

August 27, 2024

To,
Head- Listing & Compliance
Metropolitan Stock Exchange of India Limited (MSEI)
Building A, Unit 205A, 2nd Floor,
Piramal Agastya Corporate Park,
L.B.S Road, Kurla West, Mumbai - 400 070

Sub: Submission of 32nd Annual Report of the Company under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, ("Listing Regulations")

Ref: Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, ("Listing Regulations")

Pursuant to the Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, ("Listing Regulations") as amended, please find enclosed herewith the Annual Report for the financial year 2023-24 along with the Notice of 32nd Annual General Meeting of PHF Leasing Limited.

Kindly take the same on your record.

For and on behalf of
PHF Leasing Limited

PHF LEASING LIMITED
87, Radio Colony, Jalandhar

Shikha Kapoor
Company Secretary

Shikha Kapoor
Company Secretary
Membership No.:A19146

2023-24

ANNUAL REPORT



PHF LEASING LTD.

Building Bharat

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Dear Shareholders and Other Stakeholders

At the outset, I extend my heartfelt gratitude for your unwavering support and confidence in PHF Leasing Ltd. Over the past few years, we have successfully navigated a path of unprecedented growth and expansion, positioning ourselves as a prominent player in the industry. I am immensely proud to report the outstanding performance your Company has achieved in the financial year 2023-24, driven by strategic vision of Board led by Late Sh. Yaduvendra Mathur as Chairman, operational excellence, and the dedication of our expanding team under Kumar Shalya Gupta, CEO. Our Company has grown tremendously, with our AUM increasing from ₹10.61 crores in FY 2019-20 to an impressive ₹213 crores in FY 2023-24. This exceptional growth reflects a remarkable CAGR of approximately 100% every year, underscoring our strong financial foundation and strategic execution. Our team has expanded to 495 employees, a significant milestone that reflects our commitment to attracting and retaining top talent. We continue to prioritize diversity and inclusion, with a special focus on women's empowerment. We are proud to support women entrepreneurs through our MSME loan offerings and have mandated that women be co-borrowers across all our financing products, reinforcing our commitment to social impact. In January 2023, we embarked on a new chapter by entering the electric vehicle (EV) financing market. Initially launched in key districts across Punjab—Jalandhar, Kapurthala, Amritsar, Tarn Taran, and Ludhiana—we have since expanded our operations to 11 states, offering comprehensive EV financing solutions across these regions. In FY 22-23, we processed 1,110 EV loan cases amounting to ₹11.31 crores. By FY 23-24, this number soared to 8,841 cases, with the loan amount reaching ₹100.32 crores. This represents a staggering 696% increase in the number of cases and an impressive 787% growth in loan amount year-over-year. These growth figures underscore the rising demand for electric vehicles and highlight PHF Leasing's pivotal role in facilitating their adoption. Our commitment to sustainable transportation and environmental stewardship is reflected in our efforts to expand our loan portfolio and support the transition to cleaner energy solutions. We are optimistic about the future of the EV industry in India and are dedicated to contributing to the government's 2030 target for a sustainable transportation ecosystem. Financially, PHF Leasing continues to deliver strong results. Sales rose by 66.01% to ₹10.89 crores, and net profit increased by 63.16% to ₹0.93 crores for the quarter ended March 2024, compared to the same period in 2023. For the full year, net profit surged by 235.34% to ₹3.89 crores, and sales increased by 95.26% to ₹34.64 crores compared to the previous year. We have also onboarded more new debt partners, further strengthening our financial position. Our focus on providing financing solutions to underserved sections of society remains a cornerstone of our mission. By empowering these communities through access to capital, we are helping them achieve self-reliance and contributing to broader economic development. Looking ahead, we are excited about the opportunities that lie before us. Our long-term strategy involves expanding our EV financing operations, supporting sustainable growth, and continuing to lead the market in electric rickshaw financing and beyond. We are committed to playing a key role in achieving a sustainable transportation ecosystem in India through our innovative financing solutions and unwavering dedication to social impact.

Thank you once again for your continued support and confidence in PHF Leasing Ltd. Together, we will continue to build a stronger Bharat and achieve sustainable, profitable growth.

Vijay Kumar Sareen
Whole-time Director



With profound sorrow and grief, we deeply mourn the untimely demise of Sh. Yaduvendra Mathur Our Chairman and Independent Director on May 4 this year in Chennai. Late Sh, Yaduvendra Mathur a dynamic IAS officer(1986batch), retired in 2019 as special secretary in Niti Aayog. Before that he has served as chairman and managing director of Exim Bank.

Yaduvendra Mathur also served with Rajasthan Financial Corporation as CMD, as Director General Revenue Intelligence, Principal Secretary Budget, Secretary Expenditure, Dy Secretary Finance as an Income Tax Officer, IRS and he was also associated with African Development Bank.

Mr. Mathur also had international experience representing India (DEA) as its nominee, on the Board of Directors of African Development Bank, at Abidjan/Tunis. As CMD Exim Bank, he was on the BRICS Inter Bank Forum for three years representing India.

His astute understanding of economics and financial matters, coupled with his dynamic leadership style, earned him respect and admiration across sectors. Having served in various capacities, Mathur Sir's contributions extended far beyond national borders. His international experience and commitment to fostering global partnerships exemplified India's presence on the world stage.

In August 2022, Mathur Sir joined PHF Leasing, further showcasing his ability to drive growth and innovation in the financial services sector. His tenure at PHF Leasing was marked by a dedication to excellence and a vision for the company's future success. Mr. Mathur had diverse interests including entrepreneurship development, infrastructure financing, regulatory issues, and behavioral sciences, reflecting his multifaceted approach to leadership. His passing is mourned by the nation, as his contributions will be deeply missed, yet his legacy will endure as an inspiration for generations to come. He has been a lighthouse, mentor, and guiding personality, providing strategic vision and direction to the PHF Board.

We, at PHF, will cherish your mentorship forever and carry forward your ideas and ideals based on the legacy left by you.

BOARD OF DIRECTORS

Mr. Viiav Kumar Sareen
Executive Director

Mr. V.K. Sareen corporate strategist and advisor brings a wealth of academic and administrative experience to his role as Executive Director. With a distinguished career as the Ex-Vice-Principal and Head of the PG Department of Commerce, he has been instrumental in shaping the academic landscape for various professionals. He has been actively involved in various academic initiatives, including conducting seminars, workshops, and delivering guest lectures on diverse topics. He has co-authored books on business regulatory framework, corporate legal environment, business laws, indirect taxes, MSME, Banking services management and contributing to the discourse on Capital markets, Voluntary Corporate disclosures and corporate governance. His strategic oversight extends across all aspects of financial operations, compliance, NPA management, and HR enhancing organizational efficiency and performance. His strategic vision and leadership capabilities are driving the company towards continued growth and success.



Mr. Kumar Shalya Gupta
Chief Executive Officer

Mr. Kumar Shalya Gupta is a seasoned professional with over 10 years of experience in the financial, technology, Digital Marketing and social sector. His expertise lies in creating innovative solutions that address complex business challenges. He is a law graduate and he has done Diploma in Management from London School of Economics, University of London. He has International Practising Licence from Lean Six Sigma Green and Black Belt. He has worked as an advisor and consultant for leading banks and financial institutions in various capacities, including risk management, investment banking, compliance, NPA Management and corporate finance. He has deep understanding of financial instruments and markets and have advised clients on complex financial transactions. In the technology sector, he has worked with various start-ups and established companies to create and implement digital strategies that drive growth and enhance customer experiences. His experience spans across various industries, including e-commerce, fin tech, and healthcare, where he had led cross-functional teams to deliver cutting-edge solutions. He is involved with non-profit organizations and social enterprises to create sustainable solutions that address social and environmental challenges.



Mr. Vijay Kumar Bhandari

Nominee Director

Mr. 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. He has been a Nominee Director of the Bank on the Board of following companies/ entities: – Infrastructure Leasing & Financial Services Ltd., (IL&FS) Mumbai – Indo-Zambia Bank Ltd. Lusaka (Zambia) – Cent Bank Home Finance Ltd., Bhopal – Central Bank Executors & Trustees Ltd, Mumbai



Mr. Ashwani Kumar Jindal

Independent Director

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. Also remained Co-opted member of Board of Studies of ICAI for the years 2016-2019. He remained as Chairman of Jalandhar Branch of NIRC of ICAI for three years in 2006, 2009 and 2013-14. He is Founder member and General Secretary of Chartered Accountants Association. He is also General Secretary of Income Tax & GST Bar Jalandhar.

**Ms. Aditi Kapur****Independent Director**

Specialization: corporate laws, management consultancy and BPR solutions Ms. Aditi Kapur Arora, is a qualified Company Secretary and a Law Graduate. She is also a Six Sigma Black Belt certified. She is also a Senior Associate in Kapur Law Firm, a leading civil law firm of Kapurthala established since 1925 and a Senior Associate in M/s Arora and Associates, a leading multi-disciplinary law firm based at Jalandhar. Her expertise includes corporate laws, management consultancy and BPR solutions. She has been handling independently legal matters of the reputed organizations in the region including Consumer Litigation, Arbitration Matters, Revenue Matters etc.

**Mr. Chandan Chugh****Non- Executive Director**

Specialization: Management, Administration, Educational & Social Work Mr. Chandan Chugh, the younger son of Mr. Shiv Dyal Chugh and brother of Mr. Rohin Chugh, is Promoter and Non-Executive Director of the Board of the Company since 20/09/2000. He is graduate in Hotel Management. He is the Managing Director of PHF Finance Limited. 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. Further, He is actively involved in the Social works and Educational activities and also contributes the Management experience in the Business of the Company.

**Mr. Meghal Gupta****Non-Executive Director**

Mr. Meghal Gupta is an Engineer by profession. He has a wide experience in NBFC and finance sector. He is also the promoter of Hamco Ispat Private Limited, a leading manufacturer and exporter of wide range of industrial tools. He has worked as an Engineer with Happy Forgings Private Limited, GNA Axles Limited and NK Industries Limited. He is a state player of roller skating and judo. He has executed various projects at College Level, namely solar vehicle, hybrid vehicle and power generation through footsteps.

CORPORATE INFORMATION

1. STATUTORY AUDITORS

M/S GSA & Associates
LLP FRN.: 000257N/N500339 16,
DDA Flats, GF,
Panchsheel-Shivalik Mor,
Near Malviya Nagar, New Delhi-110017

2. INTERNAL AUDITORS

M/S D J N K & CO LLP (formerly known as M/s JAC & Associates LLP)
FRN 013170N/N500368
365 R, Model Town
Jalandhar-144003, Punjab, India

3. SECRETETARIAL AUDITORS

Harsh Goyal & Associates
M.NO: 3314
1 st Floor, Noble Enclave,
Bhai wala Chowk, Ferozpur Road,
Ludhiana- 144001, Punjab, India.

4. DEBENTURE TRUSTEE

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

Mitcon Credentia Trusteeship Services Limited (formerly known as MITCON Trusteeship Services Limited)
1st Floor, Kubera Chambers Shivaji nagar,
Pune – 411 005, Maharashtra, 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

Regd. & Corp off: 87, Radio Colony, Jalandhar-144001, Punjab, India

7. CREDIT RATING AGENCY

CRISIL Ratings Limited
CRISIL House, Central Avenue,
Hiranandani Business Park, Powai, Mumbai-400076

STATUTORY COMMITTEES
AUDIT COMMITTEE

1.	Mr. Ashwani Kumar Jindal	Chairman (Independent Director)
2.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
3.	Ms. Aditi Kapur	Member (Independent Director)

NOMINATION AND REMUNERATION COMMITTEE

1.	Mr. Ashwani Kumar Jindal	Chairman (Independent Director)
2.	Ms. Aditi Kapur	Member (Independent Director)
3.	Mr. Vijay Kumar Bhandari	Member (Nominee Director)

STAKEHOLDERS RELATIONSHIP COMMITTEE

1.	Mr. Ashwani Kumar Jindal	Chairman (Independent Director)
2.	Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)
3.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
4.	Mr. Chandan Chugh	Member (Non-Executive Director)
5.	Mr. Meghal Gupta	Member (Non- Executive Director)

RISK MANAGEMENT COMMITTEE

1.	Mr. Vijay Kumar Bhandari	Chairman (Nominee Director)
2.	Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)
3.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
4.	Mr. Ashwani Kumar Jindal	Member (Independent Director)

ASSET LIABILITY MANAGEMENT COMMITTEE

1.	Mr. Vijay Kumar Sareen	Chairman (Whole Time Director)
2.	Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)
3.	Mr. Kuldip Bhandari	Member (Chief Financial Officer)
4.	Ms. Priya Goyal	Member (Senior Manager- Finance)
5.	Mr. Parminder Singh	Member (Zonal Head Sales)

INDEPENDENT DIRECTOR'S COMMITTEE

1.	Mr. Ashwani Kumar Jindal	Chairman (Independent Director)
3.	Ms. Aditi Kapur	Member (Independent Director)

IT STRATEGY COMMITTEE

1.	Mr. Tarandeep Singh	Chairman (Chief Technical Officer)
2.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
3.	Ms. Aditi Kapur	Member (Independent Director)
4.	Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)
5.	Mr. Kuldeep Bhandari	Member (Chief Financial Officer)

IT STEERING COMMITTEE

1.	Mr. Tarandeep Singh	Chairman (Chief Technical Officer)
2.	Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)
3.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
4.	Mr. Kuldeep Bhandari	Member (Chief Financial Officer)

IT SECURITY COMMITTEE

1.	Mr. Tarandeep Singh	Chairman (Chief Technical Officer)
2.	Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)
3.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
4.	Mr. Kuldeep Bhandari	Member (Chief Financial Officer)

INTERNAL COMPLAINTS COMMITTEE

1.	Ms. Aditi Kapur	Chairman (Independent Director)
2.	Ms. Shikha Kapoor	Member (Company Secretary)
3.	Ms. Priya Goyal	Member (Senior Finance Manager)
4.	Ms. Preeti Seth	Member (Human Resource Manager)
5.	Ms. Nikita Arora	Member (Corporate Advisor)

BOARD MANAGEMENT COMMITTEE		
1.	Mr. Vijay Kumar Sareen	Chairman (Whole Time Director)
2.	Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)
3.	Mr. Meghal Gupta	Member (Non-Executive Director)
4.	Mr. Chandan Chugh	Member (Non-Executive Director)

ABOUT THE COMPANY

PHF Leasing is celebrating 32 years of operations with a transition effective October 1, 2020, coinciding with the introduction of new Strategic Equity Investors. In October 2020, driven by a strategic vision to accelerate growth and leverage its established presence, the Board launched an ambitious business expansion and diversification plan. This initiative aimed to rejuvenate the Company through new investments and advanced technology adoption, all while retaining a steadfast focus on its niche in secured lending.

Until September 30, 2020, the Company's primary focus was financing two-wheelers and pre-owned commercial four-wheelers. PHF Leasing diversified its portfolio by introducing mortgage loans secured against immovable property, catering to the needs of small and medium-sized enterprises (SMEs) and home improvement projects. Furthermore, the Company seized opportunities in the burgeoning electric vehicle (EV) market, providing financing solutions for E-rickshaws and E-loaders. In a recent diversification effort, the Company has ventured into providing educational, personal, vehicle charger, and car financing options. This strategic move aligns with PHF Leasing's commitment to environmental sustainability and fostering employment opportunities.

Focused on empowering economic development, the Company provides financing solutions to predominantly rural and semi-urban clients in many states viz. Punjab and adjacent states such as Haryana, Delhi NCR, Himachal Pradesh, Rajasthan, Uttarakhand, Madhya Pradesh, Uttar Pradesh, and Jammu.

Committed to driving inclusive growth since 1992, PHF Leasing has been a cornerstone in financing endeavors. The Company furthers Inclusive Finance by offering financial solutions to society's underserved segments, particularly empowering women through MSME loans with a mandate for female co-borrowers. From the beginning, PHF Leasing has focused on secured asset financing within the regulatory oversight of the RBI.

A detailed Transition Management strategy comprising the following pivotal actions implemented:-

- 1) **Enhancing Governance and Capital Base:** Governance standards were elevated and the capital base was expanded as the Board drew in Strategic Equity Investors with substantial industry knowledge. This move broadened the shareholder base, lessened financial risk, and reinforced the company's economic groundwork.
- 2) **Board Strengthening:** With the aim of improving oversight and strategic planning, the Board broadened its assembly by bringing on board accomplished individuals as Chairman, Non-Executive, and Independent Directors.
- 3) **Business Expansion:** In pursuit of growth, the Board executed a strategy of geographical and horizontal expansion, enriching the company's portfolio with Two Wheelers, Four Wheelers, and delving into new domains such as E-Vehicles and used cars in multiple regions
- 4) **Technological Integration:** In its quest to transform into a Tech NBFC, the company has embraced digitalization by weaving technology through its fundamental operations. This encompasses the

adoption of Core Financial Solutions (CFS), Loan Origination Systems (LOS), and a shift to 'All Cloud Software'. Under the guidance of a qualified CTO, a team of software developers and tech experts drives innovation using the in-house LOS module 'CREDIFIN'. The company has introduced a suite of technological and cross-sell products, cementing its vision of being a 'One Stop Financing Solution' and providing Secured Education loans, Medical Loans, etc., to its existing commendable customers

- 5) **Diversification into Secured SME Loans and Home Improvement:** To meet market demand, the company branched out into providing Secured SME loans and Home improvement solutions, focusing on First home Owners and individuals who cannot secure traditional bank loans due to the absence of formal income documentation.
- 6) **Equity Base Strengthening:** With the issuance of Strategic Share Warrants, the company's net worth and equity base saw a substantial increase, enhancing its financial stability and prospects for growth. The net worth escalated from Rs. 27.30 Crores to Rs. 47.65 Crores as on March 31, 2024, with INR 16.61 Crores raised from this issue contributing to Tier I capital and solidifying the company's capital base.
- 7) **Financial Performance Enhancement:** The Company's Total Assets, Assets Under Management (AUM), Gross Revenue, and Profit After Tax (PAT) saw impressive growth, reflecting its vigorous financial performance and strategic execution. It significantly fortified the recovery of stressed Assets, set up an effective system for collections, and initiated a 100% Cashless recovery to enhance Asset quality and Centralized Control.

GLOBAL ECONOMIC OVERVIEW

Despite its resilience, the global economy confronts multiple challenges, including elevated inflation, restrictive monetary and financial conditions, escalating geopolitical tensions, increasing geo economic fragmentation, disruptions in crucial global shipping routes, high public debt burdens, and risks to financial stability. Global financial markets are on edge, experiencing frequent bouts of volatility as every new data release amplifies uncertainty regarding the future actions of major central banks.

In the US and numerous prominent emerging market economies (EMEs), economic performance has been stronger than expected. Manufacturing continues to be restrained, but the services sector is thriving. The escalation in liquidity costs across major currencies hasn't caused the significant economic downturn that was anticipated. Although inflation has been a persistent issue in most advanced and emerging economies, it is now declining; however, the fall in core and services inflation is gradual due to continued labor market tightness. Principal central banks across advanced economies are keeping policy rates unchanged to ensure inflation meets their targets. It is projected that the Federal Reserve, Bank of England, and European Central Bank will not alter their rating stance shortly.

The IMF anticipates a 3.2 percent growth rate for the world economy during 2024. The forecast also suggests a gradual reduction in global inflation, from 6.8 percent in the previous year to 5.9 percent in 2024, and then to 4.5 percent in 2025, with advanced economies expected to realign with their inflation targets before emerging and developing economies. In FY 2025, the global economic outlook is subject to risks that are broadly neutral. The negative aspects include potential new price hikes due to geopolitical strife, notably from the war in Ukraine and the Gaza-Israel conflict, along with continuous tightness in labor markets potentially affecting interest rate projections. A mismatch in disinflation rates among key economies could lead to currency changes that put financial sectors under

World Economic Outlook Growth Projections

(Real GDP, annual percent change)	2023	PROJECTIONS	
		2024	2025
World Output	3.2	3.2	3.2
Advanced Economies	1.6	1.7	1.8
United States	2.5	2.7	1.9
Euro Area	0.4	0.8	1.5
Germany	-0.3	0.2	1.3
France	0.9	0.7	1.4
Italy	0.9	0.7	0.7
Spain	2.5	1.9	2.1
Japan	1.9	0.9	1.0
United Kingdom	0.1	0.5	1.5
Canada	1.1	1.2	2.3
Other Advanced Economies	1.8	2.0	2.4
Emerging Market and Developing Economies	4.3	4.2	4.2
Emerging and Developing Asia	5.6	5.2	4.9
China	5.2	4.6	4.1
India	7.8	6.8	6.5
Emerging and Developing Europe	3.2	3.1	2.8
Russia	3.6	3.2	1.8
Latin America and the Caribbean	2.3	2.0	2.5
Brazil	2.9	2.2	2.1
Mexico	3.2	2.4	1.4
Middle East and Central Asia	2.0	2.8	4.2
Saudi Arabia	-0.8	2.6	6.0
Sub-Saharan Africa	3.4	3.8	4.0
Nigeria	2.9	3.3	3.0
South Africa	0.6	0.9	1.2
Memorandum			
Emerging Market and Middle-Income Economies	4.4	4.1	4.1
Low-Income Developing Countries	4.0	4.7	5.2

Source: IMF, *World Economic Outlook*, April 2024

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2023/24 (starting in April 2023) shown in the 2023 column. India's growth projections are 6.9 percent in 2024 and 6.5 percent in 2025 based on calendar year.

OVERVIEW OF INDIAN ECONOMY FY 2023-24

Amidst global economic challenges, India has maintained its economic fortitude and has emerged as the fastest growing major economy for the third straight year in FY2024. The National Statistical Office's (NSO) advanced estimates project a real GDP growth of 7.6% for FY 2024, supported by an upswing in investments owing to government capital expenditure initiatives, enhanced capacity utilization, robust services sector performance, double-digit credit growth, and stronger corporate and banking sector balance sheets.

The Second Advance Estimates for FY2024 reveal that Real Gross Value Added (GVA) in agriculture and allied sectors is likely to register a growth of 0.7% in FY2024 (a decline from the previous year's 4.7%), attributed to decreased food grains production during the kharif season. The industrial sector has shown further improvement and is expected to grow at 9.0% in FY2024 compared to 2.1% in FY2023, bolstered by strong activity across all sub-sectors. The services sector has kept up its growth pace in FY2024 with support from trade, hotels, transport, communication and broadcasting services as well as financial, real estate and professional services sectors; it is expected to grow at 7.5%, adding to the previous year's 10% growth rate. GST revenues for FY2024 are estimated at approximately ₹20 trillion compared to ₹18 trillion in FY2023, showcasing robust domestic trading activity with monthly collections crossing the ₹2 trillion threshold in April 2024.

Finance industry in India

The financial services sector in India is witnessing rapid expansion and evolution with the entry of new players offering distinct services. This growth is driven by increasing incomes, fintech advancements in digital payments, government reforms, and expanding opportunities for broader market penetration. Despite these advancements, challenges persist in enhancing financial literacy and facilitating wider access to formal credit.

Key factors driving growth

The growth of the Indian financial services industry is underpinned by several key drivers that contribute to its expansion and development. These drivers include:

Increasing Income Levels: As disposable incomes rise across various segments of the population, there is a corresponding increase in savings and investment potential. This drives demand for a wide range of financial products and services including banking, insurance, and investment options. The number of High Net-Worth Individuals (HNWIs) in India is projected to increase to 1.65 million by 2027, marking a growth of 107% from 790,000 in 2022.

Technological Advancements in Fintech: The rapid adoption of technology and digital transformation within the financial services sector has revolutionized the way services are delivered and accessed. Fintech innovations such as mobile banking, digital payments, block chain, and AI-driven financial solutions have not only improved efficiency but also expanded financial inclusion to previously underserved populations.

Financial empowerment: India's Financial Inclusion Index (FI Index) serves as a critical measure of the extent to which financial services are accessible and utilized by the population, particularly focusing on those who are traditionally underserved or excluded from the formal financial system.

The index typically ranges from 0 to 100, where 0 indicates complete financial exclusion and 100 signifies full financial inclusion. The FI Index considers various dimensions including access, usage, and quality of financial services. Access measures the availability of banking infrastructure and proximity to financial institutions.

Growing penetration of IT : As internet penetration increases in rural areas in the coming years and efforts to enhance financial literacy gain momentum, there is a potential to extend the fintech ecosystem beyond major cities and urban centers to include underserved regions such as rural areas, MSMEs, new-to-credit customers, and lower-income groups.

Government Initiatives: In the budget for 2023-24, the government introduced significant reforms to enhance the credit guarantee scheme. A contribution of ₹9,000 crore (\$1,080.97 million) to the corpus of the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) aims to provide MSMEs with increased access to collateral-free loans. Additionally, initiatives like Jan Dhan Yojana, Aadhaar-based payment systems, and the Digital India campaign have been instrumental in expanding financial inclusion and digital financial services across the country.

INDUSTRIAL LANDSCAPE AND PROGRESS

NBFCs Overview

Non-Banking Financial Companies (NBFCs) have emerged as a crucial financial lifeline for a diverse range of borrowers, including SMEs and economically underserved segments. Their extensive reach, deep understanding of diverse financial needs, and swift turnaround times make them pivotal in meeting borrower requirements efficiently across wide geographical areas. NBFCs play a crucial role in credit intermediation, leveraging technology for last-mile credit delivery and significantly contributing to financial inclusion. They complement traditional banks by supporting the growth of millions of MSMEs and driving employment independently.

Over recent years, NBFCs have seen a rising credit-to-GDP ratio and have expanded their role in credit provisioning relative to scheduled commercial banks. Between September 2022 and September 2023, the NBFC sector experienced robust credit growth, with gross advances increasing by 20.8%. This growth was driven notably by substantial increases in personal loans (32.5% growth) and agricultural lending (43.7% growth). Notably, personal loans have shown a compounded annual growth rate (CAGR) of 33% over the past four years, outpacing the overall credit growth rate of nearly 15% CAGR.

Performance in FY 2024: Credit growth of NBFCs outpaced that of banks. Disbursements by NBFCs (excluding Infra-NBFCs) remained higher than pre-pandemic levels for the first half of FY2024 on the back of strong consumption demand. Moreover, collection efficiency of NBFCs was healthy in the first half of FY2024 and is expected to stay robust on the back of improved economic activity and a favorable outlook for most sectors. Further, the NBFC sector's momentum has been augmented by the proliferation of digital lenders offering alternative financing options.

Outlook NBFCs are poised to expand their Assets Under Management (AUM) by 12-14% in FY2024 and FY2025. India's GDP growth nearing a sustainable 7%, coupled with subdued inflation and robust double-digit credit growth, provides a conducive environment for NBFCs to capitalize on the next phase of growth. Despite the new RBI regulations imposing higher risk weights on NBFC loans,

potentially escalating costs, NBFCs are anticipated to align their lending rates accordingly, mitigating immediate impacts. Looking forward, sustained growth prospects are underpinned by accelerating digitization efforts, buoyant consumer sentiment, resilient auto sales, and steadfast housing demand. Moreover, factors such as bolstered provisioning, fortified balance sheets, improving asset quality, and stabilizing funding conditions are poised to empower NBFCs in satisfying expanding credit requirements.

For banks and nbfc

Growth in retail credit for banks and NBFCs



Note: P = Projected; Retail credit above includes housing finance, vehicle finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans; Source: Company reports, RBI, CRISIL MI&A

Share of retail credit in total NBFC credit to grow to 48% by end of FY24 and expected to remain stable in FY25



Note: P = Projected; Retail credit includes housing finance, vehicle finance, microfinance, gold loans, construction equipment finance, consumer durable finance, MSME loans and education loans; Source: Company reports, CRISIL MI&A

Major Regulatory Reforms

As NBFCs continue to expand in size and influence, regulatory scrutiny is tightening to fortify and modernize their business models. In response to potential risks that could impact the broader financial services sector, the RBI is diligently implementing measures to bolster a robust and adaptable framework. These initiatives focus on enhancing governance standards, fortifying risk management protocols, and intensifying supervisory oversight. Some of the regulatory guidelines guiding the sector include:

Enhanced risk weighting for unsecured lending: In response to the indiscriminate growth observed in unsecured loan portfolios like personal loans and credit cards, risk weights on retail loans were raised by 25 basis points to 125%. This adjustment mandates higher capital provisioning for managing risks associated with unsecured lending, consequently straining capital adequacy levels. Given these developments, raising capital may not be favorable currently, with investors exercising caution. Furthermore, increased risk weights were imposed on banks for their lending activities to NBFCs.

Scale-based regulation for NBFCs: The Reserve Bank of India (RBI) introduced Scale Based Regulations (SBR) on October 22, 2021. Our commitment to maintaining the highest standards of compliance remains unwavering. We continue to comply diligently with all applicable laws, regulations, and guidelines stipulated by the RBI, including those pertaining to capital adequacy and non-performing assets. Our company's Asset Liability Management is subject to rigorous quarterly review by our focused Board-level Asset Liability Committee. As of March 31, 2024, our Liquidity Coverage Ratio (LCR) stands strong at 6406.13%, well above the mandatory requirement of 85%. Our company has fully integrated all mandatory policies outlined in Scale Based Regulations (SBR), including the Internal Capital Adequacy Assessment Policy (ICAAP), Compliance Policy, and others. Moreover, we have established a Compliance Risk Assessment Framework and implemented a Compliance Testing program as per the RBI circular dated April 11, 2022.

Barring of first loss default guarantee (FLDG); The RBI's new digital norms have prohibited banks and NBFCs from utilizing the First Loss Default Guarantee (FLDG) structure, which was considered akin to synthetic securitization. Previously, this model provided institutions protection against defaults, with fintech companies assuming part of the risk. However, in response to these changes, the industry is exploring alternative co-lending arrangements and models.

Industry experts anticipate that these RBI initiatives, coupled with escalating compliance costs, may prompt consolidation within the rapidly expanding Fintech sector. The minimum cost of compliance has nearly doubled over the past year, encompassing investments in technology, data protection, privacy measures, and both internal and external audits, among other expenditures.

Prudential norms for Income Recognition, Asset Classification and Provisioning (IRACP) on advances: We maintain such provisions in the books which adequately cover requirements under both IND-AS and Income Recognition, Asset Classification and Provisioning (IRACP) norms as notified by RBI.

Indian Automobile Industry

India's automotive sector is poised for continuous growth, underpinned by rising consumer purchasing power, urbanization dynamics, and proactive governmental interventions. Supported by strategic tariff policies and FDI frameworks, India has solidified its status as a leading global car manufacturer, ranking fourth worldwide. Moreover, the country holds prominent positions in heavy vehicle production, leading in tractors, ranking second in buses, and third in heavy trucks globally.

