated by dividing the profit/loss attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2021	Year ended March 31, 2020
Loss attributable to equity holders	(47.78)	(8.10)
Weighted average number of equity shares for basic EPS	29,87,800	29,87,800
Basic loss per share (INR)	(1.60)	(0.27)
Diluted loss per share (INR)	(1.60)	(0.27)

27 Employee benefits

(A) **Defined Contribution Plans**

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss –

	Year ended March 31, 2021	Year ended March 31, 2020
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 23)	7.28	5.96

(B) Defined benefit plans

a) Gratuity payable to employees

i) **Actuarial assumptions**

	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate (per annum)	6.79%	6.63%
Rate of increase in Salary	5%	5%
Expected average remaining working lives of employees (years)	21.92	13.88
Attrition rate		
Upto 30 years	5%	5%
From 31-44 years	3%	3%
Above 44 years	2%	2%

ii) **Changes in the present value of defined benefit obligation**

	As at March 31, 2021	As at March 31, 2020
Present value of obligation at the beginning of the year	17.86	-
Interest cost	1.18	1.21
Past service cost	-	18.21
Current service cost	1.72	1.33
Curtailments	-	-
Settlements	-	-
Benefits paid	(1.38)	(0.16)
Actuarial (gain)/ loss on obligations	0.75	(2.73)
Present value of obligation at the end of the year	**20.13**	**17.86**

iii) **Expense recognized in the Statement of Profit and Loss**

	As at March 31, 2021	As at March 31, 2020
Current service cost	1.72	1.33
Past service cost	17.86	18.21
Interest cost	(0.19)	1.21
Expected return on plan assets	-	-
Actuarial (gain) / loss on obligations	-	-
Settlements	-	-
Curtailments	-	-
Total expenses recognized in the Statement Profit and Loss*	**19.39**	**20.75**

*Included in Employee benefits expense (Refer Note 23). Actuarial loss of INR 0.71 lacs is included in other comprehensive income.

(All amounts in Rupees in lacs, unless otherwise stated)

iv) **Change in plan assets**

	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets at the beginning of the period	20.69	18.21
Actual return on plan assets	1.42	1.34
Employer contribution	2.50	1.30
Benefits paid	(1.38)	(0.16)
Fair value of plan assets at the end of the period	**23.23**	**20.69**

v) **Assets and liabilities recognized in the Balance Sheet:**

	As at March 31, 2021	As at March 31, 2020
Present value of unfunded obligation as at the end of the year	20.13	17.86
Fair value of plan assets	23.23	20.69
Unfunded net asset / (liability) recognized in Balance Sheet	**3.10**	**2.83**

v) **Major categories of plan assets (as percentage of plan assets)**

The Company contributes all ascertained liabilities to The LIC fund. Due to non- availability of information, the management could not disclosed the major categories of plan assets in accordance with requirements of Ind-AS 19 “Employee Benefits”. Management has made due efforts in collating the information but was unable to gather the information. This information is neither available for past periods nor for current year.

vi) **Expected contribution to the fund in the next year**

	As at March 31, 2021	As at March 31, 2020
Gratuity	2.27	1.13

vii) A quantitative sensitivity analysis for significant assumption as at March 31, 2021 is as shown below:

Impact on defined benefit obligation	As at March 31, 2021	As at March 31, 2020
Discount rate		
0.5% increase	(0.77)	(0.67)
0.5% decrease	0.83	0.73
Rate of increase in salary		
0.5% increase	0.85	0.73
0.5% decrease	(0.79)	(0.69)

vii) Maturity profile of defined benefit obligation

	As at March 31, 2021	As at March 31, 2020
Year		
Apr 2020- Mar 2021	4.48	4.24
Apr 2021- Mar 2022	1.34	0.36
Apr 2022- Mar 2023	1.52	1.55
Apr 2023- Mar 2024	0.40	1.34
Apr 2024- Mar 2025	0.34	0.28
Apr 2025 onwards	12.05	10.09

28 Leases where company is a lessee

)(ia) Changes in the carrying value of Right-of-use Assets

Particulars	**Asset Class Office Building**
Balance as at April 1, 2019	56.60
Additions	-
Deletion	-
Depreciation	(8.08)
Balance as at March 31, 2020	**48.52**
Additions	63.27
Deletion	(10.16)
Depreciation	(7.90)
Balance as at March 31, 2021	**93.73**

(ib) Changes in the Lease liabilities

Particulars	**Asset Class Office Building**
Balance as at April 1, 2019	56.60
Additions (Interest)	5.67
Lease Payments	(9.67)
Balance as at March 31, 2020	**52.60**
Additions	63.27
Deletion	(11.73)
Interest	3.24
Lease Payments	(8.89)

Balance as at March 31, 2021	**98.49**

(All amounts in Rupees in lacs, unless otherwise stated)

(ii) Break-up of current and non-current lease liabilities

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Current Lease Liabilities	4.79	2.69
Non-current Lease Liabilities	93.70	49.91

(iii) Maturity analysis of lease liabilities

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Less than one year	17.66	7.97
One to five years	79.46	48.48
More than five years	61.63	-

(iv) Amounts recognised in statement of Profit and Loss account

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Interest on Lease Liabilities	3.24	5.67
Depreciation on Right of Use asset	7.90	8.08
Total	**11.14**	**13.75**

(v) Amounts recognised in statement of Cash Flows

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Total Cash outflow for leases	5.65	4.00

29 Segment information

The primary reporting of the Company has been performed on the basis of business segment. The Company is primarily engaged in the business of financing. The Chief Operating Decision Maker (CODM) reviews all resources are predominantly used for development of outsourcing business and the entire activities are governed by the same set of risks and returns and hence have been considered as representing a single segment. Hence no separate segment information has been furnished herewith.