Within the market, two-wheelers dominate in volume, benefiting from a growing middle-income segment and a youthful population base. Corporate focus on rural market penetration has further catalysed industry expansion. Increasing demands within logistics and passenger transportation sectors are propelling growth in commercial vehicle sales. Looking forward, the market's trajectory is

expected to be shaped by emerging trends such as vehicle electrification, particularly in the realms of three-wheelers and compact passenger vehicles.

According to data from the Society of Indian Automobile Manufacturers (SIAM), total auto production in FY2024, encompassing passenger vehicles (PVs), commercial vehicles (CVs), three-wheelers (3W), two-wheelers (2W), and quadricycles, reached 2.8 million units, marking a robust 9.7% increase compared to the previous year. Despite this growth, auto production levels remain 8% below the pre-pandemic levels of 2019.

Domestic auto sales in FY2024 saw a significant year-on-year increase of 12.5%, totalling 24 million units. This growth was primarily driven by strong demand in PVs, 2W, and 3Ws. PV domestic sales reached 4.2 million units, with an additional 0.7 million units exported in FY2024, representing a 25% surge compared to pre-pandemic levels in 2019. However, CV, 2W, and 3W sales volumes have yet to fully recover to pre-pandemic levels. Despite a 13% year-on-year increase in 2W sales to 18 million units in FY2024, sales remained lower than the peak of 21 million units recorded in FY2019.

Table: Domestic sale (in million units)

Category	2020-21	2021-22	2022-23	2023-24	1 Year CAGR	3 Year CAGR
Passenger vehicles	2.71	3.07	3.89	4.22	8.48%	15.91%
Commercial vehicles	0.57	0.72	0.96	0.97	1.04%	19.39%
Three wheelers	0.22	0.26	0.49	0.69	40.82%	46.38%
Two wheelers	15.12	13.57	15.86	17.97	13.30%	5.93%
Grand total	18.62	17.62	21.20	23.85	12.50%	8.60%

The Government of India's strategic vision and policy frameworks aim to propel the adoption of electric vehicles, responding to the burgeoning consumer preference for sustainable transportation options. By 2030, India aims to lead in shared mobility, presenting substantial opportunities for electric and autonomous vehicle technologies.

Additionally, government initiatives such as the Automotive Mission Plan 2026, scrap page policy, and Production-Linked Incentive (PLI) scheme are expected to position India as a global leader in both the two-wheeler and four-wheeler segments. The rural market continues to be a crucial focus for the auto industry, with the Indian tractor sector showcasing resilience and consistent growth in exports.

Push Towards Electric Vehicles

The government's push towards electric vehicles (EVs) is supported by several strategic measures. These include extending customs duty exemptions on capital goods and machinery necessary for manufacturing lithium-ion cells used in EV batteries. Furthermore, a budgetary provision of ₹2,671 crore for FAME III in FY2025 underscores the government's commitment to promoting EV adoption.

Additionally, the Ministry of Heavy Industries has sanctioned 6,862 e-buses for intra-city operations, targeting various cities, state transport undertakings, and state governments. The reduction of customs duty from 21% to 13% on lithium-ion cells and the introduction of viability gap funding for battery storage systems with a capacity of 4,000 MWh in the FY2024 Budget are anticipated to catalyse growth within the EV sector.

MSME financing

India's micro, small, and medium enterprises (MSME) sector significantly contribute to the economy, comprising nearly 33% of the country's GDP and employing 45% of the workforce, which amounts to approximately 120 million jobs across various industries. This sector plays a crucial role in driving credit offtake. Small enterprises alone contribute 40% to India's industrial output and account for 42% of the nation's total exports. NBFCs play a pivotal role in supporting this vital sector by providing a diverse range of financial products tailored to meet the specific needs of MSMEs, including term loans, working capital finance, cash credit, equipment financing, and more.

In 2023, the RBI facilitated the complete digitization of loans extended to MSMEs and fully digitalized Kisan Credit Card (KCC) based loans. Credit flow to MSMEs continues to expand, driven by technology-enabled and data-analytics-driven lending practices. This growth is increasingly benefiting semi-urban and rural MSMEs. The gross non-performing asset (GNPA) ratio for MSME loans improved to 4.7% in September 2023 from 6.8% in March 2023.

The MSME sector is expected to grow by 7% in FY2025, leading to an increased demand for credit and a higher share of credit disbursed by Scheduled Commercial Banks (SCBs) and Non-Banking Financial Companies (NBFCs). The government's focus on self-sufficiency through the 'Atmanirbhar Bharat' initiative and the positive impact of the Production Linked Incentive (PLI) scheme are anticipated to boost credit demand in the MSME segment. As economic activity gradually rebounds, supported by Fintech and digital lending solutions, MSMEs are likely to increasingly adopt digital platforms, thereby facilitating easier access to credit and improving the ease of doing business in the sector.

FINANCIAL AND OPERATIONAL PERFORMANCE

S. No.	Particulars	2023-2024	2022-2023	Change (in %)
1	Total Income (including exceptional items)	3466.70	1774.74	95.33%
2	Net Interest Income	1956.12	1000.15	95.58%
3	Assets Under Management (Owned + Managed)	20938.00	10257.59	104.12%
4	Net worth	4728.37	2678.11	76.56%
5	Profit after tax	388.82	115.64	236.23%
6	Capital Adequacy Ratio	30.23%	32.40%	(6.70%)
7	Return on total assets	2.43%	1.28%	89.84%
8	Debt Equity Ratio	2.91x	3.06x	(4.90%)

9	Net Profit Margin	11.22%	6.52%	72.08%
10	Return on NetWorth	10.50%	6.21%	69.08%

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, defined authority matrix 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 supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines which ensure reliability of financial and all other records. The Internal Audit reports are periodically reviewed by the Audit Committee. 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 as part of action taken reports of business processes to assess the effectiveness of internal controls. Internal Audits are carried out to review the adequacy of the internal control systems, compliance with policies and procedures.

Further, each departmental and other parametrical operations and actions including processes/sub-processes risks are properly identified with mitigating controls. Its adequacy is assessed and the operating effectiveness is also tested. The Company has framed risk based internal audit policy as part of its oversight function. The objective of risk based internal audit review is to identify the key activities and controls in the business processes, review effectiveness of business processes and controls, assess the operating effectiveness of internal controls and provide recommendations for business process and internal control improvement.

FUTURE STRATEGY

The Board has determined the following medium-term and long-term strategies to achieve its corporate goals:

The Company's future strategy revolves around enhancing customer experience, leveraging technology, and expanding its market presence. The company is committed to improving every aspect of the customer journey by streamlining loan application processes, offering personalized services, and providing competitive interest rates. This focus on customer satisfaction is complemented by targeted marketing campaigns designed to reach key demographics and generate leads through digital channels.

In addition to improving customer interactions, the company is investing in technology to optimize operations and decision-making. The company plans to implement a user-friendly online loan application system and use data analytics to gain insights into customer behavior, allowing for more informed product planning and marketing strategies. PHF Leasing is also enhancing its online presence, building brand awareness through digital marketing, and developing strong referral programs to expand its customer base.

The strategy includes expanding geographically by identifying regions with growth potential and customizing services to meet local needs. To further secure its market position, PHF Leasing is focusing on risk management, employee training, and fostering a culture of innovation. The company is also committed to transparency, compliance, and continuous improvement in its operations, ensuring a trustworthy relationship with customers and stakeholders.

Finally, PHF Leasing aims to stay ahead of industry trends by monitoring emerging technologies and adapting its business model accordingly. By embracing digital transformation, offering financial education resources, and maintaining a positive company culture, PHF Leasing is positioning itself as a leader in the loan financing industry, ensuring long-term growth and customer loyalty.

HUMAN RESOURCES

As a financial services provider, people are the greatest assets and the core strength to your Company's business. The Company has a robust organization structure with network of opening new collection centers and recruiting new employees. The Nomination and Remuneration Committee periodically reviews career growth plan of senior management personnel possessing ability to build teams and nurture leaderships for future growth plans of the Company. There were 333 employees on rolls during F.Y. 2022- 23 and total strength of employees as on 31st March, 2024 was 495. The Company has embarked on its journey of "Friendly Workplace" which has helped to look at employee engagement in a more holistic way.

Talent Management: Building a strong future ready talent pool and robust leadership succession pipeline continue to be priority areas for us in Talent Management. We continued to give prominence to identifying and developing our high potential employees and have steered towards more holistic, comprehensive and future oriented development interventions for them.

Employee Wellness and Engagement: Your Company's endeavor to provide a happy, vibrant and engaging work environment continued this year. It welcomed employees back to work and significant attention was given to help them restart and settle comfortably through support mechanisms and flexibility. Your Company is also reinforcing the importance of health and wellbeing through wellness programs and initiatives.

Learning: Your Company's philosophy is to provide every employee with continuous opportunities to learn & grow. Our learning interventions create an organization wide impact as these are focused on enabling employees to do better at work.

SWOT ANALYSIS

OUR STRENGTHS

PHF Leasing boasts several key strengths that set it apart in the financial services industry. One of its primary strengths is its flexibility and agility in operations, allowing the company to swiftly adapt to changing market conditions and tailor its offerings to specific customer segments. This flexibility is further supported by a well-defined and scalable organizational structure, enabling effective management and resource allocation. The company's specialized focus on leasing and other financial services has also allowed it to develop deep expertise in this domain, providing customized solutions that meet the unique needs of its clients.



Another significant strength of PHF Leasing lies in its strong customer and stakeholder relationships. The company prioritizes building and maintaining personalized relationships with customers, ensuring that their specific needs are met with tailored financial solutions. This customer-centric approach is complemented by the company's talented and dedicated workforce, whose expertise and commitment drive innovation and enhance service delivery. Additionally, PHF Leasing benefits from a robust in-house technology development team, which enables the creation of innovative financial products and services, further enhancing operational efficiency and customer experience. The experienced senior management team provides strategic direction, leveraging their industry knowledge to guide the company toward its goals.

OUR WEAKNESSES

The Company faces several challenges, including limited access to public funds, which restricts its borrowing capacity and potential for growth compared to traditional banks. Despite a small asset base, the company is experiencing rapid growth with a compound annual growth rate (CAGR) exceeding 100%, posing challenges in managing and sustaining this expansion. Additionally, The Company is vulnerable to the negative effects of economic downturns, as customers may struggle financially during such periods, leading to potential defaults or delayed payments that could impact the company's portfolio quality and overall financial performance.

OUR OPPORTUNITIES

The Company is well-positioned to capitalize on several key opportunities in the market. With a growing demand for financial solutions, there is significant potential to expand our customer base and capture a larger share of the non-banking finance industry. The industry's large untapped market offers room for strategic growth, especially through innovative and tailored financial products that meet emerging customer needs. By continuously diversifying our product offerings, such as equipment financing and working capital loans, we can cater to a wider range of customer segments and enhance profitability.

Technological advancements present another avenue for growth. By embracing digital transformation through online platforms, mobile applications, and data analytics, The Company can improve operational efficiency and enhance customer experiences. Strategic partnerships with banks, finance companies, and other industry players offer additional opportunities to leverage existing resources, access new funding sources, and expand our reach. Furthermore, by focusing on maximizing the lifetime value of our customers through exceptional service and value-added offerings, we can foster long-term relationships, drive repeat business, and increase overall profitability.

OUR THREATS

The Company faces several external threats that could impact its business operations and market position. Inflation, geopolitical crises, and economic contractions present significant challenges, as they can lead to increased costs, interest rate volatility, and overall economic instability. These factors may negatively affect consumer spending, business activities, and credit risk, thereby influencing our financial performance. Additionally, the entry of banks and large non-banking finance companies (NBFCs) into segments traditionally dominated by NBFCs, along with competition from captive finance companies and small banks, further intensifies the competitive landscape, potentially threatening our market share and pricing power.

Moreover, the need to maintain a larger liquidity buffer in response to the uncertainties of the pandemic and rising lending rates can lead to increased finance costs, impacting profitability. The highly competitive nature of the NBFC sector, with pressure from banks, fintech companies, and other financial institutions, requires us to continuously innovate to maintain our market position. Additionally, economic and market volatility, including fluctuations in interest rates and financial market disruptions, poses a risk to our ability to raise funds, manage risk, and ensure stable operations.

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 in 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 recognizes several key risks that are integral to its business operations, traditionally focusing on Credit Risk, Market Risk, and Operational Risk. As the non-banking financial environment has evolved, the company now also emphasizes Liquidity Risk, Information Technology Risk, and Information Security Risk, which impact not only its financial health but also its reputation. To manage these risks effectively, PHF Leasing has established a Board-approved risk strategy and policies, overseen by the Risk Management Committee (RMC). This committee ensures that the necessary frameworks are in place to assess and manage various risks, aligns these risks with the company's capital, and monitors compliance with internal risk management policies. The RMC also guides the development of policies and systems that are adaptable to the company's changing business needs and risk appetite.

1. Credit Risk: This refers to the potential losses from a decline in the creditworthiness of borrowers or counterparties. PHF Leasing manages this risk through a well-defined credit risk architecture that includes policies, procedures, and systems. With a 100% retail portfolio, the company employs robust front-end and back-end systems to maintain credit quality and minimize default losses. Factors such as income, demographics, credit history, loan tenure, and banking behavior are considered when sanctioning loans. Multiple credit risk models are used to assess customer segments, supported by strict monitoring and verification processes. As of March 31, 2023, the company's Gross Non-Performing Assets (GNPAs) were 2.4% of Gross Advances, and Net Non-Performing Assets (after specific loan loss provisions) were 2.08% of Net Advances. PHF Leasing follows a conservative approach to provisioning for NPAs, exceeding minimum regulatory requirements to maintain strong asset quality.

2. Market Risk: Market Risk primarily arises from the company's statutory reserve management and trading activities in interest rates, equity, and currency markets. This risk is managed through a Board-approved Risk Management Policy, supplemented by a Stress Testing Framework that simulates various market scenarios to measure potential losses and take remedial actions.

Liquidity Risk: Liquidity Risk is the risk that the company might be unable to meet its financial obligations or raise funds at optimal rates. PHF Leasing manages this risk through a comprehensive Liquidity Risk Management (LRM) framework, overseen by the Asset Liability Committee (ALCO) and the Asset Liability Management Committee (ALMCO). These committees ensure adherence to risk tolerance limits, maintain a liquidity buffer, and monitor the concentration of funding sources to ensure

a diversified borrowing mix.

3. Human Capital Risk: This involves the risk of losing talented employees or those with critical skills. PHF Leasing addresses this by fostering an employee-friendly culture, conducting regular benchmarking, and maintaining proactive communication between business managers and HR. The company also invests in training and upskilling to retain valuable employees.

4. Information Technology Risk: With increased reliance on technology, IT risks must be managed effectively. PHF Leasing uses a multipronged approach, including periodic control testing, simulations, and continuous monitoring with AI and ML-enabled solutions. Cyber security measures, such as multifactor authentication and regular data replication, are in place to mitigate these risks.

Interest Rate Risk: This risk arises from fluctuations in interest rates that could impact the company's borrowing costs, interest income, and net interest margins. The Company regularly reviews its vulnerability to interest rate changes through sensitivity analyses and adheres to a judicious borrowing and investment mix to manage this risk.

5. Operational Risk: Operational Risk involves potential financial losses from internal deficiencies or external events like legal challenges. The Company addresses this through an Operational Risk Management Policy, which includes clear role definitions, segregation of duties, and monitoring of Key Risk Indicators (KRIs) to enable timely corrective actions.

Business Risk: Being an NBFC, The Company is exposed to external risks, such as industry risks, competition, and economic factors like monsoons, which affect its customers' repayment capabilities. The company mitigates these risks by diversifying its product offerings, staying ahead with a responsive sales force, and constantly improving customer service.

6. Compliance Risk: Compliance Risk involves the potential for damage to the company's reputation or financial loss due to non-compliance with laws and regulations. The Company has a dedicated Compliance Department that works with various teams to manage and monitor compliance risk actively. The company adheres to RBI and other regulatory guidelines and has implemented an Internal Capital Adequacy Assessment Process (ICAAP) and a Stress Testing Framework to ensure compliance and resilience against potential risks.

ICAAP: The Company has implemented extensive internal controls to mitigate operational risks, including centralized operations, segregation of duties, and executive-level committees to oversee capital, risk management, and customer service. The Internal Audit Department conducts risk-based audits to evaluate the effectiveness of these controls and ensure adherence to regulatory guidelines.

Stress Testing Framework: The Company has a Board-approved Stress Testing Policy that is a key component of its Internal Capital Adequacy Assessment Process (ICAAP). This policy uses various techniques to evaluate how well the company can withstand extreme but realistic business scenarios, considering current geopolitical, economic, and sector trends. The results help in assessing the impact on capital and identifying any potentially vulnerable borrowers.

Internal Controls, Audit, and Compliance: The Company has established robust internal controls and processes to manage Operational Risks. This includes a clear separation of duties between the customer-facing front office and the transaction-processing back office. Mid-office and risk

management teams set and monitor policy limits, while credit sanctioning and debt management are kept separate from sales and operations.

Various executive-level committees oversee capital management, business practices, Operational Risk, and compliance with laws and regulations. At the operational level, the company uses preventive and detective controls to ensure accurate accounting and timely issue identification. The Internal Audit Department independently evaluates these controls, conducting risk-based audits and recommending improvements while ensuring compliance with regulatory guidelines and legal requirements.

DISCLOSURE OF ACCOUNTING TREATMENT

The Financial Statements have been 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”).

CAUTIONARY STATEMENT

The Board of Directors have reviewed the Management Discussion and Analysis prepared by the Management, and the Independent Auditors have noted its contents. Statement in this report of the Company's objective, projections, estimates, exceptions, and predictions are forward looking statements subject to the applicable laws and regulations. The statements may be subjected to certain risks and uncertainties. Company's operations are affected by many external and internal factors which are beyond the control of the management. Thus, the actual situation may differ from those expressed or implied. The Company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

For PHF LEASING LIMITED

Place: Jalandhar
Date: 16th May 2024

**Sd/
Meghal Gupta
Non-Executive Director
DIN:09179500
Add: H.No 76, Green
Park, Jalandhar-
144001, Punjab**

**Sd/
Vijay Kumar Sareen
Whole Time Director
DIN:07978240
Add: 20, 21, near DAV
College, Surya Vihar,
Jalandhar-144008,
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BOARD OF DIRECTORS REPORT

To

The Esteemed Members

The Board of Directors (“Board”) of PHF Leasing Limited (“your Company” or “the Company”) is feeling delighted to present their 32nd Annual Report with the Audited Financial Statements of the Company for the financial year ended March 31, 2024 (“FY 2023-24”) or “period under review” or “financial year under review”.

1. FINANCIAL AND OPERATIONAL SUMMARY

1.1 Financial Highlights

The Company’s summarized financial performance for the financial year ended March 31, 2024 as compared to the previous financial year ended March 31, 2023 are as under:

PARTICULARS	For period ended March 31, 2024 (Audited)	For period ended March 31, 2023 (Audited)
Total Revenue from Operations	3466.70	1774.74
Total Expenses	3,122.83	1630.18
Profit/ (Loss) before exceptional and extraordinary items and tax	343.87	144.57
Exceptional items	-	-
Profit/ (Loss) before tax	343.87	144.57
Tax expense	44.95	(28.92)
Net Profit/(Loss) for the period	388.82	115.64
Total Comprehensive Income /(Loss) for the period	380.02	137.30
Reserves & Surplus excluding revaluation reserves	3526.50	1485.05
Dividend %	-	-
Earnings Per Share (In Rs.)		
• Basic	3.14	2.08
• Diluted	3.13	2.08

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) Revenue from Operations

During the F.Y. 2023-24, Revenue from Operations of your Company increased to Rs. 3466.70 Lakhs marking a tremendous growth of 95.34% over the previous year’s Revenue of Rs. 1774.74 Lakhs.

The company has expanded its operations into new geographical regions or states, which has likely opened up new markets and revenue streams. In addition to expanding into new states, the company has also focused on increasing its market share and presence in the areas where it already operates. This could involve capturing more customers, launching new products or services, or strengthening its existing operations. The company has not only increased its revenue but has also enhanced its efficiency in resource utilization, cost management, and operational streamlining, resulting in improved overall performance.

Your company's exceptional credit policies, solid customer connections, and systematic debt recovery strategies have upheld unparalleled asset quality standards.

ii) Profit Before Tax (PBT)

Your Company earned Profit Before Tax (PBT) of Rs. 343.87 Lakhs for the Financial Year 2023-24 as against the profit of Rs. 144.57 Lakhs in the previous Financial Year ending March 31, 2023 resulting a growth of 137.86%. This achievement is a result of business expansion, increase in sales revenue, Improvements in operational efficiency, Effective cost management measures, adjusting pricing strategies to maximize profitability without sacrificing sales volume, strategic fund allocation, and optimized collection practices. Some other favorable macroeconomic conditions such as economic growth, low inflation, and stable interest rates can positively impact business performance and profitability, leading to higher profit before tax.

For an in-depth review of income, expenditure, and financial ratios, please refer to the Management Discussions and Analysis Report, a component of this document.

iii) Profit After Tax (PAT)

The total comprehensive Income for the Financial Year 2023-24 is Rs. 380.02 Lakhs as against Rs. 137.31 Lakhs in the previous financial year 2022-23 registering a growth of 176.77%. Your company's commitment to conservative cost management policies, combined with its ability to secure resources at competitive rates, increased sales, improved operational efficiency, cost management initiatives, introduction of new products or favourable market conditions has

effectively maintained margins at a commendably reasonable level. Ultimately, an increase in profit after tax is typically seen as a positive sign of financial growth and success for the company.

iv) Earnings Per Share

The Company has earned good profits in the financial year under review, hence, the Basic Earnings Per Share (EPS) of the Company is recorded at Rs. 3.14 and the Diluted Earnings Per Share (DEPS) of the company is recorded at Rs. 3.13 for the FY 2023-24. Overall, the increase in Earnings per Share reflects our commitment to delivering value to our shareholders through sustained growth and profitability. We remain dedicated to executing our strategic initiatives and capitalizing on growth opportunities to drive continued EPS expansion in the future.

v) Capital to Risk Weighted Assets Ratio (CRAR)

The Company's Capital to Risk Weighted Assets Ratio (CRAR) stood at 30.14% as at the end of the financial year under review as compared to 32.40% as on March 31, 2023 of the aggregate risk weighted assets on balance sheet. The company's CRAR, although lower compared to the previous period, remains comfortably above the regulatory minimum of 15%, indicating a strong capital position and adherence to regulatory requirements.

The Tier 1 ratio as on March 31, 2024 is 24.18 % as against 24.23% as on March 31, 2023.

The Tier 2 ratio as on March 31, 2024 is 6.05 % as against 8.17% as on March 31, 2023.

1.2 Operational Highlights

i) Branch Expansion

The Company has broadened its footprint to encompass several additional states, including Punjab. Presently, it operates across a diverse range of regions, including Haryana, Delhi NCR, Himachal Pradesh, Rajasthan, Uttarakhand, Madhya Pradesh, Uttar Pradesh, Jammu, Bihar, Assam, Jharkhand and Chhattisgarh. This expansion involves the addition of numerous dealers and sub-dealers across various locations.

The Company has branches/ collection offices at Amritsar, Batala, Kapurthala, Tarn Taran, Ludhiana, Ferozepur, Hoshiarpur, Delhi NCR, Abohar, Muktsar, Malout, Jaipur, Jagraon, Moga, Pathankot, Khanna, Nawanshahr, Sri Ganga Nagar, Zirakpur, Hanumangarh, Noida, Jalandhar & Varanasi. The company is making decisions or taking actions with an eye towards its future growth prospects. Our Company keeps a forward-looking approach that takes into account the company's ability to capitalize on opportunities and achieve long-term success.

The company's proactive approach to growth and expansion, highlighting its plans to open new centers at various locations and diversify its business activities into specific states during the upcoming fiscal

year.

Recruitment endeavors were broad-based, spanning across diverse roles and responsibilities within the organization, rather than being restricted to specific positions. The company's efforts to expand its workforce by recruiting employees across all levels, resulting in a notable increase in employee strength from about 333 employees as on March 31, 2023 to 495 as on March 31, 2024.

ii) Operational Cost

The Company has expanded its operations in various locations in Punjab and other neighboring states and also captured the E-Vehicles business in the market which has resulted in increase in the employee benefit expenses. Consequently, the operational cost of the Company has also increased during the financial year under review. However, this increased cost is a result of the expansion and growth of the business and would help the Company in long run.

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

Particulars	March 31, 2024	March 31, 2023
Branches	21	15
No. of Borrowers	20,712	10,193
Outstanding Loan Portfolio (Own Book) (Rs. In lakhs)	14757.91	7955.90
Loan Disbursed in FY (Rs. In lakhs)	14044.15	8594.17
Total Assets (Rs. In lakhs)	19992.41	12026.44

2. LENDING OPERATIONS

Disbursements

The company experienced significant growth in its total loan portfolio, which expanded by 85.50% to reach a value of Rs. 14757.91 Lakhs as of March 31, 2024. The retail and SME segments are the company's preferred areas for lending, which align with the company's strategic objectives, risk appetite, and target customer base. The notable growth in the loan book indicates successful business expansion and the ability to capture market opportunities.

The company is diversifying its loan portfolio by including a larger number of smaller loans across different sectors or customer segments, which includes Amritsar, Batala, Kapurthala, Tarn Taran, Ludhiana, Ferozepur, Hoshiarpur, Delhi NCR, Abohar, Muktsar, Malout, Jaipur, Jagraon, Moga, Pathankot, Khanna, Nawanshahr, Sri Ganga Nagar, Zirakpur, Hanumangarh, Noida, Jalandhar & Varanasi. The company's move towards a more granular portfolio mix indicates a strategic shift towards diversification and risk management, with the aim of reducing the average size of loans in its

portfolio. By focusing efforts on increasing customer base and diversifying product categories, especially in MSME and retail lending through E-Vehicles, the company aims to:

- ◆ Expand its market reach and customer engagement.
- ◆ Capture new revenue streams and business opportunities.
- ◆ Enhance its competitiveness and differentiation in the market.
- ◆ Address evolving customer preferences and market trends.
- ◆ Contribute to sustainable and inclusive economic development.

3. RECOVERY & STRESSES ASSETS MANAGEMENT

The movement of NPAs during the last four financial years are furnished below:

	FY2021	FY2022	FY2023	FY2024
Gross NPA%	8.94	4.99	2.09	2.88
Net NPA%	6.04	4.64	1.89	2.18

The Reserve Bank of India (RBI) issued guidelines on June 7, 2019, under Circular RBI/2018-19/ 203 DBR.No.BP.BC.45/21.04.048/2018-19, outlining the Prudential Framework for Resolution of Stressed Assets.

RBI's 7th June 2019 circular on prudential framework for resolution of high value distressed assets has provided a new avenue for timebound resolution of these accounts. Your company is actively exploring resolution under this mode.

In accordance with the aforementioned circular, lenders are required to promptly identify emerging stress in loan accounts upon default, categorizing them as Special Mention Accounts (SMA). Consequently, adherence to the Circular's guidelines, income recognition, asset classification, and provisioning have been duly applied. Accounts with overdue payments exceeding 90 days have been classified as Non-Performing Assets (NPAs).

In the event of selling stressed assets below the net book value (i.e., the funded outstanding minus specific provisions held), any shortfall is recorded as an expense in the Profit and Loss Account. Conversely, if the sale exceeds the net book value, the surplus provision is recorded as income in the Profit and Loss Account. This adjustment occurs when the total cash received from initial consideration and/or redemption or transfer of security receipts issued by the SC/RC surpasses the net book value of the loan at the time of transfer.

As of March 31, 2024, the Gross Non-Performing Assets (NPA) totaled Rs. 423.81 Lakhs, marking an

increase from the previous year's figure of Rs. 190.67 Lakhs. The overall net NPA of the Company also rose by 117.40% compared to the previous period. It is anticipated that the NPAs will decrease further with the expansion of the portfolio and improved collection efficiency.

Furthermore, the Company has executed the sale of stressed assets to Asset Reconstruction Company (ARC) amounting to Rs. 3,82,57,141/-. Additionally, a sum of Rs. 57,38,571/- has been written off based on the valuation of assets.

4. SHARE CAPITAL AND DEBENTURES

4.1 Capital Structure

To strengthen the Company's capital base and balance sheet and to augment the long-term resources for meeting funding requirements of its business activities, financing the future growth opportunities, general corporate and other purposes, the Authorized Share Capital of the Company was increased to Rs. 40,00,00,000 (Rupees Forty Crores Only) divided into 4,00,00,000 (Four Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each during the year under review.

The Authorized Share Capital of the Company as on March 31, 2024 is Rs. 40,00,00,000 (Rupees Forty Crores Only) and the issued, subscribed and paid-up share capital of the Company is as below:-

Share Capital	Amount (in Rs.)
Issued Capital	12,40,13,300
1,24,01,330 Equity Shares of Rs.10/- each	
Subscribed Capital	12,38,68,300
1,23,86,830 Equity Shares of Rs. 10/- each	
Paid Up Share Capital	12,38,68,300
1,23,86,830 Equity Shares of Rs.10/- each	
Total	12,38,68,300

The difference in issued share capital and subscribed & paid up share capital is on account of the 14,500 (Fourteen Thousand and Five Hundred) equity shares that have been forfeited by the Company.

Raising of Funds/Capital

A. Preferential Issue of Equity Shares

During the year under review, the Company did not raise any funds through the issuance of equity

shares.

Below are the details of the equity share capital as on March 31, 2024:

(Amount in Rs.)

Date	Particulars	No. of Equity Shares	Nominal Value	Issue Price	Equity Share Capital	Cumulative Paid up Share Capital
April 01, 2024	Opening Balance	1,23,86,830	10	-	12,38,68,300	12,38,68,300
March 31, 2023	Closing Balance	1,23,86,830	10	-	12,38,68,300	12,38,68,300

Preferential Issue of Equity Warrants

During the financial year under review, the Company allotted 1,84,60,510 (One Crore Eighty Four Lakhs Sixty Thousand Five Hundred and Ten) Equity Warrants ("Warrants") at a price of Rs. 25/- (Rupees Twenty Five Only) per Warrant, with a right to the warrant holders to apply for and be allotted 1 (One) Equity Share of the face value of Rs. 10/- (Rupees Ten Only) each of the Company ("the Equity Shares") at a premium of Rs. 15/- per share for each Warrant within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to Rs. 46,15,12,750/- (Rupees Forty Six Crores Fifteen Lakhs Twelve Thousand Seven Hundred Fifty Only) for cash consideration on a preferential basis ("Preferential Issue") to the persons belonging to non-promoter category

B. Private Placement Issues of Non-Convertible Debentures

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

Sr. No.	Series	Type of Issue	Tranches	Nominal Value	No. of Securities	Price (in Rs.)
1	Series I/2023-24	Private Placement	I	100000	500	50000000
2	Series I/2023-24	Private Placement	II	1000	9600	9600000
3	Series II/2023-24	Private Placement	I	100000	575	57500000
4	Series II/2023-24	Private Placement	II	1000	3420	3420000

During the financial year under review, the Company allocated Subordinate-Debt Bonds (referred to as SDBs) in the form of Unsecured Redeemable Non-Convertible Debentures (NCDs) through private placement, as outlined below:

SRNCD/SDB	No. of Debentures	Nominal Amount (Rs.)	Total Amount (Rs.)
SDB (Series SD-A)	810	10000	81,00,000

The Company has been regular in its payment obligations towards the NCDs.

4.2 Banks/FIs

As of March 31, 2024, the Company's total Borrowings amounted to Rs. 13,870.01 lacs, as compared to Rs. 8,336.41 lacs in the previous year. During the financial year under review, the Company secured a term loan of Rs. 5,350 lacs from various banks and financial institutions. Additionally, the Company obtained a term loan of Rs. 10 crores from the State Bank of India.

Furthermore, the Company strengthened its ties with existing bankers by securing additional working capital and term loan facilities.

5. DIVIDEND

Keeping in view the performance of the Company and to preserve the profits for future expansion, the Board has decided to plough back its profits and has not recommended any dividend for the financial year under review.

6. CREDIT RATING

During the year, CRISIL assigned BBB- rating for the company's long term fund based facilities of Rs. 25 Crore and BBB- rating for Fixed Deposits of Rs. 25 Crore.

7. RISK MANAGEMENT

Throughout the fiscal year, the Company has remained steadfast in its commitment to identifying, assessing, and mitigating various risks that may impact its operations, financial performance, and strategic objectives. The proactive management of risks continues to be a cornerstone of our corporate governance framework, ensuring resilience and sustainability in an ever-evolving business landscape. the Company has adopted a multifaceted approach to risk management, which includes:

- Regular risk assessments and scenario analyses to identify emerging risks and vulnerabilities.
- Implementation of risk mitigation measures tailored to specific risk profiles, including diversification strategies, hedging techniques, and insurance coverage.

- Ongoing monitoring and review of risk exposures to ensure timely and appropriate responses to evolving risk dynamics.
- Strengthening internal controls and governance structures to enhance risk oversight and accountability across all levels of the organization.

By presenting the note on risk management implementation separately within the MD&A Report, stakeholders can gain deeper insights into the Company's approach to managing risks and its integration with strategic decision-making processes.

8. REGULATORY

8.1 Compliance with Applicable Laws

UPDATE

The Company recognizes the importance of adhering to applicable laws, regulations, and industry standards in all aspects of its operations. Throughout the reporting period, stringent measures were implemented to ensure compliance with relevant legal requirements, thereby upholding the Company's commitment to ethical conduct and corporate governance excellence.

The Company, registered as a deposit-taking Non-Banking Financial Company (NBFC) with the Reserve Bank of India, has diligently adhered to all pertinent guidelines and directives issued by the Reserve Bank of India (RBI) and other applicable laws.

As a listed entity, the Company has ensured full compliance with the disclosure requirements mandated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, throughout the financial year under review. Additionally, the Company has meticulously complied with all other SEBI regulations relevant to its operations.

Furthermore, the Company has fulfilled its obligations under the Companies Act, 2013, by filing all requisite information and forms with the concerned Registrar of Companies (ROC) during the financial year.

In its capacity as an issuer of various securities, the Company has upheld compliance with the applicable provisions, terms, and conditions outlined in contracts and agreements executed with stock exchanges, debenture trustees, depositories, depository participants, and Registrar & Transfer Agent, as mandated by prevailing regulations.

Looking ahead, the Company remains committed to maintaining a culture of compliance and upholding the highest standards of ethical conduct in all its operations. Continuous monitoring of regulatory developments, proactive risk assessments, and ongoing compliance initiatives will be integral to ensuring sustained compliance with applicable laws and regulations.

The Company reaffirms its commitment to compliance with applicable laws, regulations, and industry standards as a cornerstone of its corporate governance framework. By prioritizing compliance and

ethical conduct, the Company aims to enhance stakeholder trust, mitigate legal and reputational risks, and drive sustainable long-term value creation.

8.2 Compliance with Secretarial Standards

The Company has ensured compliance with the applicable provisions of Secretarial Standards issued by The Institute of Company Secretaries of India. This commitment underscores the Company's dedication to upholding the highest standards of corporate governance and regulatory compliance in its operations.

9. DETAILS OF SUBSIDIARIES/ ASSOCIATES/JOINT VENTURES

The Company does not have any subsidiary/ joint venture/ associates as on March 31, 2024.

10. TRANSFER TO GENERAL RESERVE/STATUTORY RESERVES

The transfer to General Reserves/Statutory Reserves is reflected in the financial statements, contributing to the strengthening of the Company's balance sheet and enhancing its financial standing. This allocation underscores the Company's commitment to maintaining a robust financial position and fortifying its ability to weather future challenges.

During the financial year under review, an amount of Rs. 77.76 Lacs, equivalent to 20% of the profit after tax (PAT), has been allocated to the Statutory Reserve of the Company in accordance with the provisions of Section 45-IC of the Reserve Bank of India Act, 1934.

11. INTERNAL CONTROLS

11.1 Internal Financial Controls

Internal Financial Controls at our Company consist of a comprehensive set of policies and procedures designed to ensure efficient and orderly business operations. These controls are essential for adhering to Company policies, safeguarding assets, detecting and preventing fraud, maintaining accurate and complete accounting records, and providing reliable financial information. The key elements are:

- **Policies and Procedures:**
 - The Company has implemented well-defined policies and procedures to guide business conduct. Delegation of authority is formally documented, ensuring clarity in roles and responsibilities.
 - An established organizational structure facilitates effective workflow and decision-making.
 - Segregation of duties is enforced to prevent conflicts of interest and enhance internal controls.
- **Prevention and Detection of Fraud and Errors:**

- A proactive anti-fraud framework is in place to manage risks associated with fraudulent activities.
- **Timely Preparation of Reliable Financial Information:**
 - Financial items are accurately described, classified, and organized to ensure transparency in reporting.
 - Financial information is prepared in accordance with stakeholder timelines, supporting informed decision-making.
- **Safeguarding of Assets:**
 - The Company ensures ownership and protection of its assets through processes designed to prevent loss or misuse.
- **Accuracy and Completeness of Accounting Records:**
 - Transactions are thoroughly recorded, ensuring complete documentation.
 - Asset, liability, revenue, and expense records are accurately maintained and appropriately classified to facilitate reliable financial statements.

Our Company's internal control systems are tailored to our operations' nature, size, scale, and complexity. Standard Operating Procedures (SOPs) and Risk Control Matrices are meticulously designed and regularly updated to ensure their effectiveness.

Throughout the year, no significant issues were reported concerning the efficiency or adequacy of these controls, demonstrating our commitment to robust internal mechanisms that mitigate risks and uphold operational integrity.

Periodic internal audits validate the effectiveness of controls and compliance with guidelines and statutory requirements. The Audit Committee reviews the audit scope annually to ensure comprehensive coverage. Internal Audit Reports are scrutinized by the Audit Committee and Board of Directors, with significant observations promptly addressed and corrective actions taken.

We continuously enhance our internal financial controls through regular assessments, feedback mechanisms, and training initiatives. This ongoing vigilance ensures that our controls adapt to emerging risks and changing business conditions.

Internal financial controls are foundational to our governance framework, promoting transparency, accountability, and sound financial management. By maintaining robust controls and fostering a culture of compliance, we safeguard our assets, mitigate risks, and create sustainable value for our stakeholders.

11.2 Internal Control Systems

In response to the introduction of the Risk-Based Internal Audit (RBIA) system and in compliance with RBI guidelines (RBI/2021-22/53 DoS.CO. PPG.SEC/ 03/11.01.005/2021-22), the Company

has adopted a Risk-Based Internal Audit Policy. This policy aims to provide the Board and Senior Management with reasonable assurance regarding the effectiveness of the Company's risk management and control framework.

The Internal Audit Department, led by Mr. Prabh Dayal, is tasked with evaluating and enhancing the organization's governance, risk management, and control processes through a structured and disciplined approach. The audit process covers all functional areas, including branch and Head Office operations, and serves as a critical tool for internal control. It will assess the adequacy and implementation of systems and procedures related to risk identification, measurement, and mitigation.

The Company has implemented comprehensive internal controls, systems, and procedures across all business segments and support functions. These measures are designed to protect assets from unauthorized use or disposal and ensure accurate and reliable transaction authorization, recording, and reporting. Independent internal audits are conducted based on the scope and schedule approved by the Audit Committee.

The internal audit team plays a vital role in evaluating control measures, recommending improvements to adapt to evolving business needs, and enhancing the control environment. Regular process reviews and risk assessments are performed to gauge the effectiveness and efficiency of controls.

With ongoing training and knowledge updates, the audit team effectively identifies and mitigates risks, ensuring that controls continue to support the Company's strategic objectives. As a key component of the third line of defense, the team detects risks, red flags, and early warning signals, facilitating timely adjustments through agile audit plans.

The internal audit department, staffed with experienced professionals, reports directly to the Audit Committee. The Committee rigorously reviews audit findings and assesses the adequacy and effectiveness of internal controls, ensuring a robust governance framework.

12. LISTING STATUS OF THE COMPANY

The Company's equity shares were listed on the Metropolitan Stock Exchange of India (MSEI) on May 16, 2018, and commenced trading on the MSEI from May 21, 2018, following circular no. MSE/LIST/6322/2018. As a listed entity, the Company ensures compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, along with any relevant statutory updates. Furthermore, the MSEI has given the in-principle approved to the Equity Warrants convertible into equity shares.

13. DEPOSITS

Contingent upon receiving a BBB- (Stable) credit rating from CRISIL and as per the RBI Master Directions Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank)

Directions, 2016, and the Miscellaneous Non-Banking Companies (Advertisement) Rules of 1977, the Company initiated the acceptance of fixed deposits from Employees, Directors, and Shareholders effective September 30, 2023, subsequent to approval from the Board of Directors. Additionally, the Company submitted the requisite documentation to the Reserve Bank of India on November 14, 2023, to facilitate the acceptance of deposits from the general public also.

During the Financial Year ending March 31, 2024, the Company raised funds through fixed deposits amounting to Rs. 75.25 lakhs. Furthermore, there were no instances of deposit renewal or repayment by the company during the review period.

In compliance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016, the Company has established a floating charge on statutory liquid assets, which include investments in government securities (face value) valued at Rs. 18.32 lakhs. This charge is in favor of trustees, acting on behalf of the public deposit holders of the Company.

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 web link <https://www.phfleasing.com/>

15. LOANS, GUARANTEES OR INVESTMENTS

The loans disbursed, guarantees extended, and securities furnished by an NBFC registered with the Reserve Bank of India within the scope of its regular business operations fall outside the purview of Section 186 of the Act. Therefore, specifics regarding such transactions are not disclosed in this Report.

16. CORPORATE SOCIAL RESPONSIBILITY

No disclosure is mandated under this clause as the Company does not fall under the purview of Section 135 of the Act.

17. AUDITS & INSPECTION OF ACCOUNTS

17.1 Statutory Auditors

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, the Company in its 29th Annual General Meeting (AGM) held on September 23, 2021 had appointed M/s GSA & Associates LLP, Chartered Accountants, having FRN.: 000257N/N500339, as Statutory Auditors of the Company to hold

office for a term of three years until the conclusion of the 32nd Annual General Meeting to be held in the calendar year 2024. Thus, the tenure of M/s GSA & Associates, LLP, Statutory Auditors will complete with the conclusion of 32nd Annual General Meeting .

17.2 Auditors' Report

M/s GSA & Associates, LLP, Chartered Accountants, who serve as the Statutory Auditors of the Company, have conducted an audit of the Company's financial statements for the fiscal year ending on March 31, 2024. In accordance with section 143(3) of the Act, the Statutory Auditors have also provided a report on the adequacy and effectiveness of the internal financial controls system over financial reporting, which is enclosed as an 'Annexure to Independent Auditors' Report'. It is noteworthy that the Statutory Auditors have not issued any qualifications in their report.

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

Upholding stringent checks and balances, our Company conducts regular and thorough internal audits under the supervision of the independent Internal Audit Department. Spearheaded by the Mr. Prabh Dayal, the department scrutinizes internal controls, operational systems, and procedures, pinpointing opportunities for refinement. Proactively, the Audit function suggests enhancements to operational processes and service quality, effectively mitigating a spectrum of risks. Ensuring adherence to the Companies Act, 2013, the Audit Committee periodically reviews significant audit discoveries and oversees compliance measures.

17.5 Secretarial Auditors and Secretarial Audit Report and Secretarial Compliance Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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, the company had appointed M/s. Harsh Goyal & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit and Secretarial Compliance Audit of the Company for the financial year ended on March 31, 2024.

The Secretarial Audit Report in Form MR-3 for the financial year under review, as received from M/s. Harsh Goyal & Associates, Company Secretaries, is attached as Annexure III to the Board's Report. The Secretarial Audit Report is self-explanatory. Pursuant to Regulation 24A of the SEBI Listing Regulations, the Secretarial Compliance Report obtained from M/s. Harsh Goyal & Associates,

Practicing Company Secretaries for the financial year under review was placed before the Audit Committee and the Board.

The Secretarial Audit Report and the Secretarial Compliance Report do not contain any qualifications, reservations or adverse remarks.

17.6 Response of the Board to the observations of Secretarial Auditors in their Secretarial Audit Report and Secretarial Compliance Report

The Secretarial Audit Report and Secretarial Compliance Report for the FY 2023-24 does not contain any other observations, qualification or adverse remarks.

17.7 Reporting of Frauds by Auditors

Throughout the review period, neither the Statutory Auditors, Internal Auditors, nor the Secretarial Auditors have reported any instances of fraud perpetrated by the Company's Officers or Employees to the Audit Committee, as mandated by section 143(12) of the Act. Therefore, no details regarding such occurrences need to be included in this Report.

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

2. At PHF, our commitment to responsible business practices and transparent governance is evident through our unwavering focus on governance and ethics. Our internal governance framework, led by a diverse Board of Directors with expertise from various fields, provides essential guidance to enhance stakeholder value.

Our CEO & Whole-time Director oversees daily operations with the support of our senior management team, ensuring effective supervision and control. The Board of Directors conducts regular assessments of policies, goals, and performance to maintain accountability and drive improvement.

Our Company's operations are further supported by several Board-established committees. These committees, in line with legal requirements, are dedicated to enhancing shareholder value, supporting management decisions, and maintaining high standards of transparency and corporate governance.

PHF also mandates annual declarations from directors to confirm adherence to the Code of Conduct for the Board of Directors and Senior Management Personnel, reinforcing our commitment to ethical standards and responsible behavior.

We have implemented a comprehensive Business Responsibility Policy that highlights transparency, ethical conduct, and accountability. This policy ensures compliance with relevant laws and regulations and fosters a culture of integrity and professionalism.

Our zero-tolerance approach to bribery and corruption is enforced through rigorous policies and procedures. The Business Responsibility Policy and Code of Conduct expressly forbid any form of abusive, corrupt, or anti-competitive practices, maintaining a commitment to ethical behavior.

A robust grievance redressal mechanism is in place to address concerns from stakeholders including communities, investors, shareholders, employees, and customers, ensuring prompt and effective resolution of issues.

PHF's commitment to governance and ethics drives us to operate responsibly and align with sustainability principles to generate long-term value. Our practices are grounded in transparency, accountability, and ethical behavior.

For more detailed information on PHF's Corporate Governance practices, please consult the Corporate Governance Report. In accordance with Part C of Schedule V of SEBI Listing Regulations, we have included a Corporate Governance report and a compliance certificate from M/s Harsh Goyal & Associate, Company Secretaries, as Annexure II in this annual report.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties are integral to ensuring transparency and accountability within our organization. During the reporting period, all such transactions were conducted in the ordinary course of business and on an arm's length basis. As a result, no disclosure in Form AOC-2 is required.

The Board-approved policy governing the materiality of related party transactions and their handling is readily accessible on our Company's website at the web link: <https://www.phfleasing.com/>

It is noteworthy that there have been no materially significant related party transactions involving Promoters, Directors, Key Managerial Personnel, or other designated individuals that might pose a conflict of interest with the broader interests of the

Company. Additionally, none of our Directors maintains any pecuniary relationships or transactions with the Company beyond those disclosed in the notes to the accounts.

Through these measures, we uphold our commitment to transparency, integrity, and ethical business practices in all our dealings with related parties.

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 the 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 equipment's. 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 incost. The Company is following the basic line of digitalization to blur the line between physical and digital process through the Integration of technology to certain a contactless and seamless ecosystem.

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 OF DIRECTORS

The Board of Directors of PHF is at the nucleus of our corporate governance structure, steering the Company towards sustainable growth and value creation. Comprising individuals with diverse expertise and unwavering commitment, our Board remains dedicated to upholding the highest standards of integrity, transparency, and accountability.

Throughout the year under review, the Board has played a pivotal role in overseeing the Company's operations, ensuring that management actions align with the best interests of our stakeholders. Regular meetings and deliberations have provided a platform for strategic decision-making, policy formulation, and performance evaluation.

Our Board remains deeply engaged in fulfilling its fiduciary duties, exercising prudent oversight over risk management, financial reporting, and compliance matters. The establishment of specialized

committees, such as the Audit Committee, Risk Management Committee, and Nomination and Remuneration Committee, further strengthens the governance framework, ensuring focused attention on key areas of responsibility.

We take pride in the independence and diversity of our Board, with a sufficient number of independent directors contributing invaluable insights and perspectives. Their diligent oversight, coupled with transparent disclosures, safeguards against potential conflicts of interest and reinforces stakeholder trust.

Looking ahead, the Board remains committed to driving the Company's strategic vision, fostering innovation, and enhancing long-term shareholder value. As stewards of corporate governance, we are steadfast in our dedication to upholding the principles of transparency, accountability, and ethical conduct, ensuring the continued success and sustainability of the company.

COMPOSITION

The composition of the Board of Directors at PHF embodies a harmonious blend of expertise, experience, and diversity, ensuring robust governance and strategic oversight. Our Board comprises eminent individuals, each bringing a unique perspective and skill set to the table, collectively guiding the Company towards its objectives with diligence and integrity.

Diversity is a cornerstone of our Board's composition, reflecting a spectrum of backgrounds, talents, and industry insights. This diversity fosters innovation, enhances decision-making, and strengthens our ability to adapt to evolving market dynamics.

Furthermore, the Board's composition is meticulously structured to align with regulatory requirements and best corporate governance practices. Through a balanced mix of executive, non-executive, and independent directors, we ensure a comprehensive approach to oversight, accountability, and risk management.

The expertise of our directors spans a wide array of disciplines, including finance, technology, legal, operations, and beyond. This collective wealth of knowledge enables the Board to provide informed guidance on critical matters such as strategic planning, risk assessment, and stakeholder engagement.

At PHF, we recognize the pivotal role that effective board composition plays in driving sustainable growth and shareholder value. As such, we remain committed to maintaining a dynamic and inclusive Board, characterized by transparency, integrity, and a relentless pursuit of excellence.

Woman Director

In compliance with the provisions of the Companies Act, 2013 (the "Act"), the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors with a Woman Director on the Board. Your Company has Ms. Aditi Kapur, as Woman Director on the Board.

The Board of Directors as on March 31, 2024 are given herein below:

DIN	Name of Directors	Designation	Brief Profile
*00307650	Mr. Yaduvendra Mathur	Chairman and Independent Director	He was an Indian Administrative Services Officer of 1986 batch. He also worked with Associated Cement Companies in Mumbai between 1982 – 1984 before joining the Indian Revenue Services (Income Tax) in 1984 and then the Indian Administrative Service (IAS) in 1986 topping his batch. Before his retirement as Secretary, NITI Aayog, he was the Managing Director and Chairman of Exim Bank from February 2014 – February 2017. In NITI Aayog, he headed numerous policy verticals including infrastructure management and the Knowledge and Innovation Group. He was also on the Board of Dedicated Freight Corridor Corporation. After retirement from rank of Secretary to Government of India, he was appointed as Regional Co-Ordinator in International Solar Alliance. He also had long stints in various positions in the Finance Department including Principal Secretary Finance, Government of Rajasthan. He has also worked with the African Development Bank during his posting under the Department of Economic Affairs (2001-2003). He also contributed in setting up of three greenfield power plants in the state as Energy Secretary of Rajasthan. He was also Planning Secretary, Public Health Engineering Department (PHED) Secretary and Director General Revenue Intelligence in Government of Rajasthan. He remained Managing Director of a Textile Mill at Bhilwara and as a Chairman of Indira Gandhi Canal Board. He was Collector & District Magistrate of Bhilwara and Bharatpur and also served for over three years as Senior Deputy Director at the Lal Bahadur Shastri National Academy of Administration, Mussoorie. He also remained Chairman and Managing Director of Rajasthan Financial Corporation
07978240	Mr. Vijay Kumar Sareen	Whole time Director	Mr. V.K. Sareen corporate strategist and advisor brings a wealth of academic and administrative experience to his role as Executive Director. With a distinguished career as the Ex-Vice-Principal and Head of the PG Department of Commerce, he has been instrumental in shaping the academic landscape for various professionals. He has been actively involved in various academic initiatives, including conducting seminars, workshops, and delivering guest lectures on diverse topics . He has co-authored books on business regulatory framework, corporate legal environment, business laws, indirect taxes, MSME, Banking services management and contributing to the discourse on Capital markets, Voluntary Corporate disclosures and corporate governance .

			His strategic oversight extends across all aspects of financial operations, compliance, NPA management, and HR enhancing organizational efficiency and performance. His strategic vision and leadership capabilities are driving the company towards continued growth and success.
00052716	Mr. Vijay Kumar Bhandari	Nominee Director	Mr. 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.
00670384	Mr. Ashwani Kumar Jindal	Independent Director	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 knowledge and 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. Also remained Co-opted member of the Board of Studies of ICAI for the years 2016-2019. He remained as Chairman of the Jalandhar Branch of NIRC of ICAI for three years in 2006, 2009, and 2013-14. He is Founder member and General Secretary of Chartered Accountants Association. He is also General Secretary of Income Tax & GST Bar Jalandhar
06597596	Ms. Aditi Kapur	Woman Independent Director	Ms. Aditi Kapur Arora is a qualified Company Secretary and a Law Graduate. She is also a Six Sigma Black Belt certified. She is also a Senior Associate in Kapur Law Firm, a leading civil law firm of Kapurthala established since 1925 and a Senior Associate in M/s Arora and Associates, a leading multi-disciplinary law firm based at Jalandhar. Her expertise includes corporate laws, management consultancy and BPR solutions. She has been handling independently legal matters of the reputed organizations in the region including Consumer Litigation, Arbitration Matters, Revenue Matters etc.
09179500	Mr. Meghal Gupta	Non-Executive Director	Mr. Meghal Gupta is an Engineer by profession. He has a wide experience in NBFC and finance sector and is associated with the Company from January, 2020 and rendering his services to the Company. He is also the promoter of Hamco Ispat Private Limited, a leading manufacturer and exporter of wide range of industrial tools. He has worked as an Engineer with Happy Forgings Private Limited, GNA Axles Limited and NK Industries Limited. He has played three Nationals. He is a state player of roller skating and judo. He has executed various projects at College Level, namely solar vehicle, hybrid vehicle and power generation through footsteps.
01519390	Mr. Chandan Chugh	Non-Executive Director	Mr. Chandan Chugh is a promoter and Non-Executive Director of the Company since September 20, 2000. He is graduate in Hotel Management. 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 day-to-day management of the

			Company and is involved in business administration and policy decisions of the Company. He is also involved actively in the social works and Educational activities undertaken by Seth Ram Chand Memorial Welfare Society (Regd.).
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*Mr. Yaduvendra Mathur ceased to be a Director of the Company w.e.f. May 4, 2024 due to sudden demise.

21.2 Appointment/ Re-appointment/ Cessation of Directors

During the year 2023-24, following changes took place in the composition of Board of Directors of your Company:

i. Appointment and Cessation of Directors

During the financial year 2023-24, the following Directors were appointed.

- The Board approved the appointment of Mr. Kumar Shalya Gupta as an Additional Director (DIN: 07553217) on the Company's Board, with effect from April 18, 2023, until the conclusion of the upcoming Annual General Meeting upon the Nomination and Remuneration Committee's recommendation.

-Mr. Kumar Shalya Gupta (DIN: 07553217) was appointed as the Managing Director of the Company upon the recommendation of the Nomination and Remuneration Committee, and subject to approval at the general meeting along with any necessary consents or permissions with effect from April 18, 2023 for a consecutive term of 5 years, in accordance with the terms, conditions, and remuneration recommended by the Nomination and Remuneration Committee. - Mr. Kumar Shalya Gupta (DIN : 07553217) tendered his resignation from the office of Director of the Company with effect from 28th August 2023.

ii. Re-appointment of Director

During the F.Y. 2023-24, Mr. Meghal Gupta (09179500) was re-appointed as Director in the Annual General Meeting held on July 14, 2023, who was liable to retire by rotation.

V. Retire by Rotation

Pursuant to Section 152 of the Act read with the Articles of Association of the Company, Mr. Chandan Chugh (DIN: _01519390) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment as the Director of the Company.

Key Managerial Personnel

The Board approved the appointment of Mr. Kumar Shalya Gupta as a Chief Executive Officer of the Company, effective from April 18, 2023 upon the recommendation of the Nomination and Remuneration

Committee.

21.3 BOARD MEETINGS AND PROCEDURES

The Notes on Agenda setting out the business to be transacted at the Board Meetings, were sent to each Director pursuant to the applicable provisions of the Companies Act, 2013, Secretarial Standards issued by ICSI and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 before the date of the Board Meeting.

During the financial year 2023-24, 10 (Ten) meetings of the Board of Directors were held i.e. on April 18, 2023, May 13, 2023, June 27, 2023, August 11, 2023, August 28, 2023, September 19, 2023, September 30, 2023, November 14, 2023, February 13, 2024, and February, 20, 2024. 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 minute's book within 30 days from the date of meeting.

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS

The names and categories of Directors, their attendance at Board Meetings held during the financial year under review and at the last Annual General Meeting (AGM), and names of listed entities where person is a director are as follows:

Name of Directors	Category	No of Board Meetings held	No of Board Meetings Attended	Whether Attended Last AGM	No. of Directorships held (excluding Private Companies, Foreign Companies and Section 25 Companies)	Memberships in Committees of other public companies	Chairmanships in Committees of other public companies	Directorship in other listed Entity including category of directorship
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** Mr. Yaduvendra Mathur	Chairman and Independent Director	10	10	Yes	4	NIL	NIL	Sangam (India) Limited- Director
Mr. Vjay Kumar Sareen	Whole time Director	10	09	Yes	NIL	NIL	NIL	-
Mr. Vijay Kumar Bhandari	Nominee Director	10	10	No	4	3	3	i. AGI Greenpac Limited- Independent Director ii. Jayant Agro Organics Limited_ Independent Director iii. Supershakti Metaliks Limited- Independent Director iv. Midland Microfin Ltd (debt listed entity) – (Non Executive Director V. Ishedu Agro-Chem Pvt Ltd. (Subsidiary of Jayant Agri-organics Ltd a Listed Copy) (Independent Director)
Mr. Ashwani Kumar Jindal	Independent Director	10	09	Yes	1	NIL	NIL	i. Midland Microfin Limited Independent Director

# Mr. Kumar Shalya Gupta	Managing Director	03	03	Yes	NIL	NIL	NIL	-
Ms. Aditi Kapur	Independent Director	10	09	Yes	NIL	NIL	NIL	-
Mr. Meghal Gupta	Non-Executive Director	10	08	Yes	NIL	NIL	NIL	-
Mr. Chandan Chugh	Non-Executive Director	10	06	Yes	NIL	NIL	NIL	-

#Mr. Kumar Shalya Gupta was appointed as a Managing Director and Chief Executive Officer w.e.f. April 18, 2023 and resigned from the post of Managing Director w.e.f. 28.08.2023.

*** Mr. Yaduvendra Mathur (Chairman and Independent Director), ceased to be Director of the Company due to his sudden demise on May 04, 2024*

Notes:

- Basis the disclosures received from the Directors, 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.
- The Memberships and Chairmanships of Directors in Committees do not include their Memberships and Chairmanships in the Company.
- Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.
- As per declarations received, none of the directors serves as an independent director in more than seven (7) listed companies. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

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, 2024.

DIN/PAN	Name	Designation
07978240	Mr. Vijay Kumar Sareen	Whole-time Director
07553217	Mr. Kumar Shalya Gupta	Chief Executive Officer (CEO)
ADGPB1123N	Mr. Kuldeep Bhandari	Chief Financial Officer (CFO)
ADXPN6046R	Ms. Shikha Kapoor	Company Secretary and Compliance Officer

Mr Kumar Shalya Gupta was appointed as Managing Director and Chief Executive Officer (CEO) of the Company w.e.f. April 18, 2023 and resigned from the post of Managing Director w.e.f. 28.08.2023.

MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 28th March, 2024 without the presence of Non-Independent Directors and members of management. All the Independent Directors attended the meeting and:

- (i) reviewed the performance of Non-Independent Directors and the Board as a whole;
- (ii) reviewed the performance of the Chairman of the company, taking into account the views of Executive Directors and Non-Executive Directors;
- (iii) assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Confirmation/ Statement/ Declaration by Independent Director

Pursuant to the provisions of Section 149(6) of the Companies Act, 2013, the independent directors have submitted declarations that each of them meets the eligibility 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. 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 Companies Act, 2013

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 the 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.

22. FAMILIARISATION 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 2023-2024, the Company had conducted 1 programme / meeting and the time spent by Independent Directors was in the range of 1-2 hours. The cumulative programmes / meetings conducted till date were 6 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://www.phfleasing.com/uploads/familiarisation-programme.pdf>

23. CODE FOR PREVENTION OF INSIDER- TRADING PRACTICES

As per the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company Secretary is the Compliance Officer and is responsible for setting forth policies, procedures, monitoring adherence to the rules for the preservation of price-sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities under the overall supervision of the Board. The Company has in place Board approved Code of Conduct to regulate, monitor and report trading by Designated Persons as well as a Code of Fair Disclosure in accordance with aforesaid Regulations. All the Directors on the Board and Management Team and other employees who could be privy to unpublished price-sensitive information of the Company are governed by this Code.

24. STATUTORY COMMITTEES

The Company has Statutory Committees, which have been constituted and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes.

The Company currently has below-stated statutory committees:

- i) Audit Committee
- ii) Nomination and Remuneration Committee
- iii) Stakeholders' Relationship Committee

iv) Risk Management Committee

v) Asset Liability Management Committee

❖ **AUDIT COMMITTEE**

The Audit Committee reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee inter alia reviews the audit plans, interim and annual financial results, management discussion and analysis of financial condition and results of operations, related party transactions, observations of the management and internal / external auditors on internal control and follow-up reports of the management.