30 Expenditure and Earnings in foreign currency

There are no expenditure or earnings in foreign currency for the year ended March 31, 2021 and March 31, 2020.

31 Related party disclosures

(a) Names of the related parties and related party relationship

Relationship	**Name of Party**
(i) Promoter and Promotor group	Mr. Shiv Dyal Chugh
	Mr. Chandan Chugh
(ii) Entities owned or significantly influenced by Key Managerial Personnel or their relatives	**Mr. Shiv Dyal Chugh and Mr. Chandan Chugh**
	PHF Finance Private Limited
	PHF Investment Private Limited
	Seth Ram Chand HUF
(iii) Key management personnel	Mr. Kuldip Bhandari (Chief Financial Officer)
	Ms. Manpreet Kaur (Company Secretary) (w.e.f December 15, 2020)
	Ms. Davinder kaur (Company Secretary)(Till December 15, 2020)
	Mr. Chandan Chugh (Director)
	Mr. Vijay Kumar Sareen (Director)
	Mr. Ashwani Kumar Jindal (Director)
	Mr. Subhash Chandra Sikka (Director)
	Mr. Neelam Kohli (Director)
	Mr. Vijay Kumar Bhandari (Director)

PHF Leasing Limited
Notes forming part of the Financial Statements for the year ended March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

(b) Related party transactions
The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Particulars	Promoter and Promoter group		Entities owned or significantly influenced by Key Managerial Personnel or their relatives		Key management personnel		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Transactions during the year								
Remuneration								
Mr. Shiv Dayal Chugh	11.00	11.40	-	-	-	-	**11.00**	**11.40**
Mr. Kuldip Bhandari	-	-	-	-	3.90	4.20	**3.90**	**4.20**
Ms. Manpreet Kaur	-	-	-	-	1.13	-	**1.13**	**-**
Ms. Davinder Kaur	-	-	-	-	0.55	0.83	**0.55**	**0.83**
Rent								
Mr. Shiv Dayal Chugh	1.20	1.14	-	-	-	-	**1.20**	**1.14**
Seth ram chand HUF	-	0.84	-	-	-	-	**-**	**0.84**
Director Meeting Fees								
Mr. Chandan Chugh	0.08	-	-	-	-	-	**0.08**	**-**
Mr. Vijay Kumar Sareen	-	-	-	-	0.13	-	**0.13**	**-**
Mr. Ashwani Kumar Jindal	-	-	-	-	0.13	-	**0.13**	**-**
Mr. Subhash Chandra Sikka	-	-	-	-	0.08	-	**0.08**	**-**
Mr. Neelam Kohli	-	-	-	-	0.04	-	**0.04**	**-**
Mr. Vijay Kumar Bhandari	-	-	-	-	0.06	-	**0.06**	**-**
Interest on Deposits taken								
Mr. Shiv Dayal Chugh	7.76	4.35	-	-	-	-	**7.76**	**4.35**
PHF Investment Private Limited	-	-	-	4.57	-	-	**-**	**4.57**
Seth Ram chand HUF	-	-	7.17	3.71	-	-	**7.17**	**3.71**
Balance Outstanding at the year end								
Share capital								
Mr. Shiv Dayal Chugh	64.00	64.00	-	-	-	-	**64.00**	**64.00**
Deposits								
Shiv Dayal Chugh	80.00	60.00	-	-	-	-	**80.00**	**60.00**
Seth Ram Chand HUF	-	-	-	65.00			**-**	**65.00**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(All amounts in Rupees in lacs, unless otherwise stated)

32 Fair values of financial assets and financial liabilities

The fair value of other current financial assets, cash and cash equivalents, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

33 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
•Level 2 - Inputs 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 from prices).
•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy of assets and liabilities

(a) **Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2021:**

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
			(Level 1)	**(Level 2)**	**(Level 3)**
Financial assets measured at amortised cost:					
Cash and Cash Equivalents	31-Mar-21	**217.34**	-	-	217.34
Loans		**2,647.34**	-	-	2,647.34
Investments		**19.08**	-	-	19.08
Other financial assets		**255.20**	-	-	255.20
Financial assets measured at fair value through OCI:					
Investments		**25.79**	25.79	-	-

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
			(Level 1)	**(Level 2)**	**(Level 3)**
Financial liablities carried at amortised costs					
Trade payables	31-Mar-21	**18.00**	-	-	18.00
Other payables		**37.48**	-	-	37.48
Debt Securities		**933.52**	-	-	933.52
Borrowing (Other than Debt Securities)		**1,079.35**	-	-	1,079.35
Deposits		**530.36**	-	-	530.36
Other Financial Liabilities		**227.67**	-	-	227.67

(All amounts in Rupees in lacs, unless otherwise stated)