The Audit Committee met four times viz May 13, 2023, August 11, 2023, November 14, 2023 and February 12, 2024 during the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows:

Name of Member	Designation	No. of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	04	04
Mr. Yaduvendra Mathur	Member (Independent Director)	04	04
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	04	04
Ms. Aditi Kapur	Member (Independent Director)	04	04

□ **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:

- Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors, including cost auditors (if any), for any other services rendered by them;
- Review with the management, the annual financial statements and auditor's report thereon

before submission to the Board for its approval,

- Review with the management, the quarterly financial statements before submission to the Board for approval;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions with related parties of the Company;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review the functioning of the Whistle Blower mechanism / oversee the vigil mechanism;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control;
- systems of a material nature and reporting the matter to the Board;
- Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- monitoring the end use of funds raised through public offers and related matters;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

❖ **NOMINATION AND REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee formulated criteria for evaluation of the Board and Executive and Non-Executive Directors for the purpose of review of their performance at a separate meeting of the Independent Directors. Further, the Committee has recommended a policy relating to the remuneration of the directors, key managerial personnel, senior management and other employees, which, inter alia, includes the principles for identification of persons who are qualified to become directors.

The Nomination and Remuneration Committee met five times viz. April 13, 2023, September 19, 2023, September 29, 2023, February 12, 2024 and March 29, 2024 during the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	05	05
Mr. Yaduvendra Mathur	Member (Independent Director)	05	04
Ms. Aditi Kapur	Member (Independent Director)	05	04
Mr. Vijay Kumar Bhandari	Member (Nominee Director)	05	05

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.

(1A) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommends to the Board for appointment as an Independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the committee may:

- a. use the services of external agencies, if required
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
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 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.
 5. To devise a policy on Board diversity.
 6. Recommend to the board, all remuneration, in whatever form, payable to senior management
 7. Formulation of Succession policy for Managing Director and CFO, Key Managerial Personnel and Senior Management Personnel.

❖ STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee

- i) approves and monitors transfers, transmission, splits and consolidation of securities of the Company,
- ii) reviews and resolves the grievances of security holders / depositors / debenture holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, non-receipt of interest on deposits/debentures, issue of new/duplicate certificates, general meetings etc., and
- iii) reviews the compliances with various statutory and regulatory requirements.

The Stakeholders Relationship Committee met 2 (Two) times viz. October 28, 2023 and March 28, 2024 during the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows

The Stakeholders Relationship Committee comprises as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	02	02
Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)	02	02
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	02	02
Mr. Meghal Gupta	Member (Non-Executive Director)	02	02
Mr. Chandan Chugh	Member (Director)	02	01

Terms of Reference

The terms of reference of the Stakeholders Relationship Committee as approved by the Board of Directors includes the following:

- Oversee and review all matters connected with transfer of Company's securities;
- Oversee the performance of the Company's Registrars and Transfer Agents;
- Consider, resolve and monitor various aspects of interest of shareholders, debenture holders and other security holders including the redressal of investors' / shareholders' / security holders' grievances related to transfer / transmission of securities, non-receipt of annual reports, non-receipt of declared dividend, issue new / duplicate certificates, general meetings and so on.
- Review measures taken for effective exercise of voting rights by shareholders;
- Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and recommend methods to upgrade the service standards adopted by the Company;
- To look into matters that can facilitate better security-holder's services and relations;

- Review of various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

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. No investor complaint was received during the year under review.

THE COMPLAINT STATUS DURING PREVIOUS YEAR IS 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:

- To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information technology including business continuity plan, cyber security risks, market risk or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee the implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically/annually review the risk management policy, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The Risk Management Committee shall coordinate its activities with other Committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the board of directors.
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

During the year under review, the Committee met 4 (Four) times on April 19, 2023, July 17, 2023, October 28, 2023 and March 30, 2024. 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. Vijay Kumar Bhandari	Chairman (Nominee Director)	04	04
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	04	04
Mr. Ashwani Kumar Jindal	Member (Independent Director)	04	04
Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)	04	04

❖ ASSET LIABILITY MANAGEMENT COMMITTEE

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

The Asset Liability Management Committee met four times in the year under review on April 19, 2023, July 17, 2023, October 28, 2023 and March 28, 2024. During the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows:

Name of Member	Designation	No of Meetings held	No of Meetings attended
Mr. Vijay Kumar Sareen	Chairman (Whole time Director)	04	04
Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)	04	04
Mr. Kuldip Bhandari	Member (Chief Financial Officer)	04	04
Ms. Priya Goyal	Member, Senior Manager (Finance)	04	03
Mr. Parminder Singh	Member (Zonal Head Sales)	04	03

25. 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 as recommended by the Nomination and remuneration Committee, inter alia, for the appointment and fixation of remuneration of the directors, key managerial personnel and other senior 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 i.e. <https://www.phfleasing.com/>

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

- 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;
 - To promote the achievement of strategic objectives within the company’s risk appetite;
 - To promote / support positive outcomes across the economic and social context in which the company operates; and
- To promote an ethical culture and responsible corporate citizenship

26. 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). The Board of Directors was assisted by the Nomination and Remuneration Committee. Feedback was sought from Directors on various parameters, including feedback of the Independent Directors on their review of the performance of Non-Independent Directors and the Board as a whole and on the performance of the Chairman of the Company and seeking inputs from members of the Committees, as the case may be, inter-alia, degree of fulfilment 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;

27. 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, actual or suspected fraud or violation of the Company's Code of Conduct, if any. The Whistle Blower Policy has been placed on the website of the Company and the same can be accessed at <https://www.phfleasing.com/wp-content/uploads/2022/12/Whistle-Blower-Policy.pdf>

The Company reviewed Whistle Blower Policy and established the necessary vigil mechanism for Directors and Employees to report concerns about unethical behavior. The mechanism provides for adequate safeguards against victimisation. Further, no person has been denied access to the Audit Committee. Adequate safeguards are provided against victimisation of those who avail the mechanism, besides allowing direct access to the Chairperson of the Audit Committee.

Name and Address of the Whistle and Ethics Officer:

Mr. Kuldeep Bhandari, CFO

Email: phf_leasinglimited@yahoo.co.in

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.

28. DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

Risk Management is at the core of our business and ensuring we have the right risk-return trade-off in line with our risk appetite is the essence of our Risk Management practices while looking to optimize the returns that go with that risk.

Your Company is exposed to risks that are particular to its environment within which it operates. The Company has identified and implemented comprehensive policies and procedures to assess,

monitor and manage risk throughout your Company. An extensive Risk Management Policy is put in place in the organization briefing the risks and ways to mitigation and elimination of the same including:

- a. A framework for identification of internal and external risks faced by the entity including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee;
- b. Measures for Risk Mitigation including systems and processes for internal control of identified risks;
- c. Business Continuity Plan;

29. HUMAN RESOURCE DEVELOPMENT

29.1 Human Resources

The Company has given a detailed note under Management Discussion and Analysis Report.

The Company had 495 permanent employees on its rolls as on March 31, 2024

29.2 Particulars of Employees and Related Disclosures

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Act, read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

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, is appended as **Annexure-A** and forms part of this report.

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

Your Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The said policy is uploaded on the website of the company. The link for the policy is: <https://www.phfleasing.com/uploads/policies/posh-policy.pdf>. The Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment on quarterly basis. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year 2023-24, information pertaining to Sexual Harassment was received by the Committee is under:-

- a. Number of complaints filed during the financial year: Nil

b. Number of complaints disposed of during the financial year: Nil

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

We confirm that the Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the financial year 2023-24, no complaint pertaining to Sexual Harassment was received by the Committee.

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

Pursuant to Section 67(3) of the Act read with Rule 16(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.

31. 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.

32. 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 Company has not engaged in any one-time settlement agreements with banks or financial institutions during the reporting period. As a result, there is no requirement for the Company to provide disclosure regarding such settlements.

33. STATUTORY DISCLOSURES

33.1 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 occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

33.2 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.

33.3 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.

33.4 Change in the nature of business

There was no change in the nature of business of the Company in the financial year ended on March 31, 2024. The Company is determined to work efficiently for its growth.

33.5 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, 2024.

33.6 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"). Accordingly, the Company has duly transferred the unpaid or unclaimed dividend to the Investor Education and Protection Fund ("IEPF") that was declared upto the Financial Year 2014-2015 and as on date, no unpaid or unclaimed dividend is outstanding to be transferred to 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, there are no amounts due and outstanding to be credited to the Investor Education and Protection Fund established under Section 125 of the Companies Act, 2013, which remains unpaid/unclaimed for a period of 7 years from the date of transfer to the unpaid dividend account.

33.7 Other Disclosures

a) 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. Further, the Company has not adopted any non-mandatory requirements.

b) 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 <https://www.phfleasing.com/policy-for-determining-material-subsidiaries/>

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

The Policy on dealing with related party transactions can be accessed at <https://www.phfleasing.com/>

34. 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:

Ms. Shikha Kapoor, Company Secretary

PHF LEASING LIMITED

Regd. & Corp. Office: 87, Radio Colony, Jalandhar-144001, Punjab,
INDIA,

Ph: +91 91151-00401;

Email: shikha@phfleasing.com

35. 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.

36. DISCLOSURES PURSUANT TO RBI MASTER DIRECTIONS

Your Company has complied with all the applicable provisions and has made adequate disclosures pursuant to Master Directions for Non -Banking Financial Company – Non-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended and Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as applicable.

37. VOLUNTARY REVISION

The Company has duly complied with all the provisions of Sections 129 and 134 of the Act, therefore, no voluntary revision of financial statements and Director’s Board Report was done by the Company during the Financial Year.

38. CUSTOMER RELATIONS

38.1 Customer Service

We strive to create a culture of ‘Customer Obsession’ — by always listening to customers and driving continuous transformation to provide a frictionless experience across the lifecycle, from pre-disbursal to closure of a loan. We always aim to reduce the time to disburse loans with minimal documentation. And we have enhanced and introduced varied communication and service channels to keep our customers informed and instantly address their queries and requests.

38.2 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 2023-24.

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://www.phfleasing.com/fair-practices-code-policy/>

38.3 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 and 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 the head office of the Company located in Jalandhar. 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.

38.4 Resolution of Grievances

The Grievance Redressal Officer (GRO) appointed by the Company ensures closure of all the complaints to the customer's satisfaction. It is ensured that the complaint is escalated to the appropriate levels on a timely basis. Whilst the ultimate endeavour is to ensure to reach a situation where our customers don't have to complain to senior management to get an effective redressal, a robust mechanism is being put in place to handle these complaints, review them from a point of view of understanding reasons for the complaint and for the escalation and working on prevention of recurrence thereof.

38.5 Staff and Customer Education on Code of Conduct and Grievance Redressal Mechanism

As the maximum customer base of the Company is in rural areas, the Company has in place the mechanism that directly links customers to the Company, in consideration to the educational, social and economic background of the customers. To the fact, such customers are usually prone to get tricked being misinformed and mis-communicated.

Our Company has a Board approved Customer Grievance Redressal Mechanism for expeditious redressal of customer grievances to resolve the queries of the customers efficiently and effectively.

Fair Practice Code and Policy on Code of Conduct has been displayed in vernacular language at all the branch premises.

39. 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. The same has been enclosed in the Annual Report.

40. 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

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 link <http://www.phfleasing.com/coc.html>.

41. 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, 2024, your Company has a provision of INR 105.95 Lacs as per the norms prescribed by RBI.

42. 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, 2024, 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, 2024;
- 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, 2024 have 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.

43. ACKNOWLEDGEMENT

The Directors express their sincere gratitude to RBI, Securities and Exchange Board of India, Metropolitan Stock Exchange of India (MSEI), Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions, and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels, for exhibiting outstanding performance during such challenging times.

**For & On Behalf of the Board of Directors
M/s PHF LEASING LIMITED**

**Place: Jalandhar
Date: 16th May 2024**

**Sd/-
Meghal Gupta
Non-Executive Director
DIN:09179500
Add: H.No 76, Green Park,
Jalandhar- 144001, Punjab**

**Sd/-
Vijay Kumar Sareen
Whole Time Director
DIN:07978240
Add: 20, 21, near DAV College,
Surya Vihar, Jalandhar-144008,
Punjab, India**

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, 2024

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 2023- 2024, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2023- 2024 are as under:

S. No.	Name Director/ KMP	Designation	Remuneration on Director/KMP for the Financial Year 2023-24 (in Rs.)	Remuneration of Director/KM Pfor the Financial Year 2022-23 (in Rs.)	% increase in Remuneration in the Financial Year 2023-24	% increase in Remuneration in the Financial Year 2022-23	Ratio of Remuneration of each Director to median remuneration	Directors Sitting Fees/ Professional Fees for the Financial Year 2023-24
1.	Yaduvendra Mathur	Chairman and Independent Director	-	-	-	-	-	2,42,000
2.	Vijay Kumar Sareen	Whole Time Director	12,96,000	9,60,000	35%	-	7.43	-
3.	Vijay Kumar Bhandari	Nominee Director	-	-	-	-	-	68,000

4.	Ashwani Kumar Jindal	Independent Director	-	-	-	-	-	72,000
5.	Aditi Kapur	Independent Director	-	-	-	-	-	63,000
6.	Meghal Gupta	Non-Executive Director	-	-	-	-	-	12,00,000
7.	Chandan Chugh	Non-Executive Director	-	-	-	-	-	-
8.	Kumar Shalya Gupta	Chief Executive Officer	40,68,000		N.A.		-	
9.	Kuldip Bhandari	Chief Financial Officer	9,73,700	6,80,790	43%		-	-
10.	Shikha Kapoor	Company Secretary	5,01,210	4,28,650	17%	-	-	-

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. 1,74,480 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

The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary is provided in the above table.

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

In the Financial Year, there was an increase of 0.80 % in the median remuneration of employees.

IV. The number of permanent employees on the rolls of Company:

There were 495 permanent employees on the rolls of the Company as on 31st March, 2024.

- 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. 2023-24	F.Y. 2022-23
Increase in Salary of employees other than managerial personnel	11.96%	11.7%
Increase in Managerial Remuneration	230.47%	52.75%

- 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.

SECRETARIAL AUDIT REPORT

To,
The Members,
PHF Leasing Limited
Jalandhar

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PHF Leasing Limited (hereinafter referred to as "Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing my 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2024 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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable: -

- (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (vi) The following regulations and guidelines of SEBI are not applicable to the Company during the period under review i.e. financial year ending 31.03.2024
- (a) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

We have also examined the compliance of the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof on test check basis, the company has complied with the following laws applicable specifically to the company:

- (a) Reserve Bank of India Act, 1934 and directions, regulations and circulars issued therein relating to Non-Banking Finance Companies – Investment and Credit Company.

(b) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 including Scale Based Regulations.

We further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director 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.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 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.
- (c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

We 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.

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.:2802

Place: Ludhiana

Date: 16.05.2024

UDIN: F003314F000379173

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

‘ANNEXURE A’

To
The Members,
PHF leasing Limited
Jalandhar

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. 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 Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.
FCS 3314
C P No.2802

Place: Ludhiana

Date: 16.05.2024

Annual Secretarial Compliance Report of PHF Leasing Limited for the financial year ended 31st March, 2024

To
The Board of Directors
PHF Leasing Limited,
Jalandhar

We, Harsh Goyal & Associates, Practicing Company Secretaries have examined:

- (a) all the documents and records made available to us and explanation provided by PHF Leasing Limited. (“the listed entity”),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2024 (“Review Period”) in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued there under; and
- (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made there under and the Regulations, circulars, guidelines issued there- under by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/guidelines issued there under, have been examined, include:

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not Applicable as there was no reportable event during the financial year under review)

- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;(Not Applicable as there was no reportable event during the financial year under review)
- (f) Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021;(Not Applicable as there was no reportable event during the financial year under review)
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) Securities and Exchange Board of India (Delisting of Equity Shares) (Amendment)Regulations, 2016; (Not Applicable as there was no reportable event during the financial year under review)
- (i) Securities and Exchange Board of India (Investor Protection and Education Fund) Regulations, 2009;
- (j) Securities and Exchange Board of India (Depository Participant) Regulations, 2018;

And based on the above examination, we hereby report that, during the Review Period compliance status of the listed entity is appended below;

Sr. No.	Particulars	Compliance status (Yes/ No/NA)	Observation Remarks by PCS
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI)	YES	-
2.	Adoption and timely updation of the Policies: All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the listed entity. All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/ guidelines issued by SEBI	YES YES	- -
3.	Maintenance and disclosures on Website: The listed entity is maintaining a functional website.	YES	-

	Timely dissemination of the documents/information under a separate section on the website.	YES	-
	Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re- directs to the relevant document(s)/section of the website	YES	-
4.	Disqualification of Director: None of the Directors of the Company are disqualified under Section 164 of the Companies Act, 2013	YES	-
5.	To examine details related to Subsidiaries of listed entities: Identification of material subsidiary companies Requirements with respect to disclosure of material as well as other subsidiaries.	NA	The company does not have any subsidiary.
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	YES	-
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	YES	-
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all related party transactions. (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit committee	YES NA	- Not Any

9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	YES	-
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	YES	-
11.	Actions taken by SEBI or Stock Exchange(s). if any: No Actions taken against the listed entity/its promoters/ Directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	NO	-
12.	Resignation of statutory auditors from the listed entity or its material subsidiaries: In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(is) has / have complied with paragraph 6.1 and 6.2 of section V-D of chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.	NA	No resignation during the year
13.	Additional Non-compliances, if any:	NA	Not Any

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued there under.
- (b) The listed entity was not required to take any actions to comply with the observations as there were no observations in the previous report.

I further report that: -

In terms of **SEBI Circular No. CIR/CFD/CMD1/114/2019** dated October 18, 2019 SEBI had inter alia required the listed entity to amend the terms of appointment of its statutory auditors in terms of clauses 6(A) and 6(B) of the said circular. In this regard I report that there was an event of reappointment of statutory auditors of the listed entity during the review period and the terms of such reappointment includes the conditions mentioned in clauses 6(A) and 6(B) of the said circular.

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.

FCS: 3314
CP No: 2802

Place: Ludhiana
Date: 16/05/2024

UDIN: F003314F000379217

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PHF LEASING LIMITED

Report on the Audit of the Financial Statements

OPINION

We have audited the accompanying financial statements of **PHF LEASING LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024 and its profit / (loss), total comprehensive income / (loss), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the financial statements 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 the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

KEY AUDIT MATTERS

S.No.	Key Audit Matter	Auditor's Response
1	Impairment of loans and advances to customers Net charge – INR 119.62 Lakhs for the year ended 31st March, 2024 Provision – INR 187.14 Lakhs as at 31st March, 2024 Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement	Our key audit procedures included: Design / controls We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. Key aspects of our controls testing involved the following: • Evaluating the appropriateness of the impairment principles used by

and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECL are:

• **Data inputs** – The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.

• **Model estimations** – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.

• **Economic scenarios** – Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them, including changes to methodology.

The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. Management has made disclosures regarding ECL approach in the credit risk section of the Financial Statements (*Note 38(B)*).

Disclosures

The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus.

management based on the requirements of Ind AS 109 and our business understanding.

- Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process.

- Testing the controls over validation, implementation, and model monitoring in line with the RBI guidance.

- Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models.

- Testing the design and operating effectiveness of the key controls over the application of the staging criteria.

- Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.

- Testing the design and operating effectiveness of the key controls over modification of assets including identification/staging of the modified asset.

- Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs or data used in assessment and identification of Significant Increase in Credit Risk ('SICR') and staging of the assets.

- Testing management's controls over authorization and calculation of post model adjustments and management overlays.

- Testing management's controls on compliance with Ind AS 109 disclosures related to ECL.

- Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations.

		<p>Substantive Tests</p> <p>Key aspects of our testing included:</p> <ul style="list-style-type: none"> • Assessing appropriate application of accounting principles (including criteria for SICR), validating completeness and accuracy of the data and reasonableness of assumptions used in the ECL model / calculations. • Performing credit reviews on sample basis over loans given to corporate customers. • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performing test of details over calculation of ECL, in relation to the completeness, accuracy and relevance of data. • Test of details of post model adjustments, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. <p>Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.</p>
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INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The company's management and board of directors are responsible for the other information. The other information comprises the information included in Management Discussion and Analysis and Board'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 will not express any form of assurance conclusion thereon.

In connection with our audit report of the financial statements, our responsibility is to read the other information identified above, 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.

When we read the Board Report, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and if required issue a revised Audit report on finance statements.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Company's Management and Board of Directors are responsible for the matters stated in sub-section 5 of Section 134 of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the company or to cease operation, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

OTHER MATTERS

We would like to draw attention to Note No. 17.1 to the Financial Statements, which states that the amount of deposit accepted from erstwhile director is overdue due to non availability of succession certificate.

Our opinion is not modified with respect to this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1.As required by the Companies (Auditor’s Report) Order, 2020 (‘the Order’), issued by the Central Government of India in exercise of powers conferred by sub-section 11 of section 143 of the Act, we enclose in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order.

2.As required by sub-section 3 of Section 143 of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, as applicable, read with relevant rules issued thereunder.
- e) On the basis of the written representation received from the Directors as on March 31, 2024, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2024 from being appointed as a Directors in terms of section 164(2) of the Act
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial control over financial reporting.
- g) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position. Refer Note 40 to the Financial Statements.
 - ii) The Company did not have any long- term contracts including derivative contracts, other than those which have already been provided for which there were no material foreseeable losses.
 - iii) The Company is not required to transfer any amounts to the Investor Education and Protection Fund by the Company.
 - iv)
 - a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 51 to the Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 51 to the Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) Since, the Company has neither paid or declared any dividend during the year nor proposed any dividend for the year, hence, reporting requirement of clause (f) of rule 11 of the Companies (Audit and Auditors) Rules, 2014 are not applicable on the Company.
- vi) Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
- h) As required by section 197(16) of the Act, we report that the company has paid remuneration to its directors during the year in accordance with the provisions and limits laid down under section 197 read with schedule V to the act.

UDIN – 24529619BKBOQD7847

For GSA & Associates LLP

Chartered Accountants

Firm's Reg. No: 000257N/N500339

Tanuj Chugh

(Partner)

M. No.: - 529619

Place: Jalandhar

Date: 16th May, 2024

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section of our report of even date of **PHF LEASING LIMITED**)

AS REQUIRED BY THE COMPANIES (AUDITOR'S REPORT) ORDER, 2020 ("THE ORDER") ISSUED BY THE CENTRAL GOVERNMENT IN TERMS OF SECTION 143(11) OF THE ACT, WE GIVE IN THE ANNEXURE AS FOLLOWS:-

- i) In respect of its property, plant and equipment and intangible assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets;

The Company has maintained proper records showing full particulars of intangible assets.
 - b) The Company has a program of physical verification of "Property, plant and equipment, so to cover all the assets once every two year which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to information explanation given to us, no material discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and the records examined by us, the Company does not own any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Hence, reporting requirement of Clause 3(i)(c) of the Order is not applicable.
 - d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii) In respect of clause 3(ii), we state that:-
 - a) The Company is a financing company, primarily in the business of providing loans to its customers. Accordingly, it does not hold any physical inventories. Thus, the provision of Clause 3(ii)(a) of the Order is not applicable to the Company.
 - b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under Clause 3(ii)(b) of the Order is not applicable.

- iii) The company has granted secured and unsecured loans to other parties during the year, in respect of which:-
- a) Since the principal business of the Company is to give loans, hence, reporting requirements of Clause 3(iii)(a) of the Order is not applicable to the Company.
 - b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms of all loans provided are not prejudicial to the company's interest.
 - c) According to the information and explanations given to us and based on the audit procedures performed by us, the schedule of repayment of principal and payment of interest has been stipulated by the Company for all the loans. Further, except for the instances where there are defaults in repayment of principal and/or interest in respect of which the Company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards "Ind AS" and the guidelines issued by the Reserve Bank of India "RBI" for Income Recognition and Asset Classification norms, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest. As of 31st March, 2024, overdue amount is INR **479.83 Lakhs** which pertains to **9,833** borrowers.
 - d) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has taken reasonable steps for recovery of principal and interest in all cases wherein amount is overdue. As of 31st March, 2024, overdue amount for more than 90 days is INR **122.70 Lakhs** which pertains to **2,699** borrowers.
 - e) Since the principal business of the Company is to give loans, hence, reporting requirements of Clause 3(iii)(e) of the Order is not applicable.
 - f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under Clause 3(iii)(f) of the Order is not applicable.

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

- iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loan, guarantees and securities covered under section 185 of the Act. The Company has not made any investment as referred in section 186 (1) of the Act, accordingly other requirements relating to section 186 of the Act do not apply to the Company.
- v) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India with regards to the deposits accepted during the year. Further, the Company being a Non-Banking Finance Company the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company.

vi) Pursuant to the rules made by the Central Government of India, Company is not required to maintain cost records as specified under Section 148(1) for the business activities carries out by the Company. Hence, reporting under Clause 3(vi) of the Order is not applicable.

vii) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:

a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Goods and Services Tax, and other material statutory dues, as applicable to the Company, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, and other material statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there were no statutory dues referred in sub-clause (a) above which have not been deposited on account of any dispute.

viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961)

ix) With respect to the loans and borrowing obtained by the Company, we report that:-

a) In our opinion and according to the information and explanation given to us, the company hasn't defaulted in repayment of loans or other borrowing or in the payment of interest thereon to any lender except in one case given below:

Nature of Borrowings	Name of Lender	Amount not paid on due date	Whether Principal or Interest	No. of days delay or unpaid	Remarks
Deposits from Director	Shiv Dayal Chugh (including HUF)	Rs. 81.55 Lakhs	Principal & Interest	1,121 Days	Overdue due to non availability of succession certificate

b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained

d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.

- e) The Company does not have any subsidiaries, associates or joint ventures. Hence, reporting under Clause 3(ix)(e) and (f) of the Order are not applicable.

- x) With respect to Clause 3(x), we state that:-
 - a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under Clause 3(x)(a) of the Order is not applicable.
 - b) According to the information and explanations given to us, the Company has not made any preferential allotment/ private placement of shares/ convertible debentures (fully or partly or optionally) during the year and hence reporting under Clause 3(x)(b) of the Order is not applicable.

- xi) With respect to clause 3(xi), we state that:-
 - a) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
 - c) In our opinion and according to the information and explanations given to us, no whistle blower complaints has been received by the Company during the year (and upto the date of this report).

- xii) The Company is not a Nidhi Company and hence reporting under Clause 3(xii) of the Order is not applicable.

- xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements etc. as required by the applicable Indian Accounting Standards.

- xiv) With respect to Clause 3(xiv), we state that:-
 - a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

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

- xvi) With respect to Clause 3(xvi), we state that:-
- a) The Company is required to, and has been registered under section 45-IA of the Reserve Bank of India Act, 1934 as Non -Banking Financial Company vide registration No. 06.00124 dated 19th June 2007.
 - b) The Company is not a Housing Finance Company as defined in the regulations made by the Reserve Bank of India. Hence, reporting under this clause of the order are not applicable.
 - c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) and (d) of the order are not applicable.
- xvii) The Company has neither incurred cash losses during the financial year & nor in the preceding financial year.
- xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- xx) Since, the Company is not meeting threshold specified in section 135(1) of the Act, reporting requirements of Clause 3(xx)(a) and (b) of the Order with respect to Corporate Social Responsibility are not applicable on the Company.

UDIN – 24529619BKBOQD7847

For GSA & Associates LLP

Chartered Accountants

Firm's Reg. No: 000257N/N500339

Tanuj Chugh

(Partner)

M. No.: - 529619

Place: Jalandhar

Date: 16th May, 2024

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in clause (f) of paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **PHF LEASING LIMITED** as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("The ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

UDIN – 24529619BKBOQD7847

For GSA & Associates LLP

Chartered Accountants

Firm's Reg. No: 000257N/N500339

Tanuj Chugh

(Partner)

M. No.: - 529619

Place: Jalandhar

Date: 16th May, 2024

**CORPORATE GOVERNANCE REPORT
(THE REPORT ON CORPORATE GOVERNANCE FORMS PART OF THE DIRECTORS'
REPORT FOR THE YEAR ENDED MARCH 31, 2024)**

Corporate governance embodies principles of equity, transparency, accountability, and ethical conduct, prioritizing the interests of all stakeholders. In adherence to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subsequent amendments, the following outlines PHF Leasing Limited ('the Company', 'PHF' hereafter) corporate governance policies and practices for the fiscal year 2023-24.

This report underscores PHF's commitment to surpassing mere statutory compliance under the Companies Act, 2013, and the Listing Regulations, 2015. Our governance framework extends beyond regulatory mandates, reflecting our dedication to fostering fairness, integrity, and stakeholder value in all facets of our operations.

Philosophy

The company embraced a culture deeply rooted in core values and professionalism, instilled by the Founders. Our company has consistently upheld the highest standards of corporate governance throughout its history. Our approach to corporate governance is deeply rooted in a legacy characterized by fairness, ethics, and transparency. Many of the governance practices we adhere to today were established long before they became legal requirements, underscoring our proactive commitment to responsible business conduct.

Corporate governance for us is not just a set of regulations to adhere to; it's a reflection of our deeply ingrained values and operational ethos. At PHF, our commitment to the highest standards of governance predates regulatory mandates such as those by SEBI and the Listing Regulations, 2015. PHF continues this tradition steadfastly, integrating these principles into our daily business practices, which ultimately drive value-oriented growth.

Essential components of PHF corporate governance

- The Board has surpassed the statutory requirement regarding the number of meetings held. These meetings have been dedicated to deliberating on operational plans, strategies, new product development, brand management in both domestic and international markets, and the management of internal and external risks.
- The Board of the Company consists of directors hailing from varied backgrounds and possessing significant experience. Their collective expertise enables them to offer pertinent guidance to the executive management as necessary.
- The Board is comprised of independent directors renowned for their exemplary track records and esteemed reputations.
- All board members are invited and actively encouraged to attend committee meetings, regardless of their membership status within the respective committees.

- Pre-audit committee meetings are conducted by the chairman of the audit committee, involving discussions with the statutory auditors, the internal auditor, and relevant members of the executive management who serve as process owners.
- Independent directors convene separate meetings, excluding non-independent directors and executive management, to deliberate on matters pertinent to their oversight role.
- The Board conducts a confidential evaluation process wherein each member assesses the performance of fellow directors, Board committees, the Board Chairman, and the Board as a whole.
- Regular presentations are conducted by key senior management team members of both the Company and its subsidiaries. These presentations serve to acquaint directors with the essential aspects of each business unit.
- Comprehensive and detailed information is furnished to Board members well in advance.
- The Company's website hosts key governance policies for easy access and reference.
- Adoption of key governance policies and codes by the Board in line with best practices, which are made available to stakeholders for downloading/viewing from the Company's website. These include: -
 - Whistle blower policy/vigil mechanism;
 - Policy on materiality of and dealing with related party transactions;
 - Code of conduct; Dividend distribution policy;
 - Policy on prevention of sexual harassment at workplace;
 - Fair practices code;
 - Equal employment opportunity and non-discrimination policy.