(b) **Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2020:**

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Financial assets measured at amortised cost:					
Cash and Cash Equivalents	31-Mar-20	**86.79**	-	-	86.79
Loans		**1,028.64**	-	-	1,028.64
Investments		**15.40**	-	-	15.40
Other financial assets		**75.37**	-	-	75.37
Financial assets measured at fair value through OCI:					
Investments		**25.80**	25.80	-	-

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
			(Level 1)	(Level 2)	(Level 3)
Financial liablities carried at amortised costs					
Trade payables	31-Mar-20	**10.76**	-	-	10.76
Other payables		**17.53**	-	-	17.53
Debt Securities		**184.27**	-	-	184.27
Borrowing (Other than Debt Securities)		**200.45**	-	-	200.45
Deposits		**201.36**	-	-	201.36
Other Financial Liabilities		**142.34**	-	-	142.34

The carrying amount of cash and cash equivalents, loans, deposits, trade payables, other payables and short-term borrowings are considered to be the same as their fair values. The fair values of borrowings and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity.

Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual yields.

Investment in government securities at amortised cost
The fair values financial assets held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt and borrowings
The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate from marketobservable data such as secondary prices for its traded debt.

Deposits
The fair value of public deposits and deposit from corporates is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for deposits of similar tenure and scheme (cumulative/non-cumulative). Inter-corporate deposits are estimated at their carrying amounts due to the short-term maturities of these deposits.

34 Financial risk management objectives and policies

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings.

(i) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the NBFC's long-term debt obligations with floating interest rates. The Company does not have any borrowings with floating rate.

(ii) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not involved in foreign currency exposure.

(B) Credit risk
Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.
Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which itis exposed and take corrective actions.
The Company's internal credit rating grades on days past due(dpd) basis:

Internal rating grade	Internal rating description
Performing	
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 90 dpd
Non-performing	90+ dpd

(All amounts in Rupees in lacs, unless otherwise stated)

Impairment assessment

The Company's impairment assessment and measurement approach for all the loan portforlio except Direct Assignment is mentioned below. The Direct Assignment, being secured and new transaction during the year and there are no past trends, industry benchmarking for Group Loans has been applied for the same.

Definition of default

The Company considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.
As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Such events include:

- The borrower requesting emergency funding from the Company.
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.
- A covenant breach not waived by the Company.
- All the facilities of a borrower are treated as stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.

PD estimation process

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.
To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.
For stage 2 and stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

Significant increase in credit risk(SICR)

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month ECL to a lifetime ECL.
In certain cases, the Company may also consider that events explained in "Definition of default" are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.
When estimating ECLs on a collective basis for a Company of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Forward looking information

The Company has incorporated forward looking information and macro-economic factors while calculating PD and LGD rate.

Credit risk exposure analysis

Particulars	Stage 1	Stage 2	Stage 3	Total
Credit risk exposure (Other than direct assignment)	32.55	8.17	29.26	69.98
Credit risk exposure (direct assignment)	9.22	-	-	9.22
	41.77	**8.17**	**29.26**	**79.20**

(All amounts in Rupees in lacs, unless otherwise stated)

(C) Liquidity risk

Liquidity risk is the risk that the NBFC will not be able to meet its financial obligations as they become due. The NBFC manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the NBFC's financial liabilities:

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
March 31, 2021					
Trade payables	18.00	-	-	-	18.00
Other payables	37.48	-	-	-	37.48
Debt Securities	-	-	116.97	816.55	933.52
Borrowing (Other than Debt Securities)	174.59	362.65	542.11	-	1,079.35
Deposits	330.36	-	200.00	-	530.36
Other Financial Liabilities	15.99	-	106.43	105.25	227.67
	576.42	**362.65**	**965.51**	**921.80**	**2,826.38**
March 31, 2020					
Trade payables	10.76	-	-	-	10.76
Other payables	17.53	-	-	-	17.53
Debt Securities	-	-	132.62	51.65	184.27
Borrowing (Other than Debt Securities)	106.56	52.27	41.62	-	200.45
Deposits	2.87	198.49	-	-	201.36
Other Financial Liabilities	18.49	-	69.50	54.35	142.34
	156.21	**250.76**	**243.74**	**106.00**	**756.72**

35 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, borrowings and all other equity reserves attributable to the equity holders.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times. Refer note 40.2 for the Company's Capital ratios.
The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board. The Company has complied with the notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 "Implementation of Indian Accounting Standards".
The NBFC has not distributed any dividend to its shareholders. The NBFC monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Convertible Preference Shares and current borrowing from ultimate holding NBFC of the NBFC. The NBFC manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

36 Contingent liabilities and Commitments (to the extent not provided for)

a. Contingent Liability: The Company does not have any pending litigations against the company which would impact its financial position. However, Company has filed certain cases for recovery of certain amounts, as mentioned in Note 48.

b. Commitment: The Company has sanctioned loans which are still to be disbursed amounting to Rs. 2,670,000 as on March 31, 2021.

PHF Leasing Limited
Notes forming part of the Financial Statements for the year ended March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

37 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

38 As per section 124(5) of the Companies Act, the dividend which remains unpaid / unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred by the Company to Investor Education and Protection Fund. The Company has transferred the amount of INR 1,890 to such fund on May 27, 2021.