BOARD OF DIRECTORS

The Board is at the core of the corporate governance system of the Company. The Board is committed towards compliance of sound principles of corporate governance and plays a crucial role in overseeing how the management serves the short and long-term interests of the members and other stakeholders. This belief is reflected in the governance practices of the Company, under which it strives to maintain an effective, informed and independent Board.

The Company strives to maintain an appropriate balance of skills and experience within the organization and the Board in an endeavor to introduce new perspectives while maintaining experience and continuity.

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.

Committees of the Board handling specific responsibilities mentioned under the applicable laws viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders

Relationship Committee etc. empower the functioning of the Board through flow of information amongst each other and by delivering a focused approach and expedient resolution of diverse matters.

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.

Our company has constituted various committees at the board level to focus attention on crucial issues before placing the same before the board for consideration. Some of these committees have been set up voluntarily even though there is no legal requirement under the listing agreement.

COMPOSITION

Our Company’s functional directors are highly experienced professionals in their respective functional areas; provide directions to the management on operational issues, adoption of systems and best practices in management and oversight of compliance of various legal and other requirements. All the members of the Board are eminent persons with considerable expertise and experience in general management spanning the banking, finance, accounts and audit, information technology, consulting and road transport sectors. The Company is immensely benefited by the range of experience and skills that the Directors bring to the Board. The composition of the Board is in conformity with the listing requirements as on 31st March 2024. The details of Directors’ attendance at Board Meetings, AGM and details of other directorships, committee chairmanships / memberships held by the Directors during the year are as follows;

In compliance with the provisions of the Companies Act, 2013 (the “Act”) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations”), the Board of your Company has an optimum combination of Executive, Non-Executive and Independent Directors. The composition of the Board is in compliance with the provisions of the Act and Rules made thereunder and SEBI Listing Regulations as amended from time to time. As on March 31, 2024, the Board comprised of seven members, out of which one is Executive Director, two are Non-Executive and three are Non-Executive Independent Directors, out of which one is Independent woman director and One Nominee Director.

Details of composition of the Board as on March 31, 2024, number of meetings held and attended by the Directors during the year under review etc. is given herein below:

Name of Directors	Category	No of Board Meetings held	No of Board Meetings Attended	Whether Attended Last AGM	No. of Directorships held (excluding Private Companies, Foreign Companies and Section 25 Companies)	Membership in Committees of other public companies	Chairmanship in Committees of other public companies	Directorship in other listed Entity including category of directorship

# Mr. Yaduvendra Mathur	Chairman and Independent Director	10	10	Yes	4	NIL	NIL	Sangam (India) Limited-Director
Mr. Vjay Kumar Sareen	Whole time Director	10	09	Yes	NIL	NIL	NIL	-
Mr. Vijay Kumar Bhandari	Nominee Director	10	10	No	4	3	3	i) AGI Greenpac Limited-Independent Director ii) Jayant Agro Organics Limited-Independent Director iii) Supershakti Metaliks Limited-Independent Director iv) Midland MicrofinLtd (debt listed entity) – Non Executive Director v. Ishedu Agro-Chem Pvt.Ltd.(Subsidiary of Jayant Agri-organics Ltd a Listed Company)
Mr. Ashwani Kumar Jindal	Independent Director	10	09	Yes	1	NIL	NIL	Midland Microfin Limited Independent Director
# Mr. Kumar Shalya Gupta	Managing Director	03	03	Yes	NIL	NIL	NIL	-
Ms. Aditi Kapur	Independent	10	09	Yes	NIL	NIL	NIL	-

	Director							
Mr. Meghal Gupta	Non-Executive Director	10	08	Yes	NIL	NIL	NIL	-
Mr. Chandan Chugh	Non-Executive Director	10	06	Yes	NIL	NIL	NIL	-

Mr. Yaduvendra Mathur (Chairman and Independent Director), ceased to be Director of the Company due to his sudden demise on May 04, 2024.

Mr. Kumar Shalya Gupta was appointed as Managing Director and Chief Executive Officer w.e.f. April 18, 2023 and he resigned from the post of Managing Director w.e.f. 28.08.2023.

Notes:

- In terms of Regulation 26 of Listing Regulations, as per the declarations received, none of the Directors of the Company were members of more than 10 Committees or acted as the Chairperson of more than 5 Committees across all listed companies in India, in which they are a Director.*
- Basis the disclosures received from the Directors, it is confirmed that none of the Directors is on the Board of more than: i. 20 (twenty) companies; ii. 10 (ten) public limited companies; iii. 7 (seven) listed entities; There is no inter-se relationship between the Directors*
- The Memberships and Chairmanships of Directors in Committees do not include their Memberships and Chairmanships in the Company.*
- Disclosure includes Chairmanship/Membership of Committees as required for computation of maximum number of Committees of which Director can be Chairman or Member in terms of Regulation 26 of SEBI Listing Regulations (i.e. Chairmanship/Membership of Audit Committee and Stakeholders Relationship Committee in all Indian public companies excluding PHF Leasing Limited).*
- None of the Directors of the Company are related to each other.*

Notwithstanding the number of directorships, as has been highlighted herein, the outstanding attendance record and participation of the directors in Board and committee meetings indicate their commitment and ability to devote adequate time to their responsibilities as the Company's fiduciaries.

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. Yaduvendra Mathur	√	√	√	√	√	√	√
Mr. Vijay Kumar Sareen	√	√	√	√	√	√	√
Mr. Vijay Kumar Bhandari	√	√	√	√	√	√	√
Mr. Ashwani Kumar Jindal	√	√	√	√	√	√	√
Ms. Aditi Kapur	√	√	√	√	√	√	√
Mr. Meghal Gupta	√	√	√	√	√	√	√
Mr. Chandan Chugh	√	√	√	√	√	√	√

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

The details of shares and Share Warrants convertible into equity shares held by Non-Executive Directors are as follows:

S. No.	Name of Directors	Designation	No of Equity Shares held	No. of Equity Warrants
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1	Mr. Vijay Kumar Sareen	Whole time Director	64930	36000
2	Mr. Ashwani Kumar Jindal	Non-Executive (Independent Director)	75000	120000
3	Mr. Meghal Gupta	Non-Executive Director	120000	-
3	Mr. Chandan Chugh	Non-Executive Director	20000	-

Board diversity

In accordance with the Listing Regulations, 2015, the Board, through its nomination and remuneration committee, has formulated a robust policy on Board diversity. The Board comprises a sufficient number of members with diverse expertise and capabilities to effectively fulfill the governance and strategic requirements of the Company. These directors are esteemed individuals with extensive backgrounds in various fields such as business, industry, finance, law, administration, economics, and more. Their collective experience and skills contribute significantly to the Board's performance and overall value. The selection of directors is solely based on merit, without any discrimination based on race, color, religion, gender, or nationality. The current composition of the Board aligns with the aforementioned objective.

Opinion of the Board

The Board confirms that, in its opinion, the independent directors on the Board fulfil the conditions specified in the Listing Regulations, 2015 and the Act and are independent of the management.

Board Procedure

A comprehensive agenda outlining the agenda items for the upcoming Board and Committee meetings, along with detailed notes and presentations if applicable, is distributed to each Director at least seven days prior to the meeting date. In cases where urgent matters require immediate attention, meetings may be convened with shorter notice. Video conferencing facilities are provided to facilitate participation for Directors who are unable to attend in person.

To ensure the effective discharge of responsibilities and informed decision-making, the Whole-time Director and Chief Executive Officer provide updates on the overall performance of the company at each meeting. This is followed by presentations from Senior Officers and the Chief Financial Officer.

Additionally, the Board periodically conducts reviews encompassing various aspects including strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports for all applicable laws, performance evaluations of operating divisions, assessments of major legal matters, minutes from both committee and Board meetings, approvals for quarterly/half-yearly/annual results, safety protocols and risk management strategies, decisions regarding investment sales, significant accounting provisions and write-offs, instances of material defaults in financial obligations, fatal or serious accidents, and updates on statutory requirements, among other matters.

The Board establishes annual performance objectives, monitors management's actions and outcomes, conducts annual evaluations of its own performance, the performance of its committees, and individual

directors. It also assesses the effectiveness of the Company's governance practices to enhance stakeholder value.

The Board of Directors of your Company maintains a vigilant oversight of Company and Management performance, approving plans and reviewing strategies to drive organizational growth. Emphasizing statutory and ethical conduct, the Board places significant importance on internal financial reporting. A well-established framework for Board and Committee Meetings ensures systematic decision-making processes, fostering informed and efficient discussions.

Regular inputs and feedback from Board Members contribute to the preparation of agendas and related documents for meetings. The Board also has access to Management members and Company-related information. In addition to Board Members and the Company Secretary, meetings are attended by the Chief Financial Officer and, when necessary, Heads of various Corporate Functions.

The Company Secretary holds a pivotal position in ensuring adherence to Board (including Committee) procedures, which are subject to regular review. Primarily tasked with assisting and advising the Board in the Company's affairs, the Company Secretary ensures compliance with statutory requirements, provides guidance to Directors, facilitates meeting arrangements, and serves as a crucial link between Management and Regulatory Authorities for governance-related matters.

Code of Conduct

Regulation 17(5) of the Listing Regulations, 2015, requires listed companies to lay down a code of conduct for its directors and senior management, incorporating duties of directors as laid down in the Act.

The Company has a Board approved Code of Conduct for Board members and senior management of the Company. Based on the review, the Code of Conduct was revised in line with applicable regulations and approved by the Board at its meeting. The updated Code of Conduct has been placed on the Company's website at www.phfleasing.com.

All directors and senior management personnel have affirmed compliance with the code for FY2024. A declaration to this effect signed by the managing director and CEO is given in this Annual Report

Directors and officers' liability insurance (D&O policy)

The Company maintains an annual renewal of its Directors and Officers (D&O) policy, providing coverage to directors (including independent directors), Key Managerial Personnel, and senior officers. The Board is confident that the current coverage adequately addresses the quantum and risks associated with the Company's operations.

Orderly Succession to Board and senior management

A critical responsibility of the Board of directors is the selection, compensation, monitoring, and, when needed, the replacement of Board members and senior managerial personnel, including Key Managerial Personnel (KMPs), along with overseeing their succession planning. In compliance with regulation 17(4) of the Listing Regulations, 2015, the framework for succession planning for both the Board and senior management was presented to the Board for review. During the reporting period, the Board has ensured that comprehensive plans are in place to facilitate the smooth and orderly succession of such appointments.

Review of legal compliance reports

The Board conducts regular reviews of compliance reports concerning the Company's adherence to various applicable laws. These reports are prepared by the management and presented to the Board for assessment Code

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.

In accordance with the skill set requirements of the Board, the Nomination and Remuneration Committee evaluates distinguished individuals with independent standing in their respective fields or professions. These individuals are sought for their ability to make meaningful contributions to the Company's business and policy decisions. The Committee assesses qualifications, positive attributes, areas of expertise, and the extent of directorships and committee memberships held in other companies to determine Directors' independence. The Board carefully considers the Committee's recommendations before making appropriate decisions regarding appointments.

The Board acknowledges that the Independent Directors of the Company possess the necessary integrity, expertise, and experience, including proficiency, to meet the requirements outlined in the Act and relevant regulations. Furthermore, the Board confirms that these Independent Directors are indeed independent of the management.

MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 28th March 2024 without the attendance of Non-Independent Directors and members of management. All the Independent Directors attended the meeting and:

- (i) reviewed the performance of Non-Independent Directors and the Board as a whole;
- (ii) assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors communicate as appropriate, suggestions, views or concerns to the Whole time Director and Chief Executive Officer upon conclusion of their Meeting(s).

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

The Board of Directors formulates the broad business and operational policies, periodically reviews the performance and engages itself with strategic issues concerning the Company. During the year under review, 10 (Ten) meetings of the Board of Directors were held. April 18, 2023, May 13, 2023, June 6, 2023, August 11, 2023, August 28, 2023, September 19, 2023, September 30, 2023, November 14, 2023, February 13, 2024 and February, 20, 2024. 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 minute's 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 2023-2024, 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 6 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://www.phfleasing.com/uploads/familiarisation-programme.pdf>

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 reviews the financial accounting policies, adequacy of internal control systems and systems audit and interacts with the statutory auditors, internal auditors and systems auditors. Senior Executives and functional heads are invitees to the committee meetings. Besides, the Committee inter alia reviews the audit plans, interim and annual financial results, management discussion and analysis of financial condition and results of operations, related party transactions, observations of the management and internal / external auditors on internal control and follow-up reports of the management.

The Audit Committee met four times viz May 13, 2023, August 11, 2023, November 14, 2023, February 12, 2024 during the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows:

Name of Member	Designation	No. of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	04	04
Mr. Yaduvendra Mathur	Member (Independent Director)	04	04
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	04	04
Ms. Aditi Kapur	Member (Independent Director)	04	04

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:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors, including cost auditors (if any), for any other services rendered by them;
- Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for its approval,
- Review with the management, the quarterly financial statements before submission to the Board for approval;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions with related parties of the Company;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Review the functioning of the Whistle Blower mechanism / oversee the vigil mechanism;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control;
- systems of a material nature and reporting the matter to the Board;
- Discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- monitoring the end use of funds raised through public offers and related matters;
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

❖ NOMINATION AND REMUNERATION COMMITTEE:

The Nomination, Compensation & Remuneration Committee formulated criteria for evaluation of the Board and Non-Independent Directors for the purpose of review of their performance at a separate meeting of the Independent Directors. Further, the Committee has recommended a policy relating to the remuneration of the directors, key managerial personnel, senior management and other employees, which, inter alia, includes the principles for identification of persons who are qualified to become directors.

The Nomination and Remuneration Committee met five times viz. April 13, 2023, September 19, 2023, September 29, 2023, February 12, 2024 and March 29, 2024 during the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	05	05
Mr. Yaduvendra Mathur	Member (Independent Director)	05	04
Ms. Aditi Kapur	Member (Independent Director)	05	04
Mr. Vijay Kumar Bhandari	Member (Nominee Director)	05	05

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.

(1A) For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommends to the Board for appointment as an Independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the committee may:

- a. use the services of external agencies, if required

- b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
-
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 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.
 5. To devise a policy on Board diversity.
 6. Recommend to the board, all remuneration, in whatever form, payable to senior management
 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.

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.

The sitting fee payable to Non-executive Directors of the Company for attending the meetings of the Board and various Committees are as under: Board 5,000/- for each meeting Audit Committee, Nomination & Remuneration Committee, Risk Management Committee, Information Technology Strategy Committee, Stakeholders Relationship Committee `3000/- for each meeting.

Board

Rs. 5000/- for
each Meeting

Audit Committee

Nomination & Remuneration Committee

Risk Management Committee

Information Technology Strategy Committee

Stakeholders Relationship Committee

Corporate Social Responsibility Committee

Separate Meeting of Independent Directors

Rs. 3000/- for
each Meeting

THE DETAILS OF SITTING FEES/REMUNERATION PAID TO THE DIRECTORS DURING THE FINANCIAL YEAR 2023-24 ARE AS UNDER:

Sr. No.	Name of Director	Designation	Salary & Perquisites(Rs.)	Professional Fees (Rs.)	Sitting Fees for attending Meetings (Rs.)	Total(Rs.)
1.	Mr. Yaduvendra Mathur	Chairman and Independent Director	-	1,80,000	62,000	2,42,000
2.	Mr. Vijay Kumar Sareen	Whole Time Director	12,96,000	-	-	12,96,000
3.	Mr. Vijay Kumar Bhandari	Nominee Director	-	-	68,000	68,000
4.	Mr. Ashwani Kumar Jindal	Independent Director	-	-	72,000	72,000
5.	Ms. Aditi Kapur	Independent Director	-	-	63,000	63,000
6.	Mr. Meghal Gupta	Non- Executive Director	-	12,00,000	-	12,00,000
7.	Mr. Chandan Chugh	Non- Executive Director	-	3,00,000	-	3,00,000

❖ **STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Stakeholders' Relationship Committee

- i) approves and monitors transfers, transmission, splits and consolidation of securities of the Company,
- ii) reviews and resolves the grievances of security holders / depositors / debenture holders of the Company including complaints related to transfer/transmission of shares, Non-receipt of annual report, Non-receipt of declared dividends, Non-receipt of interest on deposits/debentures, issue of new/duplicate certificates, general meetings etc., and
- iii) reviews the compliances with various statutory and regulatory requirements.

The Committee/Stakeholders Relationship Committee met 2 (Two) times viz. October 28, 2023, March 28, 2024 during the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows:

The Stakeholders' Relationship Committee comprises as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	02	02
Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)	02	02
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	02	02
Mr. Meghal Gupta	Member (Non-Executive Director)	02	02
Mr. Chandan Chugh	Member (Director)	02	01

TERMS OF REFERENCE OF STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The terms of reference of the Stakeholders Relationship Committee, inter alia includes:

The terms of reference of the Stakeholders Relationship Committee as approved by the Board of Directors includes the following:

- Oversee and review all matters connected with transfer of Company's securities;
- Oversee the performance of the Company's Registrars and Transfer Agents;
- Consider, resolve and monitor various aspects of interest of shareholders, debenture holders and other security holders including the redressal of investors' / shareholders' / security holders' grievances related to transfer / transmission of securities, non-receipt of annual reports, non-receipt of declared dividend, issue new / duplicate certificates, general meetings and so on.
- Review measures taken for effective exercise of voting rights by shareholders;
- Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and recommend methods to upgrade the service standards adopted by the Company;
- To look into matters that can facilitate better security-holder's services and relations;
- Review of various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

Ms. Shikha Kapoor, 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. No investor complaint was received during the year. None was pending unresolved as on 31st March 2023.

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:

- a. To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information technology including business continuity plan, cyber security risks, market risk or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
- b. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c. To monitor and oversee the implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d. To periodically/annually review the risk management policy, including by considering the changing industry dynamics and evolving complexity;
- e. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f. The Risk Management Committee shall coordinate its activities with other Committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the board of directors.
- g. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

During the year under review, the Committee met 4 (Four) time on April 19, 2023, July 17, 2023, October 28, 2023 and March 30, 2024. 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	Attend ed
Mr. Vijay Kumar Bhandari	Chairman (Nominee Director)	04	04
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	04	04
Mr. Ashwani Kumar Jindal	Member (Independent Director)	04	04
Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)	04	04

❖ ASSET LIABILITY MANAGEMENT COMMITTEE

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

The Asset Liability Management Committee met four times in the year under review on April 19, 2023, July 17, 2023, October 28, 2023 and March 28, 2024. during the year under review and the number of meetings attended by each member during the year ended March 31, 2024 is as follows:

Name of Member	Designation	No of Meetings held	No of Meetings attended
Mr. Vijay Kumar Sareen	Chairman (Whole time Director)	04	04
Mr. Kumar Shalya Gupta	Member (Chief Executive Officer)	04	04
Mr. Kuldip Bhandari	Member (Chief Financial Officer)	04	04
Ms. Priya Goyal	Member, Senior Manager (Finance)	04	03
Mr. Parminder Singh	Member (Zonal Head Sales)	04	03

Senior management:

Particulars of senior management including the changes therein since the close of the previous financial year.

Name of Senior Management Personnel	Category
Mr. Kuldip Bhandari	Chief Financial Officer
Mr. Kumar Shalya Gupta	Chief Executive Officer
Mr. Tarandeep Singh	Chief Technology Officer
Ms. Shikha Kapoor	Company Secretary

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
2022-23	July 14, 2023	12:00 Noon	Video Conferencing/ Other Audio-Visual Means	3
2021-22	September 23, 2022	11:30 AM	Video Conferencing/ Other Audio-Visual Means	1
2020-21	September 23, 2021	01:00 PM	Video Conferencing/ Other Audio-Visual Means	2

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

1) During Financial Year 2022-23:

1. Amendment in the Articles of Association of the Company
2. Appointment of Mr. Kumar Shalya Gupta (DIN: 07553217) as a Managing Director of the Company
3. Continuation of appointment of Sh. Vijay Kumar Bhandari as the Nominee Director

2) During Financial Year 2021-22:

1. To revise the remuneration payable to Mr. Vijay Kumar Sareen (DIN: 07978240), Whole-time Director of the Company

3) During Financial Year 2020-21:

1. Amendment in the Articles of Association of the Company
2. To consider and approve further issue of equity shares on preferential basis

The details of last three Extra- Ordinary General Meetings are given below:

Financ ial Year	Date of EGM	Time	Location of Meeting	No. of Special Resolutions
2023-24	March 21, 2024	03:00 P.M.	Video Conferencing/ Other Audio-Visual Means	1
2022-23	March 16, 2023	11:00 AM	Video Conferencing/ Other Audio-Visual Means	1
2021-22	March 30, 2022	12:30 PM	Video Conferencing/ Other Audio-Visual Means	1

1) During Financial Year 2023-24:

1. To consider and approve issuance of equity warrants convertible into equity shares on preferential basis to non-promoter category

2) During Financial Year 2022-23:

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

2) During Financial Year 2021-22:

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

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 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 where in 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: www.phfleasing.com
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, 2024
a)	Annual General Meeting: Date, Time and Venue	<p>September 19, 2024 at 12:00 NOON Venue: The Company will conduct the meeting through VC / OAVM, relevant details of which have been provided in the notice of AGM.</p> <p>The Ministry of Corporate Affairs ("MCA") has vide its General Circular Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 2/2022, 10/2022 and 09/2023 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021, May 5, 2022, December 28, 2022 and September 25, 2023 respectively issued by the Ministry of Corporate Affairs and Circular no. SEBI/HO/DDHS/P/CIR/2023/0164 issued by SEBI (collectively referred to as 'Circulars'), Companies are allowed to hold Annual General Meeting through VC/OAVM up to September 30, 2024, without the physical presence of Members at a common venue. Hence, in compliance with the</p>

		Circulars, the 33rd AGM of the Company is being held through Video Conferencing (VC)/ Other Audio Visual Means (OAVM). The deemed venue for the 32 nd AGM shall be the Registered Office of the Company
b)	Financial Year	The financial year covers the period from 1st April 2023 to 31st March, 2024
c)	Dividend payment date	There will be no dividend payable by the Company during the Financial Year 2023-24 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, 2 ND 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 infrequently traded.
i)	Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index	N.A.
j)	In case the securities are suspended from trading, the directors report shall explain the reason thereof;	N.A.
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 : admin@skylinerta.com or 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, 2024, 1,21,82,430 (98.35%) 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. During the financial year under review, the Company allotted 1,84,60,510 (One Crore Eighty Four Lakhs Sixty Thousand Five Hundred and Ten) Equity Warrants ("Warrants") at a price of Rs. 25/- (Rupees Twenty Five Only) per Warrant , with a right to the warrant holders to apply for and be allotted 1 (One) Equity Share of the face value of Rs. 10/- (Rupees Ten Only) each of the Company ("the Equity Shares") at a premium of Rs. 15/- per share for each Warrant within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to Rs. 46,15,12,750/- for cash consideration on a preferential basis ("Preferential Issue") to the persons belonging to non-promoter category. As on March 31, 2024, the outstanding equity warrants amounts to Rs. 29,53,68,160/-.
p)	Commodity Price risk or foreign exchange risk and hedging activities	Since our Company does not engage in commodity trading, we are not directly susceptible to fluctuations in commodity prices.
q)	Plant Locations	In view of the nature of business activities carried on by the Company, the Company does not have any manufacturing plant.
r)	Address for 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: 87, Radio Colony, Jalandhar-144001, Punjab, INDIA, Ph: 0181-4639903-06; Email: vijay@phfleasing.in

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	During the year, CRISIL assigned BBB- rating for the company's long term fund based facilities of Rs. 25 Crore and BBB- rating for Fixed Deposits of Rs. 25 Crore.
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Table 1: Distribution of Shareholding by size as on 31st March, 2024

Nominal value of each share is Rs. 10/-				
Share or Debenture holding Nominal Value (Rs.)	Number of Shareholders	% to Total Numbers	Share or Debenture holding Amount (Rs.)	% to Total Amount
1	2	3	4	5
Up To 5,000	203	55.46	603000.00	0.49
5001 To 10,000	61	16.67	569500.00	0.46
10001 To 20,000	20	5.46	273000.00	0.22
20001 To 30,000	2	0.55	52000.00	0.04
30001 To 40,000	2	0.55	75500.00	0.06
40001 To 50,000	5	1.37	243000.00	0.20
50001 To 1,00,000	9	2.46	821000.00	0.66
1,00,000 and Above	64	17.49	121231300.00	97.87
Total	366	100.00	123868300.00	100.00

Table 2: Category wise distribution of Equity shareholding as at March 31, 2024:

	Category	Number of Shares Held	Percentage of Shareholding (%)
(A)	Shareholding of Promoter and Promoter Group		
(1)	Indian	699980	5.65
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)	699980	5.65
(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)	699980	5.65
(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)	Directors and their Relatives	587800	4.75
b)	Key Managerial Personnel	358500	2.89
c)	Investor Education and Protection Fund (IEPF)	12070	0.10
d)	Bodies Corporate	5081450	41.0 2
e)	Individuals -	0	0
	i) Individual shareholders holding nominal share capital up to Rs.2 lakh.	328200	2.65
	ii. Individual shareholders holding nominal share capital in excess of Rs.2 lakh.	4858560	39.2 2
f)	Non Resident Indians	0	0
f-i)	Public Trusts	0	0
f-ii)	Corporate Bodies-OCB	0	0
f-ii)	Intermediary/Other Depository A/C	0	0
f-iv)	Hindu Undivided Family	460270	3.72
f-v)	Clearing member /House	0	0
f-vi)	Qualified Foreign Institution Investors-Individual	0	0
f-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)	12386830	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”). Accordingly, the Company has duly transferred the unpaid or unclaimed dividend to the Investor Education and Protection Fund (“IEPF”) that was declared upto the Financial Year 2014-2015 and as on date, no unpaid or unclaimed dividend is outstanding to be transferred to 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 Standards, 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**

In the financial year 2021-2022 the penalty was imposed on the Company by the Metropolitan Stock Exchange of India Limited (MSEI) vide letter no. MSE/LIST/2021/1018 dated September 14, 2021 in respect to the prior intimation at shorter notice in the matter of fund raising and fine imposed of Rs. 11800/- thereof as per SEBI SOP circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020.

- 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 <https://www.phfleasing.com/uploads/policy-for-determination-of-materiality.pdf>

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

The Policy on dealing with related party transactions can be accessed at <https://www.phfleasing.com/uploads/disclosure-under-regulation-46-sebi/related-party-transaction-policy.pdf>

- 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)**

During the financial year under review, the Company allotted 1,84,60,510 (One Crore Eighty Four Lakhs Sixty Thousand Five Hundred and Ten) Equity Warrants ("Warrants") at a price of Rs. 25/- (Rupees Twenty Five Only) per Warrant, with a right to the warrant holders to apply for and be allotted 1 (One) Equity Share of the face value of Rs. 10/- (Rupees Ten Only) each of the Company

(“the Equity Shares”) at a premium of Rs. 15/- per share for each Warrant within a period of 18 (Eighteen) months from the date of allotment of the Warrants, aggregating to Rs. 46,15,12,750/- (Rupees Forty Six Crores Fifteen Lakhs Twelve Thousand Seven Hundred Fifty Only) for cash consideration on a preferential basis (“Preferential Issue”) to the persons belonging to non-promoter category

- 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 Harsh Goyal & 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 2023 – 2024, 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. 7,83,264/- (Rupees Seven Lakhs Eighty Three Thousand Two Hundred and Sixty Four 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**

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 your Company has adopted a Policy on Prevention of Sexual Harassment at Workplace and Rules framed thereunder. The said policy is uploaded on the website of the Company which can be accessed at <https://www.phfleasing.com/>

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has not received any complaint during the year under review.

- m) **DISCLOSURE BY LISTED ENTITY AND ITS SUBSIDIARIES OF LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT**

The Company has not given any loans and advances to firms/Companies in which directors are interested.

n) DETAILS OF MATERIAL SUBSIDIARIES OF THE LISTED ENTITY; INCLUDING THE DATE AND PLACE OF INCORPORATION AND THE NAME AND DATE OF APPOINTMENT OF THE STATUTORY AUDITORS OF SUCH SUBSIDIARIES

The Company does not have any subsidiary company.

o) 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

p) 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.

q) COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Corporate Governance provisions became applicable to the Company effective from March 31, 2024. The Company has since then complied with all mandatory requirements of Listing Regulations (as amended upto date).

r) Declaration by Chief Executive Officer

[Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

All the Directors of the Board and Senior Management Personnel of the Company have affirmed compliance with the respective Codes. A declaration signed by the Chief Executive Officer to this effect is reproduced at the end of this report and marked as **Annexure I**.

s) Auditors' certificate on corporate governance

The Company has obtained the certificate from its secretarial auditors regarding compliance with the provisions relating to corporate governance laid down in Part E of Schedule V to the Listing Regulations, 2015 and the certificate forms part of this Report and marked as Annexure II.

Annexure I**DECLARATION BY THE CHIEF EXECUTIVE OFFICER**

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and Senior Management Personnel of the Company have affirmed compliance to the Code of Conduct for the financial year ended March 31, 2024.

For PHF Leasing Limited

Kumar Shalya Gupta
Chief Executive Officer

Annexure II**Certificate From Practising Company Secretaries**

This is to certify that on the basis of documents verified by us and explanations given to us by the Company, we hereby certify that none of the following directors on the Board of PHF Leasing Limited ('the Company') have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any other Statutory Authority:

Sr. No.	Director Identification Number	Name of Director
1.	09179500	Meghal Gupta
2.	00670384	Ashwani Kumar Jindal
3.	07978240	Vijay Kumar Sareen
4.	01519390	Chandan Chugh
5.	06597596	Aditi Kapur
6.	00052716	Vijay Kumar Bhandari

This certificate is issued pursuant to Clause 10 (i) of Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Harsh Goyal & Associates
Company Secretaries

(Harsh Kumar Goyal)
Prop.

FCS: 3314
CP: 2802

UDIN: F003314F001010311

Date : 16.05.2024

To
The Members
PHF Leasing Limited
CIN: L65110PB1992PLC012488

We have examined relevant records of PHF Leasing Limited (the company) for the purpose of certifying compliance of the conditions of Corporate Governance for the financial year ended 31st March, 2024 as per the provisions of Regulations 17 to 27, Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedure and implementation thereof. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance for the financial year ended 31st March, 2024 as stipulated in the Listing Regulations.