39 Asset Liability Management (ALM)

Maturity pattern of assets and liabilities as on March 31, 2021

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Overdue amount	Not sensitive to ALM*	Total
Financial assets											
Cash and Cash Equivalent	-	-	80.60	-	136.74	-	-	-	-	-	**217.34**
Loans	6.41	14.38	15.28	73.01	222.67	2,057.22	169.97	85.80	81.80	(79.20)	**2,647.34**
Investments	-	-	-	-	25.80	9.22	-	9.85	-	-	**44.87**
Other Financial Assets	-	-	-	-	135.20	120.00	-	-	-	-	**255.20**
Total	**6.41**	**14.38**	**95.88**	**73.01**	**520.41**	**2,186.44**	**169.97**	**95.65**	**81.80**	**(79.20)**	**3,164.75**
Financial liabilities											
Payables	-	37.48	-	-	-	-	-	-	-	-	**37.48**
Trade Payables	-	18.00	-	-	-	-	-	-	-	-	**18.00**
Debt Securities	-	-	-	-	-	114.52	2.45	816.55	-	-	**933.52**
Borrowings (Other than Debt Securities)	94.88	39.64	40.08	117.92	244.72	542.11	-	-	-	-	**1,079.35**
Deposits	-	-	-	-	330.36	200.00	-	-	-	-	**530.36**
Other financial liabilities	12.43	-	3.56	-	-	104.98	1.45	105.25	-	-	**227.67**
Total	**107.31**	**95.11**	**43.63**	**117.92**	**575.08**	**961.61**	**3.90**	**921.80**	**-**	**-**	**2,826.38**

*represents adjustments on account of EIR/ECL

Maturity pattern of assets and liabilities as on March 31, 2020

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Overdue amount	Not sensitive to ALM*	Total
Financial assets											
Cash and Cash Equivalent	-	-	-	-	86.79	-	-	-	-	-	**86.79**
Loans	10.81	15.38	16.77	48.70	160.30	747.52	8.53	-	52.69	(32.06)	**1,028.64**
Investments	-	-	-	-	25.80	9.40	-	6.00	-	-	**41.20**
Other Financial Assets	-	-	-	-	65.37	10.00	-	-	-	-	**75.37**
Total	**10.81**	**15.38**	**16.77**	**48.70**	**338.25**	**766.92**	**8.53**	**6.00**	**52.69**	**(32.06)**	**1,232.00**
Financial liabilities											
Payables	-	17.53	-	-	-	-	-	-	-	-	**17.53**
Trade Payables	-	10.76	-	-	-	-	-	-	-	-	**10.76**
Debt Securities	-	-	-	-	-	125.67	6.95	51.65	-	-	**184.27**
Borrowings (Other than Debt Securities)	95.82	5.34	5.40	16.58	35.69	41.62	-	-	-	-	**200.45**
Deposits	-	-	-	-	201.36	-	-	-	-	-	**201.36**
Other financial liabilities	4.11	-	14.38	-	-	2.32	67.17	54.36	-	-	**142.34**
Total	**99.93**	**33.63**	**19.77**	**16.58**	**237.05**	**169.62**	**74.12**	**106.01**	**-**	**-**	**756.71**

*represents adjustments on account of EIR/ECL

(All amounts in Rupees in lacs, unless otherwise stated)

40 Additional disclosures required by the Reserve Bank of India (RBI)
The additional disclosures required by RBI are prepared under Indian Accounting Standards (Ind AS) issued by MCA unless otherwise stated.

40.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Instruments	Credit rating agency	As on March 31, 2021	As on March 31, 2020
Bank Loan Long-term	NA	-	-
Bank Loan Short-term	NA	-	-
Debentures	NA	-	-
Deposits	NA	-	-

In terms of NBFC Directions on Acceptance of Public Deposits it was mandatory for an NBFC to obtain minimum investment grade credit rating for fixed deposits for acceptance of public deposits and the quantum of public deposit was linked to the level of credit rating from an approved agency for this purpose, with an objective to enable the depositor to make an informed decision. But since the Company has not reached the minimum investment grade credit rating, there are no Ratings assigned by credit rating agencies and migration of ratings during the year

40.2 Capital adequacy ratio

	As at March 31, 2021	As at March 31, 2020
Tier I Capital	482.51	530.30
Tier II Capital	48.70	46.35
Total Capital	531.21	576.65
Total Risk Weighted Assets	3,112.82	1,210.32
CRAR (%)	17%	48%
CRAR - Tier I capital (%)	16%	44%
CRAR - Tier II capital (%)	2%	4%

Capital adequacy ratio is calculated as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019- 20 “Implementation of Indian Accounting Standards” issued by RBI on March 13, 2020

“Tier I capital”, “Tier II capital”, “Owned fund” are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on March 13, 2020.

40.3 The Company has not entered any Forward rate/ Interest rate swap agreement during the year.

40.4 Securitization/ Assignment during the year:
a. There are no SPVs sponsored by the Company.

b. The Company has not sold any Financial Assets to Securitization/ Reconstruction Company for Asset Reconstruction during the current year as well as previous year.

c. The Company has not entered into any assignment transactions in which it has transferred the assets to the buyer, during the current year as well as previous year. However, during the year, the Company has purchased loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 81% of the assets transferred to the Company, the assets have been recognised in the Company’s Balance Sheet. The table below summarises the carrying amount of the recognised financial assets:

Particulars	As at March 31, 2021	As at March 31, 2020
Direct assignment		
Carrying amount of purchased assets measured at amortised cost	1,049.65	-

d. The company has neither purchased nor sold any non-performing financial assets from/ to any NBFC during the current year as well as previous year.