This certificate is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **Harsh Goyal & Associates**
Company Secretaries

(Harsh Kumar Goyal)
Prop.

FCS:3314
CP: 2802
Place: Ludhiana

UDIN: F003314F001010430
Date : 16.05.2024

PHF Leasing Limited
CIN: L65110PB1992PLC012488
Balance Sheet as at 31st March 2024
(All amounts in Rupees in lacs, unless otherwise stated)

Particulars	Note No.	As at	
		March 31, 2024	March 31, 2023
ASSETS			
(1) Financial Assets			
(a) Cash and Cash Equivalents	3	2,635.87	2,244.34
(b) Bank Balance other than cash and cash equivalent	4	110.20	7.00
(c) Loans	5	14,570.77	7,888.38
(d) Investments	6	633.74	758.29
(e) Other Financial Assets	7	1,181.41	653.20
(2) Non- Financial Assets			
(a) Current tax assets (Net)	8	-	9.85
(b) Deferred tax assets (Net)	9	20.91	-
(c) Property, Plant and Equipment	10	275.23	161.63
(d) Other Intangible Assets	10a	196.46	-
(e) Right of Use assets	11	266.49	233.46
(f) Other non-financial assets	12	101.32	70.29
Total Assets		19,992.41	12,026.44
LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial Liabilities			
(a) Payables	13		
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		427.97	134.58
(II) Other Payables			
(i) total outstanding dues of micro enterprises and small enterprises		1.35	8.01
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		34.42	22.42
(b) Debt Securities	14	2,609.26	1,678.53
(c) Borrowings (Other than Debt Securities)	15	7,054.30	3,870.01
(d) Subordinated Liabilities	16	783.23	675.01
(e) Deposits	17	3,423.22	2,112.87
(f) Lease Liabilities		301.27	253.20
(g) Other financial liabilities	18	527.64	468.40
(2) Non- Financial Liabilities			
(a) Provisions	19	4.37	3.36
(b) Deferred tax liabilities (Net)	9	-	39.85
(c) Other non-financial liabilities	20	60.21	36.47
(3) EQUITY			
(a) Equity Share capital	21	1,238.68	1,238.68
(b) Other Equity	22	3,526.50	1,485.05
Total Liabilities and Equity		19,992.41	12,026.44

Summary of material 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 GSA & Associates LLP
Chartered Accountants
Firm Registration No.: 000257N/N500339

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

Tanuj Chugh
Partner
Membership No: 529619

Vijay Kumar Sareen
Whole Time Director
DIN:07978240

Meghal Gupta
Director
DIN:09179500

Kumar Shalya Gupta
Chief Executive Officer

Place: Jalandhar
Date: May 16, 2024

Place: Jalandhar
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Kuldip Bhandari
Chief Finance officer
Place: Jalandhar
Date: May 16, 2024

Shikha Kapoor
Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 16, 2024

PHF Leasing Limited
CIN: L65110PB1992PLC012488
Statement of Profit and Loss for the period ended March 31, 2024
(All amounts in Rupees in lacs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
Revenue from Operations			
(i) Interest Income	23	3,464.14	1,773.58
(ii) Dividend Income		0.12	0.10
(I) Total Revenue from Operations		3,464.27	1,773.68
(II) Other Income	24	2.43	1.06
(III) Total Income		3,466.70	1,774.74
Expenses			
(i) Finance Costs	25	1,508.02	773.43
(ii) Impairment on financial instruments	26	316.22	71.83
(iii) Employee Benefits Expenses	27	709.09	414.38
(iv) Depreciation, amortization and impairment	28	71.88	41.67
(v) Others expenses	29	517.62	328.88
(IV) Total Expenses		3,122.82	1,630.18
(V) Profit/ (Loss) before exceptional and extraordinary items and tax		343.87	144.57
(VI) Exceptional items		-	-
(VII) Profit/ (Loss) before tax		343.87	144.57
(VIII) Tax Expense:			
(1) Current Tax	8	11.45	-
(2) Deferred Tax credit/(Charge)	9	(58.24)	(39.45)
(3) Earlier year tax adjustments		1.84	10.53
(IX) Profit/ (Loss) for the period		388.82	115.65
(X) Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss			
Net gain/(loss) on equity instrument designated at FVTOCI. (Shares in Capital Small Finance Bank)		(12.14)	16.84
Income tax relating to items that will not be reclassified to profit or loss		2.52	(3.37)
		(9.61)	13.48
(B) (i) Items that will be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		0.81	10.94
Income tax relating to items that will be reclassified to profit or loss		-	(2.75)
		0.81	8.18
Total Other Comprehensive Income		(8.80)	21.66
(XI) Total Comprehensive Income / (Loss) for the period(Comprising Profit (Loss) and other Comprehensive Income for the period)		380.02	137.31
(XII) Earnings per equity share	30		
Basic (Rs.)		3.14	2.08
Diluted (Rs.)		3.13	2.08

Summary of material accounting policies

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 GSA & Associates LLP
Chartered Accountants
Firm Registration No.: 000257N/N500339

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

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Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 16,2024

PHF Leasing Limited
CIN: L65110PB1992PLC012488
Statement of changes in equity for the year ended March 31, 2024
(All amounts in Rupees in lacs, unless otherwise stated)

(A) Equity share capital

As at March 31, 2024		As at March 31, 2023	
No. of shares	Amount	No. of shares	Amount
Equity shares of [Rs. 10] each subscribed and fully paid			
Opening	12386830	5500000	550.00
Add: issued & subscribed during the year	-	6886830	688.68
Closing	12386830	12386830	1,238.68

(B) Other equity

April 1, 2023 to March 31, 2024

Particulars	Reserve and surplus						Items of OCI FVTOCI Reserve	Money received against Share Warrants	Total
	General Reserve	Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	Other Reserves (shares forfeited)	Other Reserves (investment reserve)	Retained Earnings	Securities Premium			
Balance at the beginning of the reporting period	29.38	156.26	-	-	185.02	1,068.76	45.62	-	1,485.05
Profit/Loss for the year	-	-	-	-	388.82	-	-	-	388.82
Other comprehensive income	-	-	-	-	-	-	(8.80)	-	(8.80)
Transfer to Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	-	77.76	-	-	(77.76)	-	-	-	-
Total other comprehensive income for the year	-	77.76	-	-	311.05	-	(8.80)	-	380.02
Addition during the year	-	-	-	-	-	-	-	1,661.45	1,661.45
Less: Expenses during the year	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	29.38	234.03	-	-	496.07	1,068.76	36.82	1,661.45	3,526.51

April 1, 2022 to March 31, 2023

Particulars	Reserve and surplus						Items of OCI FVTOCI Reserve	Money received against Share Warrants	Total
	General Reserve	Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	Other Reserves (shares forfeited)	Other Reserves (investment reserve)	Retained Earnings	Share Premium			
Balance at the beginning of the reporting period	29.38	133.14	0.00	0.00	92.49	246.10	23.96	-	525.07
Profit/Loss for the year	-	-	-	-	115.65	-	-	-	115.65
Other comprehensive income	-	-	-	-	-	-	21.66	-	21.66
Transfer to Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	-	23.13	-	-	(23.13)	-	-	-	-
Total other comprehensive income for the year	-	23.13	-	-	92.52	-	21.66	-	137.31
Addition during the year	-	-	-	-	-	826.42	-	-	826.42
Less: Expenses during the year	-	-	-	-	-	(3.75)	-	-	(3.75)
Balance at the end of the reporting period	29.38	156.26	-	-	185.02	1,068.76	45.62	-	1,485.05

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 GSA & Associates LLP
Chartered Accountants
Firm Registration No.: 000257N/N500339

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

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Shikha Kapoor
Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 16, 2024

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Statement of cash flows for the year ended 31st March 2024

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Cash flow from operating activities		
Profit/(Loss) before tax	343.87	144.57
Adjustments for:		
Depreciation and amortization expenses	71.88	41.67
Impairment on financial instruments	316.22	39.53
Loss/ (Profit) on sale of assets	-	-
Finance cost	1,508.02	773.43
Dividend income	(0.12)	(0.10)
Gain/(Loss) on Lease Modification	-	-
Interest income	(3,464.14)	(1,773.58)
Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received	(1,224.28)	(774.48)
Changes in working capital		
Increase/(Decrease) in trade payables	317.13	123.31
Increase/(Decrease) in other payables	5.33	64.17
Increase in other financial liabilities	(15.76)	381.57
Increase in loans	(6,897.97)	(3,234.32)
Increase in other non-financial assets	(31.03)	(47.29)
(Increase)/ Decrease in other financial assets	(327.11)	(360.61)
Cash used in operations before adjustments for interest received, interest paid and dividend received	(8,173.69)	(3,847.65)
Interest paid	(1,508.02)	(794.24)
Interest received	3,263.04	1,795.92
Dividend received	0.12	0.10
Cash used in operations	(6,418.55)	(2,845.86)
Income tax paid	1.28	(9.85)
Net cash flows (used in)/ from operating activities (A)	(6,417.27)	(2,855.72)
Extraordinary Item	-	-
Net cash flows (used in)/ from operating activities (A)	(6,417.27)	(2,855.72)
Cash flow from Investing activities		
Payment for property, plant and equipment	(265.36)	(79.76)
Purchase of Investments	8.87	(701.80)
Deletion of ROU	-	-
Net proceeds from fixed assets	-	-
Interest received	-	-
Net cash flow used in investing activities (B)	(256.49)	(781.56)
Cash flow from Financing activities		
Proceeds from Issue of Share Warrants	1,661.45	1,515.10
Proceeds/(repayment) from issue of debt securities	930.73	297.79
Proceeds/(repayment) from Borrowings other than debt securities issued	3,184.29	1,879.78
Proceeds from Subordinated Liabilities	108.22	93.87
Proceeds from issue of deposits	1,310.35	1,249.20
Payment of lease liabilities	(26.56)	(16.52)
Net cash flow from financing activities (C)	7,168.48	5,019.23
Net increase in cash and cash equivalents (A+B+C)	494.72	1,381.95
Cash and cash equivalents at the beginning of the year	2,251.34	869.39
Cash and cash equivalents at the end of the year	2,746.07	2,251.34

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Statement of cash flows for the year ended 31st March 2024

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

Cash and cash equivalents comprise (Refer note 3)

Cash on hand	83.11	20.44
Balances with banks	2,232.27	948.25
Deposits with original maturity of less than three months	320.49	1,275.65
Bank Balance other than cash and cash equivalent	110.20	7.00
Total cash and bank balances at end of the year	2,746.07	2,251.34

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 outflows

3. Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities:

For the year ended March 31, 2024

Particulars	Debt securities	Borrowings (other than debt securities)	Deposits	Lease liabilities
Opening balance as at April 1, 2023	1,678.53	3,870.01	2,112.87	253.20
Cash flows during the year	930.73	3,184.29	1,310.35	(26.56)
Non-cash changes due to				
- Acquisitions under finance lease	-	-	-	74.63
- Deletions under finance lease	-	-	-	-
Closing balance as at March 31, 2024	2,609.26	7,054.30	3,423.21	301.25

For the year ended March 31, 2023

Particulars	Debt securities	Borrowings (other than debt securities)	Deposits	Lease liabilities
Opening balance as at April 1, 2022	1,008.67	961.37	535.00	98.49
Cash flows during the year	372.06	1,028.85	328.67	(10.03)
Non-cash changes due to				
- Acquisitions under finance lease	-	-	-	38.83
- Interest on debt securities/ Borrowings/ deposits / lease liabilities	-	-	-	(11.39)
Closing balance as at March 31, 2023	1,380.74	1,990.23	863.67	115.90

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 GSA & Associates LLP

Chartered Accountants

Firm Registration No.: 000257N/N500339

For and on behalf of the Board of Directors of

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Tanuj Chugh
Partner
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Shikha Kapoor
Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 16,2024

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Notes forming part of the Financial Statements for the year ended March 31, 2024

(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 87, Radio Colony, Jalandhar, Punjab - 144001. 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, Ludhiana, Ferozpur, Hoshiarpur, Tarn Taran, Abohar, Malout, Moga, Jagraon, Muktsar, Pathankot, Delhi and Jaipur. 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, 2024 were approved for issue in accordance with the resolution of the Board of Directors on May 16, 2024.

2 Material accounting policies

Material 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.

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Notes forming part of the Financial Statements for the year ended March 31, 2024

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

(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 Other Intangible Assets

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the Statement of Profit and Loss. Amortisation on assets acquired/sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss from/ upto the date of acquisition/ sale.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives. Intangible assets comprising of software are amortised on a straight-line basis over a period of 10 years, unless it has a shorter useful life.

The Company's intangible asset consist of computer software with definite life.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of profit and Loss when the asset is derecognised.

2.4 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 going forward.

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Notes forming part of the Financial Statements for the year ended March 31, 2024

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

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 instrument-by-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.

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

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.

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

Stage 1: Low credit risk, i.e. 0 to 30 days past due.

Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due

Stage 3: Impaired assets, i.e. more than 90 days past due.

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.

2.5 Leases

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 term if the contract contains options to extend or terminate the lease

2.6 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.

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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 in Ind AS-115, unless included in the effective interest calculation.

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.

2.7 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.

2.8 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 generally recognised in full for all taxable temporary differences.

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.

2.9 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.

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.

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.

2.10 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.

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.

2.11 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.

2.12 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.

2.13 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.

2.14 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 an expense 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.

2.15 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.

2.16 Money received against Share Warrants

Initial Recognition: When share warrants are issued, they are initially recognized as a separate component of equity. The fair value of the warrants is recorded in the "Money received against Share Warrant" account within the other equity section of the balance sheet.

Subsequent Measurement: After initial recognition, the share warrants are not remeasured to their fair value at each reporting date. The share warrant reserve balance remains unchanged until the warrants are either exercised or expire.

Exercise of Warrants: When the warrants are exercised, the corresponding amount in the share warrant reserve is transferred to the "Share Capital" and "Share Premium" accounts. The amount transferred is equal to the fair value of the warrants recognized at the time of issuance.

Expiration of Warrants: If the warrants expire unexercised, the balance in the share warrant reserve is transferred to the "Retained Earnings" account.

2.17 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. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

2.18 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 Companies 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.

PHF Leasing Limited

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

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

2.19 Operating segments

The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment. The Company operates in a single geographical segment i.e. domestic.

2.20 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.

PHF Leasing Limited

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Notes forming part of the Financial Statements for the year ended March 31,2024

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

3 Cash and Cash Equivalents

Particulars	As at	As at
	March 31, 2024	March 31,2023
Cash in hand	83.11	20.44
Balances with banks	2232.27	948.25
Deposits with original maturity of less than three months	320.49	1275.65
	2635.87	2244.34

4 Bank Balance other than cash and cash equivalent

Particulars	As at	As at
	March 31, 2024	March 31,2023
Fixed deposits (with original maturity more than twelve months)	110.20	7.00
Total other bank balances	110.20	7.00

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.

5 Loans

Particulars	As at	As at
	March 31, 2024	March 31,2023
(A) (i) Term loans	58.06	82.53
(ii) Others		
(a) Hypothecation loans	9,884.14	3,527.95
(b) Repossessed Vehicles	282.32	28.82
(c) Loan against Property	3,745.88	2,796.32
(d) MSME Loan	482.33	772.20
(e) Direct Assignment	305.18	748.08
Total (A) -Gross	14,757.91	7,955.90
Less: Impairment loss allowance	(187.14)	(67.52)
Total (A) - Net	14,570.77	7,888.38
(B) (i) Secured by tangible assets	14,757.91	7,955.90
(ii) Unsecured	-	-
Total (B)-Gross	14,757.91	7,955.90
allowance	(187.14)	(67.52)
Total (B)-Net	14,570.77	7,888.38
(C) (I) Loans in India		
(i) Public Sector	-	-
(ii) Others		
Retail Loans	14,699.85	7,873.37
Corporate Loans	58.06	82.53
Total (C)- Gross	14,757.91	7,955.90
Less: Impairment loss allowance	(187.14)	(67.52)
Total(C) (I)-Net	14,570.77	7,888.38
(C) (II)Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (C) (II)- Net	-	-
Total C(I) and C(II)	14,570.77	7,888.38

PHF Leasing Limited

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

6 Investments

Particulars	As at March 31, 2024			As at March 31, 2023		
	Amortised cost	At Fair value through Other Comprehensive Income	Total	Amortised cost	At Fair value through Other Comprehensive Income	Total
Government securities	18.32	-	18.32	20.49	-	20.49
Equity instruments	-	35.76	35.76	-	47.84	47.84
Investment in Midland Microfin	-	-	-	223.71	-	223.71
Investment in Best Capital	5.00	-	5.00	-	-	-
Investment on Securities Receipts with ARC 2022-23	323.42	-	323.42	463.25	-	463.25
Investment on Securities Receipts with ARC 2023-24	243.24	-	243.24	-	-	-
Fixed Deposit with other NBFC	8.00	-	8.00	3.00	-	3.00
Total - Gross	597.98	35.76	633.74	710.45	47.84	758.29
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	597.98	35.76	633.74	709.03	47.84	756.87
Total - Gross	597.98	35.76	633.74	709.03	47.84	756.87
Less: Allowance for Impairment loss/ Provision of Depreciation on investments	-	-	-	-	-	-
Total - Net	597.98	35.76	633.74	710.45	47.84	758.29

Foot Notes

i. Details of investments

Particulars	Face Value (in Rs.)	Number of units		Amount	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
(A) Investments in Government or Trust securities - at cost					
6.01% GOI Securities 2028	100	7,800	7,800	7.79	7.79
6.17% GOI Securities 2028	100	-	2,000	-	2.07
6.30% GOI Securities 2023	100	-	9,400	-	9.22
7.17% GOI Securities 2030	100	10,000	-	9.97	-
(B) Investment in Equity instruments - at FVTOCI (Capital Small Finance Bank Ltd.)					
10,237 equity shares of Rs 348.80 each (Citizen Urban Co-Operative Bank Ltd.)	10	10,237	10,237	35.71	47.84
500 equity shares of Rs 10/- each	10	500	-	0.05	-
		28,037	29,437	53.46	66.93

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

	As at March 31, 2024	As at March 31, 2023
7 Other financial assets		
Advances to Vehicle dealers	868.77	469.94
Interest accrued on:		
- MPSEB Bonds	5.35	5.35
Security Deposits	16.48	9.92
Interest strip asset on assignment	156.11	150.97
Other financial assets	134.70	17.02
	1,181.41	653.20

	As at March 31, 2024	As at March 31, 2023
8 Current tax assets		
Advance income tax [net of provision]	-	9.85
	-	9.85

	As at March 31, 2024	Charge/(Benefit) during the year	As at March 31, 2023
9 Deferred tax assets (Net)			
Deferred tax relates to the following:			
Deferred tax assets			
On property, plant and equipment	(16.39)	12.38	(4.00)
On lease liabilities (net)	8.75	(3.78)	4.97
On Impairment on financial instruments	47.10	(30.10)	16.99
On Impairment (others)	26.06	(26.06)	-
Provision for Leave Encashment	0.76	(1.60)	(0.85)
Gratuity	-	(2.75)	(2.75)
Gain on derecognition of financial assets	(39.29)	(6.32)	(45.61)
	26.99	(58.24)	(31.24)
	-	-	-
Gross deferred tax assets	26.99	(58.24)	(31.24)
Deferred tax liabilities			
On Items recognised in OCI	6.08	(2.52)	8.60
Gross deferred tax liabilities	6.08	(2.52)	8.60
Net Deferred tax Asset	20.91	(60.76)	(39.85)

The components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are:

	Year ended March 31, 2024	Year ended March 31, 2023
Current tax	11.45	-
Deferred Tax(Credit)/ Charge relating to origination and reversal of temporary differences	(60.76)	(56.11)
Earlier year tax adjustments	1.84	10.53
	(47.47)	(45.57)

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, 2024 and year ended March 31, 2023 is, as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Accounting profit before tax	343.87	144.57
At India's statutory income tax rate of 25.168%	(86.55)	(36.38)
Non-deductible expenses		
Donation not allowable for tax purpose	-	-
Interest on delayed payments to MSME	-	-
Others	42.28	(9.19)
Income tax expense reported in the statement of profit and loss	(44.27)	(45.57)

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account. Also there are no previously unrecorded income and unrelated assets which are to be recorded in the books of accounts during the year.

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

10 Property, Plant and Equipment-Tangible assets

	Gross block				Depreciation				Net block	
	As at April 01, 2023	Additions	Deductions	Up to March 31, 2024	As at April 01, 2023	For the period	On Deductions	Up to March 31, 2024	As at March 31, 2023	As at March 31, 2024
Owned assets										
Leasehold Improvements	74.67	38.87	-	113.54	1.21	1.43	-	2.63	73.46	110.91
Furniture and fixtures	48.75	22.17	-	70.91	7.03	5.41	-	12.44	41.71	58.47
Vehicles	7.63	34.75	-	42.38	4.15	3.52	-	7.67	3.48	34.72
Electical Equipments	18.43	15.45	-	33.88	2.25	2.14	-	4.39	16.18	29.49
Office equipments	3.17	6.80	-	9.96	1.57	0.72	-	2.29	1.60	7.67
Computers	36.73	22.57	-	59.31	11.54	13.79	-	25.33	25.19	33.98
Total	189.38	140.61	-	329.98	27.75	27.01	-	54.75	161.63	275.23

10a Other intangible Assets

Software Licence	0.00	199.75	-	199.75	-	3.28	-	3.28	0.00	196.46
Total	0.00	199.75	-	199.75	-	3.28	-	3.28	0.00	196.46

11 Right of Use assets

	Gross block				Amortization				Net block	
	As at April 01, 2023	Additions/ Adjustments	Deductions/ Adjustments	Up to March 31, 2024	As at April 01, 2023	For the year	On Deductions/ Adjustments	Up to March 31, 2024	As at March 31, 2023	As at March 31, 2024
Office buildings	287.73	74.63	-	362.36	54.28	41.59	-	95.86	233.45	266.49
Total	287.73	74.63	-	362.36	54.28	41.59	-	95.86	233.45	266.49

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(ii) The Company does not own any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee).

(iii) No revaluation made during the year and previous year.

12 Other non financial assets

Prepaid Expenses	
Other non-financial assets	
Taxes and Duties	

	As at March 31, 2024	As at March 31, 2023
	70.24	33.02
	31.08	34.35
	-	2.92
	101.32	70.29

13 Payables

(I) Trade payables

- (a) Total outstanding dues of micro enterprises and small enterprises
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises

	As at March 31, 2024	As at March 31, 2023
	-	-
	427.97	134.58
	427.97	134.58

(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
- Other Payables

	As at March 31, 2024	As at March 31, 2023
	1.35	8.01
	34.42	22.42
	34.42	22.42

Disclosure relating to suppliers registered under MSMED Act based on the information available with the NBFC:

Particulars

- (a) Amount remaining unpaid to any supplier at the end of each accounting year:

Principal
Interest

Total

- (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

- (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

- (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

	As at March 31, 2024	As at March 31, 2023
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Trade Payables Ageing schedule

As at 31 March 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	-	-	-	-	-
ii. Others	-	427.97	-	-	-	427.97
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	-	-	-	-	-
ii. Others	-	134.58	-	-	-	134.58
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

14 Debt Securities

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Debentures	2,609.26	1,678.53
Debentures Application money pending allotment	-	-
Total (A)	2,609.26	1,678.53
Debt securities in India	2,609.26	1,678.53
Debt securities outside India	-	-
Total (B)	2,609.26	1,678.53

Terms and conditions:

Redeemable non-convertible debentures (NCD) - Secured of Rs.1000/- each

Nature of Security: Secured on Book Debts

Terms of repayment as on March 31, 2024

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12.25%	
Over 60 months	-	1,105.79	1,105.79
48-60 months	-	78.10	78.10
36-48 months	-	348.97	348.97
24-36 months	-	1,071.78	1,071.78
12-24 months	4.61	-	4.61
Upto 12 months	-	-	-
Total	4.61	2,604.65	2,609.26

Terms of repayment as on March 31, 2023

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12%	
Over 60 months	-	1,161.03	1,161.03
48-60 months	-	353.70	353.70
36-48 months	-	-	-
24-36 months	4.34	-	4.34
12-24 months	-	-	-
Upto 12 months	-	159.45	159.45
Total	4.34	1,674.18	1,678.53

During the year there were no defaults in the repayment of principal and interest.

15 Borrowing (Other than Debt Securities)

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost (Secured)		
(a)Term loans/Cash Credit limit		
(i)from banks - Over draft	-	394.45
(ii)from banks - Term Loans	2,283.06	1,500.00
(iii)from banks - Term Loan For Car	22.36	-
(iv)from corporates -INR	4,748.88	1,975.56
Total (A)	7,054.30	3,870.01
Borrowings in India	7,054.30	3,870.01
Borrowings outside India	-	-
Total (B)	7,054.30	3,870.01

As at March 31, 2024

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	-
Over Draft	6.75%	On the basis of working capital needs	-
Term Loan	10.8%-14.00%	On the basis of working capital needs	2,305.42
Total			2,305.42

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 : Phillaur
Hypothecation charge on fixed asset(car) of the company.

Nature of security in Over draft Limit against Fixed Deposit with Bank.

B Term loans from corporates -secured (INR)**Terms of repayment**

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Total
36-48 Months	12% to 16.50%	To be paid on 05/11/21/25th of every months	2.67
24-36 months	12% to 16.50%	To be paid on 05/11/21/25th of every months	896.57
12-24 months	12% to 16.50%	To be paid on 05/11/21/25th of every months	1,736.52
upto 12 months	12% to 16.50%	To be paid on 05/11/21/25th of every months	2,113.12
Total			4,748.88

Nature of security: Exclusive hypothecation of loans receivables.

As at March 31, 2023

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	-
Over Draft	6.75%	On the basis of working capital needs	394.45
Term Loan	10.80%	On the basis of working capital needs	1,500.00
Total			1,894.45

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	Repayment details	Total
36-48 Months	12% to 15%	To be paid on 11/21/25th of every months	39.58
24-36 months	12% to 15%	To be paid on 11/21/25th of every months	159.52
12-24 months	12% to 15%	To be paid on 11/21/25th of every months	717.58
upto 12 months	12% to 15%	To be paid on 11/21/25th of every months	1,058.89
Total			1,975.56

Nature of security: Exclusive hypothecation of loans receivables.

Additional Notes

- During the year there were no defaults in the repayment of principal and interest.
- The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.
- Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
- The Company has not been declared wilful defaulter by any bank or financial institution.
- There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

16 Subordinated Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
At amortised cost		
Subordinated Debentures	783.23	675.01
Total (A)	783.23	675.01

Terms of repayment as on March 31, 2024

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12.5%	
Over 60 months	-	160.14	160.14
48-60 months	-	247.59	247.59
36-48 months	-	375.49	375.49
24-36 months	-	-	-
12-24 months	-	-	-
Upto 12 months	-	-	-
Total	-	783.23	783.23

During the year there were no defaults in the repayment of principal and interest.

Terms of repayment as on March 31, 2023

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12.5%	
Over 60 months	-	369.32	369.32
48-60 months	-	305.69	305.69
36-48 months	-	-	-
24-36 months	-	-	-
12-24 months	-	-	-
Upto 12 months	-	-	-
Total	-	675.01	675.01

During the year there were no defaults in the repayment of principal and interest.

17 Deposits

Particulars	As at March 31, 2024	As at March 31, 2023
At Amortised Cost (Unsecured)		
(i) Public Deposits	77.35	-
(ii) From Corporates	2,958.58	1,898.42
(iii) From Director and its related party	387.29	214.45
	3,423.22	2,112.87

As at March 31, 2024

A Deposits from public - unsecured

Outstanding as on March 31, 2024 : 77.35 Lacs
Rate of Interest: 10% p.a-11.5% p.a

B Deposits from Corporates - unsecured

Outstanding as on March 31, 2024: INR 2958.58 lacs
Terms of repayment: Repayable on demand
Rate of Interest: 11% p.a-17.5% p.a

C Deposits from directors and its related parties - unsecured

Outstanding as on March 31, 2024: INR 387.29 lacs
Terms of repayment: Repayable on demand
Rate of Interest: 11% p.a-14% p.a

As at March 31, 2023

A Deposits from public - unsecured

Outstanding as on March 31, 2023 : Nil

B Deposits from Corporates - unsecured

Outstanding as on March 31, 2023: INR 1898042 lacs
Terms of repayment: Repayable on demand
Rate of Interest: 11% p.a-12% p.a

C

Deposits from directors and its related parties - unsecured

Outstanding as on March 31, 2023: INR 214.45 lacs
Terms of repayment: Repayable on demand
Rate of Interest: 11% p.a-12% p.a

18 Other Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Accrued Interest	1.87	12.05
Capital Creditors	84.00	-
Other financial liabilities	441.77	456.35
	527.64	468.40

19 Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for Employee Benefits	3.01	3.36
Provision for Income Tax	1.36	-
	4.37	3.36

20 Other Non-Financial Liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory Due Payable	60.21	36.47
	60.21	36.47

21 Equity Share capital

	As at March 31, 2024	As at March 31, 2023
Authorized		
4,00,00,000 (March 31, 2023: 1,50,00,000) equity shares of Rs. 10/- each	4,000.00	1,500.00
	4,000.00	1,500.00
Issued		
12,401,330 (March 31, 2023: 12,401,330) equity shares of Rs. 10/- each	1,240.13	1,240.13
	1,240.13	1,240.13
Subscribed and fully paid-up shares		
12,386,830 (March 31, 2023: 12,386,830) equity shares of Rs. 10/- each	1,238.68	1,238.68
	1,238.68	1,238.68

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at March 31, 2024		As at March 31, 2023	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	1,23,86,830	1,238.68	55,00,000	550.00
Add: Issued & subscribed during the year	-	-	68,86,830	688.68
Outstanding at the end of the year	1,23,86,830	1,238.68	1,23,86,830	1,238.68

(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 allotted 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, 2024		As at March 31, 2023	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Nitika Shikha Chugh	6,79,980	5.49%	6,79,980	5.49%
Agile Finserv Pvt.Ltd.	21,88,200	17.67%	21,88,200	17.67%
Hamco Ispat Private Ltd.	9,50,000	7.67%	9,50,000	7.67%
Nalini Rampilla	7,00,000	5.65%	7,00,000	5.65%
Kalyana Chakravarthy Pilla	7,00,000	5.65%	7,00,000	5.65%
Glosec Sub Broker and Marketing Services	8,44,600	6.82%	8,44,600	6.82%
Insta Apphanced Private Limited	7,34,650	5.93%	7,25,150	5.85%

(e) Promoter shareholding

S.No.	Promoter Name	As at March 31, 2024		As at March 31, 2023		%Change during the year
		No. of Shares	% shareholding	No. of Shares	% shareholding	
1	Chandan Chugh	20,000	0.16%	20,000	0.16%	-
2	Rohin Chugh	-	-	-	-	-
3	Nitika Shikha Chugh	6,79,980	5.49%	6,79,980	5.49%	100.00%

S.No.	Promoter Name	As at 31st Mar, 2023		As at 31st Mar, 2022		%Change during the year
		No. of Shares	% shareholding	No. of Shares	% shareholding	
1	Chandan Chugh	20,000	0.16%	20,000	0.36	-
2	Rohin Chugh	-	-	20,000	0.36	-100.00%
3	Nitika Shikha Chugh	6,79,980	5.49%	6,79,980	12.36	-

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.

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

22 Other Equity

	As at March 31, 2024	As at March 31, 2023
(a) General Reserve		
Opening balance	29.38	29.38
Add: Transferred from retained earnings	-	-
Closing balance	29.38	29.38
(b) Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)		
Opening balance	156.26	133.14
Add: Transferred from retained earnings	77.76	23.13
Closing balance	234.03	156.26
(c) Other comprehensive income		
Opening balance	45.62	23.96
Add: Net gain/(loss) on equity instrument designated at FVOCI	(9.61)	13.48
Add: Remeasurement gain/(loss) on defined benefit plan (net of tax)	0.81	8.18
Closing balance	36.82	45.62
(d) Share Premium account		
Opening balance	1,068.76	246.10
Add: Issued during the year	-	826.42
Less: Expenses during the year	-	(3.75)
Closing balance	1,068.76	1,068.76
(e) Share Warrant		
Opening balance	-	-
Add: Issued during the year	1,661.45	-
Less: Expenses during the year	-	-
Closing balance	1,661.45	-
(f) Retained earnings		
Opening balance	185.01	92.49
Add: Net Profit/(Net Loss) for the current year	388.82	115.65
Add /(Less): Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(77.76)	(23.13)
Closing balance	496.06	185.01
Total Reserves and surplus	3,526.50	1,485.05

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

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,

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) 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.

(d) 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.

The Fair Valur per Equity Share as on 31.03.2024 as per market rate is Rs. 348.80. 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.

(e) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and general reserves.

23 Interest Income

Particulars	Year ended March 31, 2024			Year ended March 31, 2023		
	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	-	3,092.87	3,092.87	-	1,377.26	1,377.26
Interest income from investments	-	31.63	31.63	-	2.37	2.37
Interest on deposits with Banks	-	12.88	12.88	-	22.56	22.56
Income from loan related and other commission services	-	125.66	125.66	-	135.74	135.74
Gain on derecognition of financial assets	-	201.10	201.10	-	235.64	235.64
Total	-	3,464.14	3,464.14	-	1,773.58	1,773.58

24 Other Income

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on Income Tax Refund	0.44	-
Miscellaneous Income	1.99	1.06
	2.43	1.06

25 Finance Cost

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On Financial liabilities measured at amortised cost		
- Interest on deposits	32.85	11.76
- Interest on Inter corporate deposits	465.21	156.92
Interest on borrowings (other than debt securities)		
- Loan from corporates	391.82	322.66
- Loan from banks	221.28	-
Interest on debt securities		
- Debentures	364.47	257.95
Other interest expense		
- Interest On Lease Liability	30.75	22.33
- Bank Interest	-	1.81
- Interest paid on Car Loan	1.52	-
- Interest on fldg Trade Advance	0.11	-
	1,508.02	773.43

26 Impairment on Financial Instruments

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
On financial instruments measured at amortised cost		
Loans*	119.62	19.23
Bad Debt Written off	68.93	19.71
Loss on sale of repossessed vehicle	24.12	32.29
Others	103.55	0.59
	316.22	71.83

*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, 2024

Particulars	General approach			Total
	Stage 1	Stage 2	Stage 3	
Loans and advances to customers	28.79	11.18	79.64	119.62
Total impairment loss	28.79	11.18	79.64	119.62

Year ended March 31, 2023

Particulars	General approach			Total
	Stage 1	Stage 2	Stage 3	
Loans and advances to customers	3.35	5.98	9.90	19.23
Total impairment loss	3.35	5.98	9.90	19.23

27 Employee Benefit Expenses

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages	607.02	354.51
Leave Encashment	-	2.25
Contribution to provident and other funds	79.46	42.47
Gratuity expenses	6.58	4.88
Staff welfare expenses	16.02	10.26
	709.09	414.38

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

28 Depreciation and amortization expense

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
Depreciation of property, plant and equipment	27.01	13.70
Depreciation on Other Intangible Assets	3.28	-
Depreciation on Right-of-use assets	41.59	27.97
	71.88	41.67

29 Other Expenses

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
Rent, taxes and energy costs	31.13	11.97
Repairs and maintenance	11.13	6.33
Communication Costs	12.48	8.08
Printing and Stationery	28.39	13.81
Annual Day Expenses	5.84	2.91
Annual fees	0.77	2.09
Advertisement and publicity	11.25	10.65
Car Running & Mtn. Expenses	0.37	-
Director's fees, allowances and expenses	2.83	1.61
Rates and Taxes	56.06	23.86
Rebate & Discount	-	0.33
Payment to auditor (Refer details below)	14.23	6.19
Legal and Professional charges	142.61	108.19
Insurance	6.74	5.44
Tour & Travelling Expenses	92.21	56.11
Entertainment & Festive Expenses	12.23	10.27
Incentive Expenses	7.58	14.40
Membership Fees & Subscription	22.17	5.99
Software Development Charges	1.25	1.31
Servicer fees	28.07	11.34
Miscellaneous Expenditure	30.27	27.99
	517.62	328.87

Note : The following is the break-up of Auditors remuneration

Payment to Auditors (exclusive of applicable taxes):

	Year ended	Year ended
	March 31, 2024	March 31, 2023
Statutory Audit fees	8.50	5.00
Out of Pocket Expenses	1.61	0.89
Internal Audit fees	4.00	-
Stock Audit fees	0.12	-
Certification	-	0.30
	14.23	6.19

30 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, 2024	Year ended March 31, 2023
Earning / Loss attributable to equity holders	388.82	115.65
Weighted average number of equity shares for basic EPS	123.87	55.47
Weighted average number of equity shares for diluted EPS	124.05	
Basic Profit/Loss per share (INR)	3.14	2.08
Diluted Profit/loss per share (INR)	3.13	2.08

31 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, 2024	Year ended March 31, 2023
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 27)	79.46	42.47

(B) Defined benefit plans

- a) Gratuity payable to employees
- b) Leave Encashment

i) Actuarial assumptions

Discount rate (per annum)	7.25%	7.39%	7.25%	7.39%
Rate of increase in Salary	5%	5%	5%	5%
Expected average remaining working lives of employees (years)	25.68	25.30	26.02	25.14
Attrition rate				
Upto 30 years	5%	5%	5%	5%
From 31-44 years	3%	3%	3%	3%
Above 44 years	2%	2%	2%	2%

	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate (per annum)	7.25%	7.39%	7.25%	7.39%
Rate of increase in Salary	5%	5%	5%	5%
Expected average remaining working lives of employees (years)	25.68	25.30	26.02	25.14
Attrition rate				
Upto 30 years	5%	5%	5%	5%
From 31-44 years	3%	3%	3%	3%
Above 44 years	2%	2%	2%	2%

ii) Changes in the present value of defined benefit obligation

Present value of obligation at the beginning of the year	21.56	25.84	3.36	1.11
Interest cost	1.59	1.86	0.25	0.08
Past service cost	-	-	-	-
Current service cost	7.49	4.77	1.24	1.22
Curtailements	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(5.63)	-	-	-
Actuarial (gain)/ loss on obligations	(0.99)	(10.91)	(1.83)	0.95
Present value of obligation at the end of the year	24.02	21.56	3.01	3.36

	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Present value of obligation at the beginning of the year	21.56	25.84	3.36	1.11
Interest cost	1.59	1.86	0.25	0.08
Past service cost	-	-	-	-
Current service cost	7.49	4.77	1.24	1.22
Curtailements	-	-	-	-
Settlements	-	-	-	-
Benefits paid	(5.63)	-	-	-
Actuarial (gain)/ loss on obligations	(0.99)	(10.91)	(1.83)	0.95
Present value of obligation at the end of the year	24.02	21.56	3.01	3.36

iii) Expense recognized in the Statement of Profit and Loss

Current service cost	7.49	4.77	1.24	1.22
Past service cost	-	-	-	-
Interest cost	1.59	1.86	0.25	0.08
Expected return on plan assets	-	-	-	-
Actuarial (gain) / loss on obligations	-	-	-	-
Settlements	-	-	-	-
Curtailements	-	-	-	-
Total expenses recognized in the Statement Profit and Loss*	9.09	6.62	1.49	1.30

	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	7.49	4.77	1.24	1.22
Past service cost	-	-	-	-
Interest cost	1.59	1.86	0.25	0.08
Expected return on plan assets	-	-	-	-
Actuarial (gain) / loss on obligations	-	-	-	-
Settlements	-	-	-	-
Curtailements	-	-	-	-
Total expenses recognized in the Statement Profit and Loss*	9.09	6.62	1.49	1.30

*Included in Employee benefits expense (Refer Note 26). Actuarial gain of INR 10.94 lacs is included in other comprehensive income.

iv) Change in plan assets

Fair value of plan assets at the beginning of the period	33.94	28.15	-	-
Actual return on plan assets	2.33	2.05	-	-
Employer contribution	4.48	3.74	-	-
Benefits paid	(5.63)	-	-	-
Fair value of plan assets at the end of the period	35.11	33.94	-	-

	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Fair value of plan assets at the beginning of the period	33.94	28.15	-	-
Actual return on plan assets	2.33	2.05	-	-
Employer contribution	4.48	3.74	-	-
Benefits paid	(5.63)	-	-	-
Fair value of plan assets at the end of the period	35.11	33.94	-	-

v) Assets and liabilities recognized in the Balance Sheet:

Present value of unfunded obligation as at the end of the year	24.02	21.56	3.01	3.36
Fair value of plan assets	35.11	33.94	-	-
Unfunded net asset / (liability) recognized in Balance Sheet	11.09	12.38	(3.01)	(3.36)

	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Present value of unfunded obligation as at the end of the year	24.02	21.56	3.01	3.36
Fair value of plan assets	35.11	33.94	-	-
Unfunded net asset / (liability) recognized in Balance Sheet	11.09	12.38	(3.01)	(3.36)

vi) Other Comprehensive Income

a) Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b) Actuarial gain / (loss) for the year on PBO	0.99	10.91
c) Actuarial gain / (loss) for the year on Asset	(0.18)	0.03
d) Unrecognized actuarial gain/(loss) for the year	0.81	10.94

	Gratuity	
	Year ended March 31, 2024	Year ended March 31, 2023
a) Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b) Actuarial gain / (loss) for the year on PBO	0.99	10.91
c) Actuarial gain / (loss) for the year on Asset	(0.18)	0.03
d) Unrecognized actuarial gain/(loss) for the year	0.81	10.94

vii) 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 disclose 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.

viii) Expected contribution to the fund in the next year

Gratuity/Leave Encashment	10.66	7.09	1.45	1.36
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	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Gratuity/Leave Encashment	10.66	7.09	1.45	1.36

ix) A quantitative sensitivity analysis for significant assumption as at March 31, 2024 is as shown below:

Impact on defined benefit obligation

Discount rate				
0.5% increase	(1.28)	(1.02)	(0.15)	(0.17)
0.5% decrease	1.40	1.11	0.16	0.18

Rate of increase in salary				
0.5% increase	1.42	1.13	0.17	0.19
0.5% decrease	(1.31)	(1.05)	(0.15)	(0.17)

	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate				
0.5% increase	(1.28)	(1.02)	(0.15)	(0.17)
0.5% decrease	1.40	1.11	0.16	0.18
Rate of increase in salary				
0.5% increase	1.42	1.13	0.17	0.19
0.5% decrease	(1.31)	(1.05)	(0.15)	(0.17)

x) Maturity profile of defined benefit obligation

Year				
Apr 2022- Mar 2023	-	3.33	-	0.15
Apr 2023- Mar 2024	0.46	0.35	0.51	0.08
Apr 2024- Mar 2025	0.42	0.40	0.13	0.03
Apr 2025- Mar 2026	1.65	1.74	0.13	0.12
Apr 2026- Mar 2027	1.04	0.60	0.07	0.02
Apr 2027- Mar-2028	1.34	0.53	0.08	0.04
Apr 2028 onwards	19.13	14.61	2.10	0.66

	Gratuity		Leave Encashment	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Year				
Apr 2022- Mar 2023	-	3.33	-	0.15
Apr 2023- Mar 2024	0.46	0.35	0.51	0.08
Apr 2024- Mar 2025	0.42	0.40	0.13	0.03
Apr 2025- Mar 2026	1.65	1.74	0.13	0.12
Apr 2026- Mar 2027	1.04	0.60	0.07	0.02
Apr 2027- Mar-2028	1.34	0.53	0.08	0.04
Apr 2028 onwards	19.13	14.61	2.10	0.66

PHF Leasing Limited

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

32 Leases where company is a lessee

(A)(ia) Changes in the carrying value of Right-of-use Assets	Asset Class	
	Particulars	Office Building
Balance as at April 1, 2022		107.95
Additions		153.47
Deletion		(1.78)
Depreciation		(27.97)
Depreciation on deletion		1.78
Balance as at March 31, 2023		<u>233.45</u>
Additions		74.63
Deletion		-
Depreciation		(41.59)
Depreciation on deletion		-
Balance as at March 31, 2024		<u><u>266.49</u></u>

(ib) Changes in the Lease liabilities	Asset Class	
	Particulars	Office Building
Balance as at April 1, 2022		115.90
Additions		153.82
Deletion		-
Interest		22.33
Lease Payments		(38.85)
Balance as at March 31, 2023		<u>253.20</u>
Additions		74.63
Deletion		-
Interest		30.75
Lease Payments		(57.32)
Balance as at March 31, 2024		<u>301.27</u>

(ii) Break-up of current and non-current lease liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Current Lease Liabilities	68.99	49.21
Non-current Lease Liabilities	232.28	203.99

(iii) Maturity analysis of lease liabilities

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Less than one year	68.99	49.21
One to five years	276.17	205.90
More than five years	75.26	120.69

(iv) Amounts recognised in statement of Profit and Loss account

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
Interest on Lease Liabilities	30.75	22.33
Depreciation on Right of Use asset	41.59	27.97
Total	<u>72.34</u>	<u>50.30</u>

(v) Amounts recognised in statement of Cash Flows

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
Total Cash outflow for leases	26.56	16.52

33 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.

34 Expenditure and Earnings in foreign currency

There are no expenditure or earnings in foreign currency for the year ended March 31, 2024 and March 31, 2023.

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Notes forming part of the Financial Statements for the year ended March 31,2024

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

35 Related party disclosures

(a) Names of the related parties and related party relationship

Relationship	Name of Party
(i) Promoter and Promotor group	Late Sh. Shiv Dyal Chugh (expired on 07.03.2021) Mr. Chandan Chugh
(ii) Entities owned or significantly influenced by Key Managerial Personnel or their relatives	---
(iii) Director/Key management personnel or their relatives	Mr. Vijay Kumar Sareen (Whole-Time Director) Late Sh. Yaduvendra Mathur (Chairman & Independent Director)(expired on 04.05.2024) Mr. Meghal Gupta (Director) Mr. Ashwani Kumar Jindal (Independent Director) Mr. Vijay Kumar Bhandari (Nominee Director) Ms. Aditi Kapur (Independent Director) Mr. Kumar Shalya Gupta (Chief Executive Officer) Ms. Shikha Kapoor (Company Secretary) Mr. Kuldeep Bhandari (Chief Financial Officer) Mr. Manthan Gupta (Director's Brother) Mr. Aashim Sareen (Director's Son) Mr. Aarish Sareen (Director's Son) Ms. Sangeeta Sareen (Director's Wife) Ms. Swati Gupta (Director's Daughter in law) Mr. Shant Kumar Gupta (Director's Father) Ms. Neha Gupta (Director's Mother) Ms. Arushi Gupta (Director's wife) Ms. Rekha Jindal (Director's wife) Ms. Nitika Shikha Chugh (Director's wife) Ms. Meenu Chawla (Director's Daughter) Ms. Sonal Dhawan (Director's Daughter)

(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		Director/Key management personnel or their relatives		Total	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Transactions during the year								
A	Remuneration*								
	Mr. Vijay Kumar Sareen	-	-	-	-	12.96	9.60	12.96	9.60
	Mr. Kumar Shalya Gupta	-	-	-	-	40.68	-	40.68	-
	Mr. Kuldip Bhandari	-	-	-	-	9.74	6.81	9.74	6.81
	Ms. Shikha Kapoor	-	-	-	-	5.01	4.29	5.01	4.29
B	Professional Fees								
	Mr. Yaduvendra Mathur	-	-	-	-	1.80	-	1.80	-
	Mr. Meghal Gupta	-	-	-	-	12.00	7.20	12.00	7.20
	Mr. Manthan Gupta	-	-	-	-	3.00	-	3.00	-
	Mr. Chandan Chugh	3.60	1.38	-	-	-	-	3.60	1.38
C	Rent								
	Ms. Sangeeta Sareen	-	-	-	-	2.24	1.20	2.24	1.20
D	Director Meeting Fees								
	Mr. Yaduvendra Mathur	-	-	-	-	0.62	0.60	0.62	0.60
	Mr. Ashwani Kumar Jindal	-	-	-	-	0.72	0.46	0.72	0.46
	Mr. Vijay Kumar Bhandari	-	-	-	-	0.68	0.38	0.68	0.38
	Ms. Aditi Kapur	-	-	-	-	0.63	0.38	0.63	0.38
	Mr. Chandan Chugh	0.05	-	-	-	-	-	0.05	0.00
E	Interest on Deposits/NCD's taken								
	Mr. Vijay Kumar Sareen	-	-	-	-	5.13	3.97	5.13	3.97
	Mr. Aashim Sareen	-	-	-	-	8.47	7.94	8.47	7.94
	Mr. Aarish Sareen	-	-	-	-	1.72	0.80	1.72	0.80
	Ms. Sangeeta Sareen	-	-	-	-	5.98	4.77	5.98	4.77
	Ms. Swati Gupta	-	-	-	-	4.77	4.48	4.77	4.48
	Mr. Meghal Gupta	-	-	-	-	2.09	1.28	2.09	1.28
	Mr. Manthan Gupta	-	-	-	-	1.24	0.69	1.24	0.69
	Mr. Shant Kumar Gupta	-	-	-	-	7.83	6.17	7.83	6.17
	Ms. Neha Gupta	-	-	-	-	4.29	2.97	4.29	2.97
	Ms. Arushi Gupta	-	-	-	-	0.79	0.15	0.79	0.15
	Mr. Ashwani Kumar Jindal	-	-	-	-	-	1.74	-	1.74
	Ms. Rekha Jindal	-	-	-	-	1.74	4.14	1.74	4.14
	Ms. Parveen Arora	-	-	-	-	1.34	0.84	1.34	0.84
	Ms. Meenu Chawla	-	-	-	-	4.78	-	4.78	-
	Ms. Sonal Dhawan	-	-	-	-	4.78	-	4.78	-

	Particulars	Promoter and Promoter group		Entities owned or significantly influenced by Key Managerial Personnel or their relatives		Director/Key management personnel or their relatives		Total	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
F	<u>Shares Issued</u>								
	Manthan Gupta	-	-	-	-	-	-	-	-
	Mr.Aarish Sareen	-	-	-	-	-	2.20	-	2.20
	Mr.Aashim Sareen	-	-	-	-	-	2.20	-	2.20
	Mr. Ashwani Kumar Jindal	-	-	-	-	-	16.50	-	16.50
	Ms.Sangeeta Sareen	-	-	-	-	-	3.00	-	3.00
	Ms.Swati Gupta	-	-	-	-	-	2.20	-	2.20
	Mr.Vijay Kumar Sareen	-	-	-	-	-	5.00	-	5.00
G	<u>Deposits Taken</u>								
	Mr. Vijay Kumar Sareen	-	-	-	-	4.00	5.50	4.00	5.50
	Ms. Sangeeta Sareen	-	-	-	-	18.00	10.00	18.00	10.00
	Ms.Parveen Arora	-	-	-	-	-	10.75	-	10.75
	Mr.Aarish Sareen	-	-	-	-	-	10.00	-	10.00
	Mr.Shant Kumar Gupta	-	-	-	-	23.00	6.00	23.00	6.00
	Ms.Neha Gupta	-	-	-	-	8.00	5.00	8.00	5.00
	Mr. Meghal Gupta	-	-	-	-	5.00	5.00	5.00	5.00
	Mr.Manthan Gupta	-	-	-	-	5.00	0.20	5.00	0.20
	Ms. Arushi Gupta	-	-	-	-	7.00	1.00	7.00	1.00
	Ms.Meenu Chawla	-	-	-	-	51.00	-	51.00	-
	Ms.Sonal Dhawan	-	-	-	-	51.00	-	51.00	-
H	<u>Debentures Issued</u>								
	Mr. Aashim Sareen	-	-	-	-	-	-	-	-
	Ms. Sangeeta Sareen	-	-	-	-	4.90	3.25	4.90	3.25
	Ms. Swati Gupta	-	-	-	-	-	-	-	-
	Mr. Vijay Kumar Sareen	-	-	-	-	-	5.00	-	5.00

	Particulars	Promoter and Promoter group		Entities owned or significantly influenced by Key Managerial Personnel or their relatives		Director/Key management personnel or their relatives		Total	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	<u>Balance outstanding at the year end</u>								
J	<u>Outstanding Deposits</u>								
	Late Sh.Shiv Dayal Chugh	61.15	61.15	-	-	-	-	61.15	61.15
	Mr. Vijay Kumar Sareen	-	-	-	-	35.82	29.11	35.82	29.11
	Mr. Aashim Sareen	-	-	-	-	47.86	44.30	47.86	44.30
	Ms. Sangeeta Sareen	-	-	-	-	40.41	20.38	40.41	20.38
	Ms. Swati Gupta	-	-	-	-	12.76	11.57	12.76	11.57
	Ms.Parveen Arora	-	-	-	-	12.90	11.48	12.90	11.48
	Mr.Aarish Sareen	-	-	-	-	11.28	10.23	11.28	10.23
	Mr.Shant Kumar Gupta	-	-	-	-	6.82	6.18	6.82	6.18
	Ms.Neha Gupta	-	-	-	-	-	5.15	0.00	5.15
	Mr. Meghal Gupta	-	-	-	-	10.92	5.15	10.92	5.15
	Mr.Manthan Gupta	-	-	-	-	5.64	0.21	5.64	0.21
	Ms. Arushi Gupta	-	-	-	-	8.62	1.03	8.62	1.03
	Ms.Meenu Chawla	-	-	-	-	51.00	-	51.00	-
	Ms.Sonal Dhawan	-	-	-	-	51.00	-	51.00	-
K	<u>Outstanding Debentures</u>								
	Mr. Vijay Kumar Sareen	-	-	-	-	15.63	15.12	15.63	15.12
	Mr. Aashim Sareen	-	-	-	-	5.00	5.00	5.00	5.00
	Mr.Aarish Sareen	-	-	-	-	5.00	5.00	5.00	5.00
	Ms. Sangeeta Sareen	-	-	-	-	18.73	13.32	18.73	13.32
	Ms. Swati Gupta	-	-	-	-	5.00	5.00	5.00	5.00
	Mr.Shant Kumar Gupta	-	-	-	-	59.25	53.88	59.25	53.88
	Ms.Neha Gupta	-	-	-	-	28.10	25.57	28.10	25.57
	Mr. Meghal Gupta	-	-	-	-	11.26	10.26	11.26	10.26
	Mr.Manthan Gupta	-	-	-	-	6.95	6.35	6.95	6.35
	Ms. Arushi Gupta	-	-	-	-	1.24	1.13	1.24	1.13
	Ms. Rekha Jindal	-	-	-	-	15.50	15.50	15.50	15.50
L	<u>Outstanding Subordinated Debts</u>								
	Ms. Swati Gupta	-	-	-	-	25.98	23.39	25.98	-
	Ms. Sangeeta Sareen	-	-	-	-	8.00	8.00	8.00	-
	Mr. Aashim Sareen	-	-	-	-	25.98	23.39	25.98	-

* Does not include gratuity and leave encashments as these are provided based on the company as a whole.

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. There have been no guarantees provided or received for any related party receivables or payables. For the period ended March 31, 2024, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2023: 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.

36 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.

37 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, 2024:**

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 fair value through OCI:					
Investments	31-Mar-24	633.74	35.76	584.98	13.00

(b) **Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2023:**

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 fair value through OCI:					
Investments	31-Mar-23	47.84	47.84	-	-

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.

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(c) Categories of Financial Instruments

Financial Assets

Financial Assets measured at Amortised Costs

Particulars	As at 31st March 2024		As at 31st March 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and Cash Equivalents	2,635.87	2,635.87	2,240.06	2,240.06
Bank Balance other than cash and cash equivalent	110.20	110.20	7.00	7.00
Loans	14,570.77	14,570.77	7,888.38	7,888.38
Investments	31.32	31.32	22.08	22.08
Investment in Midland Microfin	-	-	223.71	223.71
Investment on securities receipts with ARC	566.66	593.06	463.25	463.25
Other Financial Assets	1,181.41	1,181.41	658.90	658.90
Total Financial Assets measured at amortised costs - (i)	19,096.23	19,122.63	11,503.37	11,503.37

Financial Assets measured at FVTOCI

Particulars	As at 31st March 2024		As at 31st March 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Investments - Equity Instruments	35.76	35.76	47.84	47.84
Total Financial Assets measured at FVTOCI - (ii)	35.76	35.76	47.84	47.84
Total Financial Assets (i)+(ii)	19,131.99	19,158.39	11,551.21	11,551.21

Financial Liabilities

Financial Liabilities measured at amortised costs

Particulars	As at 31st March 2024		As at 31st March 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Payables				
(I) Trade Payables	427.97	427.97	134.58	134.58
(II) Other Payables	35.76	35.76	108.40	108.40
Debt Securities	2,609.26	2,609.26	1,678.53	1,678.53
Borrowings (Other than Debt Securities)	7,054.30	7,054.30	3,870.01	3,870.01
Subordinated Liabilities	783.23	783.23	675.01	675.01
Deposits	3,423.22	3,423.22	2,112.87	2,112.87
Lease Liabilities	301.27	301.27	253.20	253.20
Other financial liabilities	527.64	527.64	390.43	390.43
Total Financial Liabilities	15,162.64	15,162.64	9,223.03	9,223.03

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.

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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.

38 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.

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(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 it is 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

Impairment assessment

The Company's impairment assessment and measurement approach for all the loan portfolio 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 unlikelihood 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.

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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)	12499.88	1834.22	423.81	14757.91
Impairment Allowance on Credit Exposure	58.01	23.17	105.95	187.14
Credit risk exposure (direct assignment)	-	-	-	-
Net Credit Risk Exposure	12441.87	1811.05	317.86	14570.77

(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, 2024					
Trade payables	427.97	-	-	-	427.97
Other payables	34.42	-	-	-	34.42
Debt Securities	-	0.00	1,503.46	1,105.79	2,609.26
Borrowing (Other than Debt Securities)	774.76	2,120.30	4,159.24	-	7,054.30
Lease Liabilities (Based on Undiscounted Value)	17.01	51.98	232.28	-	301.27
Subordinated Debentures	-	-	623.08	160.14	783.23
Deposits	0.00	820.65	2,602.57	-	3,423.22
Other Financial Liabilities	205.76	144.21	237.88	-	587.85
	1,459.91	3,137.14	9,358.52	1,265.94	15,221.50
March 31, 2023					
Trade payables	134.58	-	-	-	134.58
Other payables	30.44	-	-	-	30.44
Debt Securities	-	159.45	358.04	1,161.03	1,678.52
Borrowing (Other than Debt Securities)	811.59	1,125.90	1,932.52	-	3,870.01
Lease Liabilities (Based on Undiscounted Value)	11.80	37.42	203.99	-	253.20
Subordinated Debentures	-	-	305.69	369.32	675.01
Deposits	80.00	1,786.00	246.87	-	2,112.87
Other Financial Liabilities	63.36	155.61	249.43	-	468.40
	1,131.77	3,264.37	3,296.54	1,530.35	9,223.02

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39 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 43.2 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.

40 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 47.

b. **Commitment:** The Company has sanctioned loans which are still to be disbursed amounting to Rs. NIL as on March 31, 2024 (As on March 31, 2023: Rs.NIL).