40.5 Investments
Investments disclosure has been disclosed in Note No. 5

40.6 Exposure to real estate sector
a. Exposure to Real Estate Sector

Category	As at March 31, 2021	As at March 31, 2020
(a) Direct exposure		
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	242.43	-
(ii) Commercial real estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	15.48	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
A Residential,	-	-
B Commercial Real Estate.	-	-

Total Exposure to Real Estate Sector	**257.91**	**-**

(All amounts in Rupees in lacs, unless otherwise stated)

40.7 Exposure to capital market

Particulars	At at March 31, 2021	At at March 31, 2020
i. direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	25.79	25.80
ii. advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii. advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v. secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi. loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. bridge loans to companies against expected equity flows / issues;	-	-
viii. all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**25.79**	**25.80**

40.8 Details of financing of parent company products

The Company does not have any Parent Company, hence not applicable

40.9 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit

40.10 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority.

(All amounts in Rupees in lacs, unless otherwise stated)

40.11 Provisions and Contingencies

a. Summary of movement in provisions:

Particulars	As at March 31, 2020	Provision made during the Year	Provision Reversed /Adjusted during	As at March 31, 2021
Gratuity	-	-	-	-
Provision of Depreciation on investments	-	-	-	-
Provision for income tax	0.31	-	0.31	-
Provisions against standard assets	4.98	40.47	-	45.46
Provisions against sub standard assets	21.14	1.77	-	22.91
Provisions against doubtful assets	4.21	6.63	-	10.84
Provisions for Covid-19	1.74	-	1.74	-

b. Break up of loans and advances and provision thereon

Particulars	As at March 31, 2021	As at March 31, 2020
Standard Assets		
Total outstanding amount	2,482.74	893.66
Provision made	49.94	4.98
Sub - Standard Assets		
Total outstanding amount	153.50	140.88
Provision made	18.42	21.14
Loss Assets		
Total outstanding amount	90.30	26.16
Provision made	10.84	4.21
Total outstanding amount	**2,726.54**	**1,060.70**
Provision made*	**79.20**	**30.33**

* This does not include the provision made for Covid-19 as per RBI circular

c. Draw Down from Reserves

The Company has not drawn any amount from Statutory Reserve Fund under Section 45-IC of The RBI Act, 1934 maintained during the current year. For previous year, refer Note 20(b)

d. Concentration of Public Deposits, Advances, Exposures and NPAs

i. Concentration of Deposits (for deposit taking NBFCs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total deposits of twenty largest depositors	530.36	201.36
Percentage of loans and advances to twenty largest depositors to total deposits of the NBFC	100.00%	100.00%

ii. Concentration of loans and advances -

Particulars	As at March 31, 2021	As at March 31, 2020
Total loans and advances to twenty largest borrowers	1,419.91	103.22
Percentage of loans and advances to twenty largest borrowers to total Advances of the NBFC	53.64%	10.03%

iii. **Concentration of all exposure** (including off-balance sheet exposure)

Particulars	As at March 31, 2021	As at March 31, 2020
Total loans and advances to twenty largest borrowers	1,446.61	103.22
Percentage of loans and advances to twenty largest borrowers to total Advances of the HFC	54.64%	10.03%

iv. Concentration of NPAs

Particulars	As at March 31, 2021	As at March 31, 2020
Total exposure to top ten NPA accounts	34.09	28.15

v. Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2021	As at March 31, 2020
1 Individuals	9%	16%
2 Corporates	-	-
3 Others	-	-

(All amounts in Rupees in lacs, unless otherwise stated)

vi. Movement of NPAs

Particulars		Year ended March 31, 2020	Year ended March 31, 2020
(I)	**Net NPAs to Net Advances (%)**	9%	16%
(II)	**Movement of NPAs (Gross)**		
a)	Opening balance	167.04	175.49
b)	Additions during the year	149.32	77.85
c)	Reductions during the year	72.56	86.30
d)	Closing balance	**243.80**	**167.04**
(III)	**Movement of NPAs (Net)**		
a)	Opening balance	141.70	160.71
b)	Additions during the year	131.39	62.24
c)	Reductions during the year	58.55	81.25
d)	Closing balance	**214.54**	**141.70**
(IV)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
a)	Opening balance	25.34	14.78
b)	Additions during the year	17.93	15.61
c)	Reductions during the year	14.01	5.05
d)	Closing balance	**29.26**	**25.34**

40.12 Overseas Assets

The Company does not have overseas assets during March 31, 2021 and March 31, 2020

40.13

The Company do not have any Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) as at March 31, 2021 and March 31, 2020.

40.14 Disclosure of customer complaints

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) No of complaints pending at the beginning of the year	-	-
b) No of complaints received during the year	-	-
c) No of complaints redressed during the year	-	-
d) No of complaints pending at the end of the year	-	-
	-	-

40.15 Information on instances of fraud

The company has not reported any frauds during the year and in the previous year, based on management reporting to risk committee and to the RBI through prescribed returns.

40.15 Disclosure of Penalties imposed by RBI and other regulator

No penalties have been levied by any regulator on the Company for the year ended March 31, 2021.

40.16 Remuneration of Directors

Remuneration of Directors has been disclosed in Note No. 31.

40.17 Registration obtained from financial sector regulators

a. From RBI – vide registration number - 06.00124
b. From Ministry of Corporate Affairs – L65110PB1992PLC012488
c. From Metropolitian Stock Exchange - INE405N01016
The company has not obtained registration from any other financial sector regulator.

40.18 The Company has not entered into derivatives for risk management purposes. Hence, disclosures on "Risk Exposure in Derivatives" and "Exchange Traded Interest Rate Derivatives" are not applicable.

41 The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the NBFC.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company has granted a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

42 The Company had credited an ex-gratia amount of Rs. 956,612 for the payment of difference between the compound interest and simple interest to the accounts of borrowers in specified loan accounts between March 1, 2020 and August 31, 2020 as per the eligibility criteria and other features as mentioned in the notification dated October 23, 2020 issued by Government of India, Ministry of Finance, Department of Financial Services. The Company had filed a claim with the State Bank of India for reimbursement of the said ex-gratia amount as specified in the notification and same is receivable on March 31, 2021.

43 Hon'ble Supreme Court, in a public interest litigation (Gajendra Sharma vs. Union of India & Anr.) vide an interim order dated September 3, 2020, has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. However, such accounts had been classified as stage 3 in accordance with Note No. 49 and provision had been made accordingly. The interim order stood vacated on March 23, 2021 vide the judgement of the Hon'ble Supreme Court in the matter of Small Scale Industrial manufacturers Association v/s UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17 DOR. STR. REC. 4/ 21.04.048/ 2021-22, dated April 07, 2021 issued in this connection, the Company was already classifying the NPA accounts as Stage 3 and provision was made accordingly, without considering the above mentioned asset classification benefit for accounting purpose, there is no change in asset classification on account of the interim order dated March 23, 2021.

44 Liquidity Coverage Ratio disclosure

Disclosure as per the circular no. RBI/2019-20/88 DOR.NBFC PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 issued by Reserve Bank of India on "Liquidity Coverage Ratio (LCR)"

Liquidity Coverage Ratio (LCR) for the quarter ended March 31, 2021

		March 31, 2021		December 31, 2020	
	Particulars	**Total Unweighted value (average)***	**Total Weighted value (average)#**	**Total Unweighted value (average)***	**Total Weighted value (average)#**
	High Quality Liquid Assets				
a)	Total High Quality Liquid Assets (HQLA)	236.42	236.42	262.26	262.26
	Cash Outflows				
a)	Deposits (for deposit taking companies)	-	-	-	-
b)	Unsecured wholesale funding	-	-	-	-
c)	Secured wholesale funding	-	-	-	-
d)	Additional requirements, of which	-	-	-	-
i.	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
ii.	Outflows related to loss of funding on debt products	-	-	-	-
iii.	Credit and liquidity facilities	-	-	-	-
f)	Other contractual funding obligations	227.95	262.14	179.31	206.21
g)	Other contingent funding obligations	-	-	-	-
	Total Cash Outflows	**227.95**	**262.14**	**179.31**	**206.21**
	Cash Inflows				
a)	Secured lending	262.99	197.24	147.59	110.69
b)	Inflows from fully performing exposures	-	-	-	-
c)	Other cash inflows	-	-	-	-
	Total Cash Inflows	**262.99**	**197.24**	**147.59**	**110.69**
	TOTAL HQLA		236.42		262.26
	Total Net Cash outflows		65.54		95.51
	Liquidity Coverage Ratio		361%		275%

*Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)
Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

Qualitative disclosure around Liquidity Coverage Ratio (LCR):

The Reserve Bank of India has prescribed Guidelines on Maintenance of Liquidity Coverage Ratio (LCR). All non-deposit taking NBFCs with asset size of Rs.10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, is required to maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days.

The LCR requirement was applicable from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching a level upto 60%, 70%, 85% and 100% by December 1, 2021, December 1, 2022, December 1, 2023, December 1, 2024 respectively. Liquidity Coverage Ratio (LCR) ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator.

The Company, during the quarter ended March 31, 2021, had maintained average HQLA (after haircut) of Rs. 236.42 lacs against Rs. 262.26 lacs for the quarter ended December 31, 2020. HQLA primarily includes cash on hand, bank balances in current account and demand deposits with Scheduled Commercial Banks and Government securities (such unencumbered approved securities held as per the provisions of section 45 IB of RBI Act, is reckoned as HQLA only to the extent of 80% of the required holding).

The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold. The average LCR for the quarter ended March 31, 2021 was 361% which is above the regulatory requirement of 50%. For the quarter ended December 31, 2020 average LCR was stood at 275%.

(All amounts in Rupees in lacs, unless otherwise stated)

45 Asset classification and provisioning disclosure

Disclosure as per the circular no. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 issued by Reserve Bank of India on “COVID 19 regulatory package - Asset

For the year ended March 31, 2021

	Particulars	As of March 31, 2021
i.	Amounts in SMA/overdue categories where moratorium/deferment was extended *	437.12
ii.	Respective amount where asset classification benefit is extended	Nil**
iii.	Provisions made during quarter in terms of paragraph 5 of the above circular ***	Nil
iv.	Provisions adjusted against the respective accounting periods for slippages and residual provisions in terms of paragraph 6 of the above circular	Not applicable

* Outstanding as on March 31, 2021 on account of SMA categories cases where moratorium benefit is extended by the Company up to August 31, 2020.

** There are nil accounts as on March 31, 2021 where the asset classification benefit is extended for cases which were entitled to a moratorium until August 31, 2020, as the asset classification is based on the actual performance of the account post moratorium.

*** The Company had made adequate provision for impairment loss under ECL model for the year ended March 31, 2021. Further, the Company has considered the additional provisions for the computation under IRAC Norms as required under RBI Circular dated March 13, 2020

46 Liquidity risk

Disclosure on Liquidity risk for the quarter ended March 31, 2021 pursuant to RBI circular dated November 04, 2019 on Liquidity risk management framework for Non-Banking Financial Companies and Core Investment Companies

i. Funding concentration based on significant counterparty (both deposits and borrowings)

Number of significant counterparties	Amount	% of Total deposits	% of Total liabilities
8	**1,524.29**	**287%**	**54%**

ii. Top 20 large deposits

Particulars	As at March 31, 2021
Total amount of top 20 large deposits	530.36
Percentage of amount of top 20 large deposits to total deposits	100.00%

iii. Top 10 borrowings

Particulars	As at March 31, 2021
Total amount of top 10 borrowings	1,079.35
Percentage of amount of top 10 borrowings to total borrowings	100.00%

iv. Funding concentration based on significant instrument/product

Particulars	Amount	% of Total liabilities
Redeemable non-convertible debentures (unsecured)	933.52	33%
Term loan from corporates	1,023.68	36%
Loans repayable on demand from banks (Cash credit from banks)	55.67	2%
Deposits from corporates and related parties	530.00	19%
Public deposits	0.36	0%

(All amounts in Rupees in lacs, unless otherwise stated)

47 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated March 13, 2020 pertaining to Asset classification as perRBI Norms:

		For the year ended March 31, 2021					For the year ended March 31, 2020				
Asset Classification as per RBI Norms	**Asset Classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowance (Provisions) as require under Ind AS**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**	**Gross Carrying Amount as per Ind AS**	**Loss Allowance (Provisions) as require under Ind AS***	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
Performing assets											
Standard	Stage 1	2,304.59	41.77	2,262.82	9.27	32.50	729.72	1.29	728.43	2.92	(1.63)
	Stage 2	178.15	8.17	169.98	0.82	7.35	163.94	3.69	160.25	0.66	3.03
Subtotal		**2,482.74**	**49.94**	**2432.80**	**10.09**	**39.85**	**893.66**	**4.98**	**888.68**	**3.58**	**1.40**
Non-Performing Assets (NPA)											
Substandard	Stage 3	153.50	18.42	135.08	24.67	(6.25)	140.88	21.14	119.74	12.99	8.15
Doubtful - up to 1 year	Stage 3	38.05	4.57	33.48	19.94	(15.37)	26.16	4.21	21.95	12.28	(8.08)
1 to 3 years	Stage 3	40.68	4.88	35.80	15.58	(10.70)	-	-	-	-	-
More than 3 years	Stage 3	11.57	1.39	10.18	7.01	(5.62)	-	-	-	-	-
Subtotal for doubtful		**90.30**	**10.84**	**79.46**	**42.53**	**(31.69)**	**26.16**	**4.21**	**21.95**	**12.28**	**(8.08)**
Loss	Stage 3	-	-	-	-	-			-		-
Subtotal for NPA		**243.80**	**29.26**	**214.54**	**67.20**	**(37.94)**	**167.04**	**25.35**	**141.69**	**25.27**	**0.07**
Total*	Stage 1	**2,304.59**	**41.77**	**2,262.82**	**9.27**	**32.50**	**729.72**	**1.29**	**728.43**	**2.92**	**(1.63)**
	Stage 2	**178.15**	**8.17**	**169.98**	**0.82**	**7.35**	**163.94**	**3.69**	**160.25**	**0.66**	**3.03**
	Stage 3	**243.80**	**29.26**	**214.54**	**67.20**	**(37.94)**	**167.04**	**25.35**	**141.69**	**25.27**	**0.07**
		2,726.54	**79.20**	**2,647.34**	**77.29**	**1.91**	**1,060.70**	**30.33**	**1,030.37**	**28.85**	**1.47**

* This does not include the provision made for Covid-19 as per RBI circular

PHF Leasing Limited
Notes forming part of the Financial Statements for the year ended March 31, 2021
(All amounts in Rupees in lacs, unless otherwise stated)

11 Other non financial assets	**As at March 31, 2021**	**As at March 31, 2020**
Prepaid Expenses	14.03	1.22
Advances for capital goods	16.35	-
Other non-financial assets	7.22	0.60
	37.60	**1.82**

12 Payables	**As at March 31, 2021**	**As at March 31, 2020**
(I) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	1.27	1.35
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	16.73	9.41
	18.00	**10.76**
(II) Other payables		
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Employee Related Payable	17.49	12.11
- Statutory Due Payable	9.68	3.52
- Other Payables	10.31	1.90
	37.48	**17.53**

Disclosure relating to suppliers registered under MSMED Act based on the information available with the NBFC:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	1.05	1.35
Interest	0.22	-
Total	**1.27**	**1.35**
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

(All amounts in Rupees in lacs, unless otherwise stated)

13 Debt Securities

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost		
Debentures	933.52	184.27
Total (A)	**933.52**	**184.27**
Debt securities in India	933.52	184.27
Debt securities outside India	-	-
Total (B)	**933.52**	**184.27**

Terms and conditions:

Redeemable non-covertible debentures (NCD) -Secured

Public issue of redeemable non convertible debentures of Rs. 1,000 each

Nature of Security: Secured on Book Debts

Terms of repayment as on March 31, 2021

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12%	
Over 60 months	-	816.55	**816.55**
48-60 months	2.45	-	**2.45**
36-48 months	-	-	**-**
24-36 months	-	105.27	**105.27**
12-24 months	9.25	-	**9.25**
Total	**11.70**	**921.82**	**933.52**

Terms of repayment as on March 31, 2020

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12%	
Over 60 months	-	51.65	**51.65**
48-60 months	6.95	-	**6.95**
36-48 months	-	-	**-**
24-36 months	-	116.42	**116.42**
12-24 months	9.25	-	**9.25**
Total	**16.20**	**168.07**	**184.27**

14 Borrowing (Other than Debt Securities)

Particulars	As at March 31, 2021	As at March 31, 2020
At amortised cost (Secured)		
(a)Term loans/Cash Credit limit		
(i)from banks - Cash Credit - INR	55.67	90.55
(ii)from corporates -INR	1,023.68	109.90
Total (A)	**1,079.35**	**200.45**
Borrowings in India	1,079.35	200.45
Borrowings outside India	-	-
Total (B)	**1,079.35**	**200.45**

As at March 31, 2021

A Term loans from banks -secured (INR)

Terms of repayment

Nature	Rate of interest	Repayment details	Amount
Cash Credit	13.50%	On the basis of working capital needs	55.67
Total			**55.67**

Nature of security

Hypothecation of hire purchase stock of company & book debt arising out of genuine trade transaction not older than 90 days. Additional charge on property situated at Kutbewal, Tehsil : Pillaur

(All amounts in Rupees in lacs, unless otherwise stated)

B Term loans from corporates -secured (INR)
Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest (12%~15%)	Repayment details	Total
24-36 months	191.18	To be paid on 5th of every month for 36 months	191.18
12-24 months	350.93	To be paid on 5th of every month for 36 months	350.93
upto 12 months	481.57	To be paid on 5th of every month for 21/35/36 months	481.57
Total			**1,023.68**

Nature of security: Exclusive hypothecation of loans receivables.

As at March 31, 2020
A Term loans from banks -secured (INR)
Terms of repayment

Nature	Rate of interest	Repayment details	Amount
Cash Credit	13.50%	On the basis of working capital needs	90.55
Total			**90.55**

Nature of security
Hypothecation of hire purchase stock of company & book debt arising out of genuine trade transaction not older than 90 days. Additional charge on property situated at Kutbewal, Tehsil : Pillaur

B Term loans from corporates -secured (INR)
Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest (12%~15%)	Repayment details	Total (Gross amount)
12-24 months	41.63	To be paid monthly on 10th of Every month for 24 months/ To be paid monthly on 5th of Every month for 35 months	41.63
upto 12 months	68.27	To be paid monthly on 10th of Every month for 24 months/ 35 months	68.27
Total			**109.90**

Nature of security: Exclusive hypothecation of loans receivables.

15 Deposits

Particulars	As at March 31, 2021	As at March 31, 2020
At Amortised Cost (Unsecured)		
(i) Public Deposits	0.36	2.36
(ii)From Corporates	450.00	-
(iii)From Director and its related party	80.00	199.00
	530.36	**201.36**

As at March 31, 2021
A Deposits from public - unsecured
Outstanding as on March 31, 2021: INR 36,313
Rate of Interest: 11% p.a

B Deposits from directors and its related parties - unsecured
Outstanding as on March 31, 2021: INR 8,000,000
Rate of Interest: 12% p.a

(All amounts in Rupees in lacs, unless otherwise stated)

C Deposits from Corporates - unsecured
Outstanding as on March 31, 2021: Nil
Terms of repayment: Repayable on demand
Rate of Interest: 11% p.a~12% p.a

As at March 31, 2020
A Deposits from public - unsecured
Terms of repayment

Redeemable at par (from the date of the Balance Sheet)	Rate of interest >=11% <= 12%	Total
upto 12 months	2.36	2.36
Total	**2.36**	**2.36**

B Deposits from directors and its related parties - unsecured
Terms of repayment

Redeemable at par (from the date of the Balance Sheet)	Rate of interest >=11% <= 12%	Total
upto 12 months	199.00	199.00
Total	**199.00**	**199.00**

16 Other Financial Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Accrued Interest	100.31	89.55
Lease Liability	98.49	52.60
Unpaid Dividends*	0.19	0.19
Other financial liabilities	28.68	-
	227.67	**142.34**

* As per section 124(5) of the Companies Act, the dividend which remains unpaid / unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred by the Company to Investor Education and Protection Fund. The Company has transferred the amount of INR 1,890 to such fund on May 27, 2021.