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Notes forming part of the Financial Statements for the year ended March 31, 2024

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

41 The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long-term contract has been made in the books of account.

42 Asset Liability Management (ALM)

Maturity pattern of assets and liabilities as on March 31, 2024

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	Not sensitive to ALM*	Total
Financial assets										
Cash and Cash Equivalent	2,315.38	-	320.49	-	-	-	-	-	-	2,635.87
Bank Balance other than cash and cash equivalent						110.20				110.20
Loans	798.72	810.24	816.02	2,429.17	4,077.59	3,612.71	1,366.14	741.38	(81.18)	14,570.77
Investments	-	-	-	-	35.76	13.00	566.66	18.32	-	633.74
Other Financial Assets	-	-	-	-	970.09	296.16	20.91	754.67	-	2,041.83
Total	3,114.10	810.24	1,136.51	2429.17	5,083.45	4,032.06	1,953.71	1,514.38	(81.18)	19,992.41
Financial liabilities										
Payables	-	35.76	-	-	-	-	-	-	-	35.76
Trade Payables	-	427.97	-	-	-	-	-	-	-	427.97
Debt Securities	-	-	-	-	-	1,076.39	427.07	1,105.79	-	2,609.26
Borrowings (Other than Debt Securities)	271.71	250.98	252.07	732.83	1,387.47	3,943.86	215.38	-	-	7,054.30
Lease Liabilities (Based on Undiscounted Value)	5.66	5.67	5.67	17.15	34.84	141.17	91.10	-	-	301.27
Subordinated Liabilities	-	-	-	-	-	-	623.08	160.14	-	783.23
Deposits	-	-	-	-	820.65	1,822.57	780.00	-	-	3,423.22
Other financial liabilities	205.76	-	-	144.21	-	237.88	4.37	-	-	592.22
Total	483.14	720.38	257.74	894.19	2,242.95	7,221.87	2,141.02	1,265.94	-	15,227.23

*represents adjustments on account of EIR/ECL

Maturity pattern of assets and liabilities as on March 31, 2023

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	Not sensitive to ALM*	Total
Financial assets										
Cash and Cash Equivalent	968.69	-	1,275.65	-	-	-	-	-	-	2,244.34
Bank Balance other than cash and cash equivalent						7.00				7.00
Loans	317.46	338.74	332.94	975.84	1,804.20	3,390.22	605.84	190.67	(67.52)	7,888.36
Investments	-	10.64	-	-	271.55	3.00	463.25	9.86	-	758.29
Other Financial Assets	12.64	4.38	4.58	-	471.06	150.62	-	9.92	-	653.20
Total	1,298.79	353.75	1,613.17	975.84	2,546.80	3,550.84	1,069.09	210.45	(67.52)	11,551.19
Financial liabilities										
Payables	-	30.44	-	-	-	-	-	-	-	30.44
Trade Payables	-	134.58	-	-	-	-	-	-	-	134.58
Debt Securities	-	-	-	-	159.45	4.34	353.70	1,161.03	-	1,678.52
Borrowings (Other than Debt Securities)	137.99	533.50	140.10	426.82	699.08	1,627.10	305.42	-	-	3,870.01
Lease Liabilities (Based on Undiscounted Value)	3.57	4.11	4.11	12.52	24.90	106.76	97.22	-	-	253.20
Subordinated Liabilities	-	-	-	-	-	-	305.69	369.32	-	675.01
Deposits	80.00	-	-	-	1,786.00	246.87	-	-	-	2,112.87
Other financial liabilities	63.36	-	-	155.61	-	249.43	-	-	-	468.40
Total	284.92	702.63	144.21	594.94	2,669.43	2,234.50	1,062.03	1,530.35	-	9,223.02

*represents adjustments on account of EIR/ECL

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Notes forming part of the Financial Statements for the year ended March 31,2024

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

43 Schedule to the Balance Sheet of the company

Particulars		Amount outstanding	Amount overdue
Liabilities side			
(1)	Loans and advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
(a)	Debentures: Secured	2,609.26	-
	: Unsecured (other than falling within the meaning of public deposits)	783.23	-
(b)	Deferred Credits	-	-
(c)	Term Loans	2,305.42	-
(d)	Inter-corporate loans and borrowing	7,707.46	-
(e)	Commercial Paper	-	-
(f)	Public Deposits	77.35	-
(g)	Other Loans- Exempt Deposits	387.29	81.55
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)	In the form of Unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	77.35	-
Assets side		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a)	Secured		14,570.77
(b)	Unsecured		-
(4)	Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i)	Lease assets including lease rentals under sundry debtors:		
(a)	Financial lease		-
(b)	Operating lease		-
(ii)	Stock on hire including hire charges under sundry debtors:		
(a)	Assets on hire		-
(b)	Repossessed Assets		-
(iii)	Other loans counting towards asset financing activities		
(a)	Loans where assets have been repossessed		-
(b)	Loans other than (a) above		-
(5)	Break-up of Investments		
	Current Investments		
1.	Quoted		
(i)	Shares		
(a)	Equity		-
(b)	Preference		-
(ii)	Debentures and Bonds		-
(iii)	Units of mutual funds		-
(iv)	Government Securities		-
(v)	Others (please specify)		-

2.	<u>Unquoted</u>			
	(i)	Shares		
		(a) Equity		-
		(b) Preference		-
	(ii)	Debentures and Bonds		-
	(iii)	Units of mutual funds		-
	(iv)	Government Securities		18.32
	(v)	Others (please specify)		-
Long Term investments				
1.	<u>Quoted</u>			
	(i)	Shares		
		(a) Equity		35.76
		(b) Preference		-
	(ii)	Debentures and Bonds		-
	(iii)	Units of mutual funds		-
	(iv)	Government Securities		-
	(v)	Others (please specify)		-
2.	<u>Unquoted</u>			
	(i)	Shares		
		(a) Equity		-
		(b) Preference		-
	(ii)	Debentures and Bonds		5.00
	(iii)	Units of mutual funds		-
	(iv)	Government Securities		-
	(v)	Others-FDR with NBFC		8.00
	(vi)	Others-Investment in ARC Security receipts		
				566.66
(6)	Borrower group-wise classification of assets financed as in (3) and (4) above:			
	Category		Amount net of provisions	
			Secured	Unsecured
	1. Related Parties			
	(a)	Subsidiaries	-	-
	(b)	Companies in the same group	-	-
	(c)	Other related parties	-	-
	2. Other than related parties		14,570.77	-
	Total		14,570.77	14,570.77
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Category		Market Value/ Break up or Fair Value or NAV	Book Value (Net of Provisions)
	1. Related Parties			
	(a)	Subsidiaries	-	-
	(b)	Companies in the same group	-	-
	(c)	Other related parties	-	-
	2. Other than related parties		633.74	633.74
	Total		633.74	633.74
(8)	Other information			
	Particulars		Amount	
	(i)	Gross Non-Performing Assets		
		(a) Related parties		-
		(b) Other than related parties		423.81
	(ii)	Net Non-Performing Assets		
		(a) Related parties		-
		(b) Other than related parties		317.86
	(iii)	Assets acquired in satisfaction of debt		-

44 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.

44.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Instruments	Credit rating agency	Rating Assigned	As on March 31, 2024	As on March 31, 2023
Bank Loan Long-term	CRISIL	BBB-	2,500.00	-
Bank Loan Short-term	NA		-	-
Debentures	NA		-	-
Deposits	CRISIL	BBB-	2,500.00	-

44.2 Capital adequacy ratio

	As on March 31, 2024	As on March 31, 2023
Tier I Capital	4,018.14	2,260.68
Tier II Capital	1,004.78	761.83
Total Capital	5,022.92	3,022.51
Total Risk Weighted Assets	16,618.40	9,328.89
CRAR (Tier I Capital+Tier II Capital)/ Total Risk Weighted Assets (%)	30.23%	32.40%
CRAR - Tier I capital (Tier I Capital/ Total Risk Weighted Assets)%	24.18%	24.23%
CRAR - Tier II capital (Tier II Capital/ Total Risk Weighted Assets)%	6.05%	8.17%

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.

44.3 The Company has not entered any Forward rate/ Interest rate swap agreement during the year.

44.4 Securitization/ Assignment during the year:

a. There are no SPVs sponsored by the Company.

b. The Company has transferred stressed loans during the year ended March 31, 2024.

Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)			
(all amounts in Rs. Lakhs)	To ARCs	To permitted transferees	To other transferees (please specify)
No: of accounts	75	-	-
Aggregate principal outstanding of loans transferred	382.57	-	-
Weighted average residual tenor of the loans transferred (in years)	4.94	-	-
Net book value of loans transferred (at the time of transfer)	382.57	-	-
Aggregate consideration	325.19	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

c. The Company has not transferred any Special Mention Account (SMA) and loan not in default.

d. The Company has entered into assignment transaction in which it has transferred the assets to the buyer, during the current year. As per the terms of this deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred by the Company. The table below summarises the carrying amount of the recognised financial assets:

Particulars	As on March 31, 2024	As on March 31, 2023
(i) No. of accounts	3,352	4,584
(ii) Aggregate value (net of provisions) of accounts assigned	2,587.79	2,308.55
(iii) Aggregate consideration	2,587.79	2,308.55
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

e. During the year, the Company has not purchased loans by way of direct assignment but continues to hold the loan accrued in preceeding financial years. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% 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 on March 31, 2024	As on March 31, 2023
Direct assignment		
Carrying amount of purchased assets measured at amortised cost	305.18	748.08

f. 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.

44.5 Investments

Investments disclosure has been disclosed in Note No. 5

44.6 Exposure to real estate sector
a. Exposure to Real Estate Sector

	As on March 31, 2024	As on March 31, 2023
Category		
(a) Direct exposure		
(i) Residential mortgages	3,382.57	2,854.82
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
(ii) Commercial real estate	845.64	713.70
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;		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
A Residential,	-	-
B Commercial Real Estate.	-	-
Total Exposure to Real Estate Sector	4,228.21	3,568.52

44.7 Exposure to capital market

Particulars	As on March 31, 2024	As on March 31, 2023
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;	35.76	271.55
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	35.76	271.55

44.8 Details of financing of parent company products

The Company does not have any Parent Company, hence not applicable.

44.9 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL)

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SBL) / Group Borrower Limit(GBL).

44.10 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority.

44.11 Provisions and Contingencies

a. Summary of movement in provisions:

Particulars	As at March 31, 2023	Provision made during the Year	Provision Reversed /Adjusted during the Year	As at March 31, 2024
Gratuity	-	-	-	-
Leave Encashment	3.36	1.01	-	4.37
Provision of Depreciation on investments	-	-	-	-
Provision for income tax	-	1.36	-	1.36
Provisions against standard assets	41.21	-	(39.98)	81.18
Provisions against sub standard assets	26.18	-	(79.77)	105.95
Provisions against doubtful assets	0.13	-	0.13	0.00

b. Break up of loans and advances and provision thereon

Particulars	As on March 31, 2024	As on March 31, 2023
Standard Assets		
Total outstanding amount	14,334.10	7,765.23
Provision made	81.18	41.21
Sub - Standard Assets		
Total outstanding amount	423.81	189.56
Provision made	105.95	26.18
Doubtful Assets		
Total outstanding amount	0.00	1.11
Provision made	0.00	0.13
Total outstanding amount	14,757.91	7,955.90
Provision made	187.14	67.52

c. Draw Down from Reserves

During the year, a sum of Rs. 77.76 lakhs being 20% of Profit after Tax has been transferred to Statutory Reserve in accordance with section 45IC of RBI Act, 1934 refer Note 22(b).

d. Concentration of Public Deposits, Advances, Exposures and NPAs

i. Concentration of Deposits (for deposit taking NBFCs)

Particulars	As on March 31, 2024	As on March 31, 2023
Total deposits of twenty largest depositors	2,311.00	1,268.21
Percentage of loans and advances to twenty largest depositors to total deposits of the NBFC	59.92%	53.89%

ii. Concentration of loans and advances -

Particulars	As on March 31, 2024	As on March 31, 2023
Total loans and advances to twenty largest borrowers	649.44	1,128.69
Percentage of loans and advances to twenty largest borrowers to total Advances of the NBFC	4.46%	14.31%

iii. Concentration of all exposure (including off-balance sheet exposure)

Particulars	As on March 31, 2024	As on March 31, 2023
Total loans and advances to twenty largest borrowers	649.44	1,128.69
Percentage of loans and advances to twenty largest borrowers to total Advances of the HFC	4.46%	14.31%

iv. Concentration of NPAs

Particulars	As on March 31, 2024	As on March 31, 2023
Total exposure to top ten NPA accounts	14.59	75.77

v. Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector	
	As on March 31, 2024	As on March 31, 2023
1 Individuals	2.88%	2.42%
2 Corporates	-	-
3 Others	-	-

vi. Movement of NPAs

Particulars	As on March 31, 2024	As on March 31, 2023
(I) Net NPAs to Net Advances (%)	2.18%	2.08%
(II) Movement of NPAs (Gross)		
a) Opening balance	190.67	234.61
b) Additions during the year	1,969.01	161.29
c) Reductions during the year	1,735.87	205.23
d) Closing balance	<u>423.81</u>	<u>190.67</u>
(III) Movement of NPAs (Net)		
a) Opening balance	164.36	218.20
b) Additions during the year	1,851.46	142.90
c) Reductions during the year	1,697.96	196.74
d) Closing balance	<u>317.86</u>	<u>164.36</u>
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	26.31	16.41
b) Additions during the year	117.55	18.39
c) Reductions during the year	37.91	8.49
d) Closing balance	<u>105.95</u>	<u>26.31</u>

44.12 Overseas Assets

The Company does not have overseas assets during March 31, 2024 and March 31, 2023

are required to be consolidated as per accounting Norms) as at March

44.13 31, 2023 and March 31, 2022.

44.14 Disclosure of customer complaints

Particulars	As on March 31, 2024	As on March 31, 2023
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	-	-

44.15 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.

44.16 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, 2024.

44.17 Remuneration of Directors

Remuneration of Directors has been disclosed in Note No. 35.

44.18 Registration obtained from financial sector regulators

- a. From RBI - vide registration number - 06.00124
- b. From Ministry of Corporate Affairs - L65110PB1992PLC012488
- c. From Metropolitan Stock Exchange - INE405N01016

The company has not obtained registration from any other financial sector regulator.

44.19 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.

45 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 Liquidity Coverage Ratio (LCR) for the quarter ended March 31, 2024

Particulars	March 31, 2024		December 31, 2023	
	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)*	2,769.39	2,769.39	1,222.53	1,222.53
Cash Outflows				
a) Deposits (for deposit taking companies)	-	-	-	-
b) Unsecured wholesale funding	-	-	-	-
c) Secured wholesale funding	-	-	-	-
d) Additional requirements, of which	-	-	-	-
Outflows related to derivative exposures and other collateral	-	-	-	-
i. requirements	-	-	-	-
ii. Outflows related to loss of funding on debt products	-	-	-	-
iii. Credit and liquidity facilities	-	-	-	-
f) Other contractual funding obligations	666.20	766.13	468.71	539.02
g) Other contingent funding obligations	-	-	-	-
Total Cash Outflows	666.20	766.13	468.71	539.02
Cash Inflows				
a) Secured lending	798.72	599.04	668.90	501.68
b) Inflows from fully performing exposures	-	-	-	-
c) Other cash inflows	-	-	-	-
Total Cash Inflows	798.72	599.04	668.90	501.68
TOTAL HQLA		2,769.39		1,222.53
Total Net Cash outflows		191.53		134.75
Liquidity Coverage Ratio (Total HQLA/ Total Net Cash Outflows)		1446%		907%

Particulars	September 30, 2023		June 30, 2023	
	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)**	935.78	935.78	512.59	512.59
Cash Outflows				
a) Deposits (for deposit taking companies)	-	-	-	-
b) Unsecured wholesale funding	-	-	-	-
c) Secured wholesale funding	-	-	-	-
d) Additional requirements, of which	-	-	-	-
Outflows related to derivative exposures and other collateral	-	-	-	-
i. requirements	-	-	-	-
ii. Outflows related to loss of funding on debt products	-	-	-	-
iii. Credit and liquidity facilities	-	-	-	-
f) Other contractual funding obligations	348.51	400.78	661.33	760.53
g) Other contingent funding obligations	-	-	-	-
Total Cash Outflows	348.51	400.78	661.33	760.53
Cash Inflows				
a) Secured lending	526.22	394.67	422.95	317.21
b) Inflows from fully performing exposures	-	-	-	-
c) Other cash inflows	-	-	-	-
Total Cash Inflows	526.22	394.67	422.95	317.21
TOTAL HQLA		935.78		512.59
Total Net Cash outflows		100.20		443.31
Liquidity Coverage Ratio (Total HQLA/ Total Net Cash Outflows)		934%		116%

*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.

**Components of HQLA

	March 31, 2024		December 31, 2023	
Cash & Cash Equivalent	2,746.07		924.13	
Government securities	23.32		298.40	
Total High Quality Liquid Assets (HQLA)	2,769.39		1,222.53	
<hr/>				
	September 30, 2023		June 30, 2023	
Cash & Cash Equivalent	652.35		227.09	
Government securities	283.43		285.50	
Total High Quality Liquid Assets (HQLA)	935.78		512.59	

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) 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, 2024, had maintained average HQLA (after haircut) of Rs. 2,769.39 lacs against Rs. 1,222.53 lacs for the quarter ended December 31, 2023, Rs.935.78 lacs for the quarter ended September 2023 and Rs.512.59 lacs for the quarter ended June 30, 2023. 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, 2024 was 1446% which is above the regulatory requirement of 100%. For the quarter ended December 31, 2023, September 30, 2023 and June 30, 2023 average LCR stood at 907%, 934% and 116% respectively.

46 Liquidity risk

Disclosure on Liquidity risk for the quarter ended March 31, 2024 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
18	10,941.82	79%	72%

ii. Top 20 large deposits

Particulars	As at March 31, 2024
Total amount of top 20 large deposits	3,335.42
Percentage of amount of top 20 large deposits to total deposits	97.43%

iii. Top 10 borrowings

Particulars	As at March 31, 2024
Total amount of top 10 borrowings	7,536.50
Percentage of amount of top 10 borrowings to total borrowings	54.34%

iv. Funding concentration based on significant instrument/product

Particulars	Amount	% of Total liabilities
Redeemable non-convertible debentures (secured)	2,609.26	17.14%
Term loan from corporates	4,748.88	31.19%
Term loan from banks	2,305.42	15.14%
Loans repayable on demand from banks (Overdraft from banks)	-	0.00%
Deposits from corporates and related parties	3,345.87	21.97%
Public deposits	77.35	1%

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Notes forming part of the Financial Statements for the year ended 31st March 2024

(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 per RBI Norms:

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	For the year ended March 31, 2024					For the year ended March 31, 2023				
		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	12,499.88	58.01	12,441.87	56.10	1.91	7,110.83	29.22	7,081.62	25.84	3.38
	Stage 2	1,834.22	23.17	1,811.06	33.98	(10.81)	654.39	11.99	642.40	2.62	9.37
Subtotal		14,334.10	81.18	14,252.92	90.07	(8.89)	7,765.23	41.21	7,724.02	28.45	12.75
Non-Performing Assets (NPA)											
Substandard	Stage 3	423.81	105.95	317.86	64.48	41.47	189.56	26.18	163.38	18.31	7.87
Doubtful - up to 1 year	Stage 3	-	-	-	-	-	1.11	0.13	0.98	0.26	(0.13)
1 to 3 years	Stage 3	-	-	-	-	-	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-	1.11	0.13	0.98	0.26	(0.12)
Loss	Stage 3	-	-	-	-	-	-	-	-	-	-
Subtotal for NPA		423.81	105.95	317.86	64.48	41.47	190.67	26.31	164.36	18.57	7.75
Total	Stage 1	12,499.88	58.01	12,441.87	56.10	1.91	7,110.83	29.22	7,081.62	25.84	3.38
	Stage 2	1,834.22	23.17	1,811.06	33.98	(10.81)	654.39	11.99	642.40	2.62	9.37
	Stage 3	423.81	105.95	317.86	64.48	41.47	190.67	26.31	164.36	18.57	7.75
		14,757.91	187.14	14,570.78	154.56	32.58	7,955.90	67.52	7,888.39	47.03	20.49

PHF Leasing Limited

CIN: L65110PB1992PLC012488

Notes forming part of the Financial Statements for the year ended March 31, 2024

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

48 The Company had purchased 12 Bonds of Madhya Pradesh State Electricity bonds 1999 worth Rs. 12 lakhs on January 13, 2000 whose maturity period expired on 1 January 13, 2007. During the year 2014-15, the Company received Rs. 16.27 lakhs which pertains to principal sum Rs. 12 lakhs and Rs. 4.27 lakhs towards interest calculated @ 7% upto March 31, 2005 and @ 8% for the subsequent period from April 1, 2005 to January 13, 2007 as against contracted rate of 13.70%. The Company has filed recovery Suit against Madhya Pradesh State Electricity Board in Delhi District Court for the recovery of differential interest as per Contract rate and as remitted by the Madhya Pradesh State Electricity Board. The Company has also filed claim of interest for the delayed receipt of principal & interest.

49 The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules there under are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

50 Additional Regulatory Information

(a) The company does not have any subsidiary/ associate / joint venture. Hence, the compliance related to the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable on the Company.

(b) The Company has not applied for any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013.

(c) The Company has not traded or invested in crypto currency or virtual currency during the year.

(d) The Company has not given any loans or advances to promoters, directors, KMPs and the related parties (as defined under the Companies Act 2013) either severally or jointly with any other person that are:

(i) repayable on demand

(ii) without specifying any terms or period of repayment

(e) The Company neither have any transactions during the year nor having any outstanding Balance as at 31 March 2024 with companies whose name is Strucked off under section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956

51 Utilisation of borrowed funds and share premium

The company has not given any loan or invested funds to any persons, entities (intermediaries) with the understanding that intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company.

b) provide any guarantee, security or the like to or on behalf of the Company.

The Company has not received any fund from any person, entities (Funding Party) with the understanding that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party.

b) provide any guarantee, security or the like on behalf of the Funding Party.

52 Derecognition of financial assets

During the year ended 31 March 2024, the Company has sold 90% of a portion of its term loans through direct assignments, measured at amortised cost, to maintain reasonable leverage. As per regulatory requirement, the Company continues to hold balance 10% of those loans as Minimum Retention Requirement (MRR). The Company transferred substantially all the risks and rewards relating to assets to the buyer and accordingly, sold portion of loans was derecognised.

The following table below sets forth, for the periods indicated, the summary of carrying amounts of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition.

Particulars	For the year ended	For the year ended
	31 March 2024	31 March 2023
Carrying amount of derecognised financial assets	2,728.99	1,784.18
Gain on derecognition of financial assets	201.10	235.64

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition as interest-only strip receivable with a corresponding credit to the statement of profit and loss.

For GSA & Associates LLP
Chartered Accountants
Firm Registration No.: 000257N/N500339

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

Tanuj Chugh
Partner
Membership No: 529619

Vijay Kumar Sareen
Whole Time Director
DIN:07978240

Meghal Gupta
Director
DIN:09179500

Kumar Shalya Gupta
Chief Executive Officer

Place: Jalandhar
Date: May 16, 2024

Place: Jalandhar
Date: May 16, 2024

Place: Jalandhar
Date: May 16, 2024

Place: Jalandhar
Date: May 16, 2024

Kuldip Bhandari
Chief Finance officer

Place: Jalandhar
Date: May 16, 2024

Shikha Kapoor
Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 16, 2024

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT 32ND ANNUAL GENERAL MEETING OF THE MEMBERS OF PHF LEASING LIMITED (“THE COMPANY”) WILL BE HELD ON THURSDAY, THE 19TH DAY OF SEPTEMBER, 2024 AT 12:00 NOON 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, 2024 and the reports of the Board of Directors and the Auditors thereon and, in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the audited financial statements of the company for the financial year ended March 31, 2024 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. Chandan Chugh (DIN: 01519390) as a Director, liable to retire by rotation

To appoint a Director in place of Mr. Chandan Chugh (DIN: 01519390) who retires by rotation in terms of section 152(6) of the Companies Act, 2013 and being eligible, offered himself for re-appointment and in this regard, to consider and if thought fit, to pass 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. Chandan Chugh (DIN:01519390), who retires by rotation at this meeting and being eligible, offered 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, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 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 and subject to the approval of Reserve Bank of India on application filed by the Company for conversion from Deposit taking NBFC to Non-Deposit taking NBFC, 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 hold the office from the conclusion of ensuing Annual General Meeting till the conclusion of the Annual General Meeting to be held for the financial year 2025-26 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

authorized by the Board or its committee for such purpose).”

SPECIAL BUSINESS

4. To consider and approve the change in the name of the Company and consequent amendment in Memorandum and Articles of Association of the Company

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 13(2) of the Companies Act, 2013 and all other applicable provisions if any, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval, consents, permissions and sanctions of any other appropriate regulatory/statutory authorities including Registrar of Companies, Reserve Bank of India and such terms, conditions, amendments or modifications as may be required or suggested by any such appropriate authority in this regard, the consent of the members of the Company be and is hereby accorded to change the name of the Company from “PHF Leasing Limited” to “CREDIFIN Limited” or any other name as may be approved by the Registrar of Companies, /Reserve Bank of India.

RESOLVED FURTHER THAT Clause I of the Memorandum of Association (MOA) of the Company i.e. the Name Clause of the MOA be and is hereby altered by deleting the existing Clause I and substituting it with the following:

“**The name of the Company is “CREDIFIN Limited”.**

or any other name approved by Reserve Bank of India/ Central Government

“**RESOLVED FURTHER THAT** in terms of Section 14 and other applicable provisions of the Companies Act, 2013, if any, the Articles of Association of the Company be altered by deleting the existing name of the Company wherever appearing and substituting it with the new name of the Company.

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. To consider and approve the amendment in Main Object Clause of the Memorandum of Association of the Company

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 4 and 13 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the approval of any other appropriate regulatory/statutory authorities and such terms, conditions, amendments or modifications as may be required or suggested by any such appropriate authority, the consent of the members of the Company be and is hereby accorded to alter the main objects clause i.e. IIIA of the Memorandum of Association of the Company by inserting sub-clauses (6) & (7) after sub clause (5) as follows:

6. To act as Corporate Agent for the purposes of distribution and servicing of insurance products in accordance with provisions of Insurance Act 1938, Insurance Regulatory and Development Authority Act, 1999 and other applicable regulations made thereunder.

7. To act as arrangers, brokers, sub brokers, syndicators and perform other intermediary services with regard to finance, Insurance, banking, real estate, manufacturing, trading, retail, and other service sector enterprise.

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 authorized 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.”

Date: August 27, 2024

Place: Jalandhar

**By orders of the Board
For PHF LEASING LIMITED**

**Sd/-
Shikha Kapoor
Company Secretary
Membership No: A19146
Address: H. No. 65, Paras Estate
Jalandhar-144008, Punjab, India**

NOTES:

1. Pursuant to the General Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 19/2021 dated December 8, 2021, Circular No. 21/2021 dated December 14, 2021, Circular No. 2/2022 dated May 05, 2022, Circular No. 10/2022 dated December 28, 2022 and Circular No. 09/2023 dated September 25, 2023 issued by Ministry of Corporate Affairs (collectively referred to as “MCA Circulars”), and the Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022, SEBI/HO/CFD/ PoD-2/P/CIR/2023/4 dated January 5, 2023 and SEBI/ HO/CFD/CFD-PoD-2/P/ CIR/2023/167 dated October 07, 2023 issued by Securities Exchange Board of India (collectively referred to as “SEBI Circulars”), companies are permitted to hold the Annual General Meeting (AGM Meeting) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of members at a common venue. Hence, in accordance with the MCA and SEBI Circulars, provisions of the Companies Act, 2013, the AGM of the Company is being held through VC or OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.
2. The relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”), setting out the material facts concerning ordinary business in respect of Item No.3 and special businesses in respect of Item No. 4 and Item No. 5 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 the provisions of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of re-appointment of director retiring by rotation 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, 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. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend this 32nd AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said resolution/authorization shall be e-mailed to the scrutinizer at e-mail id cssagrikajayee@gmail.com.
7. 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.
8. Participation of members through VC/ OAVM facility will be reckoned for the purpose of quorum

for the AGMs per Section 103 of the Act.

Procedure for Inspection of Documents:

9. 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 19, 2024. Members seeking to inspect such documents can send an email to compliance@phfleasing.com
10. 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 12, 2024 by sending e-mail on compliance@phfleasing.com. The same will be replied by the Company suitably.

Dispatch of Annual Report through Electronic Mode:

11. In compliance with the MCA Circular no. 10/2022 dated December 28, 2022 and SEBI circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, Notice of the AGM along with the Annual Report 2023-24 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 2023-24 will also be available on the Company's website www.phfleasing.com and on the website of Company's Registrar and Transfer Agent, Skyline Financial Services at www.skylinerta.com. The Notice can also be accessed from the website of the stock exchange, Metropolitan Stock Exchange of India (MSEI) at www.msei.in and on the website of the NSDL (agency for providing the Remote e-Voting facility) i.e. www.evotingnsdl.com.
12. For receiving all communication (including Annual Report) from the Company electronically:
 - a) Members holding shares in physical mode are requested to register their email addresses with the Company by writing to Ms. Shikha Kapoor, Company Secretary at her email id compliance@phfleasing.com or to Registrar & Share Transfer Agent, M/s Skyline Financial Services Private Limited at its e-mail id admin@skylinerta.com by quoting your Folio No., PAN, Mobile No., Email-Id along with a self-attested copy of your PAN Card / Aadhar Card and Share Certificate (front and back).
 - b) Members holding shares in dematerialized mode, are requested to register their email addresses with their relevant depositories through their depository participants. However, for temporary registration for the purpose of obtaining this notice, shareholders may register their email ids with the Company by writing to Ms. Shikha Kapoor, Company Secretary of the Company, at her email-id compliance@phfleasing.com.
13. The notice is being sent to all the members of the Company, whose names appear in the register of members/ record(s) of depositories as on August 23, 2024. A person who is not a member as on cut-off date should treat this Notice for information purpose only.

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

14. 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, 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 16, 2024 at 9.00 A.M.**
End of remote e-voting : **September 18, 2024 at 5.00 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 12, 2024, 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 12, 2024.

- (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 12, 2024, such person may obtain the user id and password by mailing to the Company at compliance@phfleasing.com or RTA at admin@skylinerta.com.
- (iii) The Company has appointed Ms. Sagrika Jayee (M. No: 61678), 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, scrutinize 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

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Monday, September 16, 2024 at 09:00 A.M. and ends on Wednesday, September 18, 2024 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 12, 2024 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 12, 2024.

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 and joining virtual meeting 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.	<ol style="list-style-type: none"><li data-bbox="619 1167 1433 1659">1. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.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 or joining virtual meeting & voting during the meeting.<li data-bbox="619 1671 1433 1816">2. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp<li data-bbox="619 1827 1433 2056">3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.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 or joining virtual meeting & voting during the meeting.

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. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password.
2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.
3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.
4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on 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 able to see the e-Voting

	option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
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 or joining virtual meeting & voting during the meeting.

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 022 - 4886 7000 and 022 - 2499 7000
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 toll free no. 1800 22 55 33

B) Login Method for e-Voting and joining virtual meeting for 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 use 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 and join General Meeting on NSDL e-Voting system

How to cast your vote electronically and join General Meeting 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 and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. 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.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. 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 compliance@phfleasing.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
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.: 022 - 4886 7000 and 022 - 2499 7000 or send a request at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories 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 compliance@phfleasing.com
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 compliance@phfleasing.com. If you are an Individual shareholders 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 and joining virtual meeting 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.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the EGM/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 EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

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

1. 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” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join 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.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at compliance@phfleasing.com. The same will be replied by the company suitably.

Other Information:

15. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2021/655 dated November 03, 2021, SEBI/HO/MIRSD/MIRSD_RTAMB/P/ CIR/2021/687 dated December 14, 2021 and SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 March 16, 2023 has provided the norms for furnishing PAN,KYC details and Nomination by holders of physical securities. In case of physical shareholders who have not updated their KYC details may please submit Form ISR-1, Form ISR-2 and Form No. SH-13/Form ISR 3. The link for downloading the forms is available on the Company’s website www.phfleasing.com.
16. SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/8 dated January 25, 2022

has mandated the Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website www.phfleasing.com.

- 17.** Members holding equity shares of the Company in physical form are requested to kindly get their equity shares converted into demat/electronic form to get inherent benefits of dematerialization and also considering that physical transfer of equity shares/ issuance of equity shares in physical form have been disallowed by SEBI.
- 18.** SEBI has made it mandatory for all Companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/ Automated Clearing House (ACH)/ Real Time Gross Settlement (RTGS)/ Direct Credit/ NEFT etc.
- 19.** SEBI has made it mandatory for all Companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/ Automated Clearing House (ACH)/ Real Time Gross Settlement (RTGS)/ Direct Credit/ NEFT etc.
- 20.** SEBI has recently mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. With effect from January 01 2023, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. In case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s) effective from April 01, 2024. Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at www.phfleasing.com.
- 21.** Members may note that, in terms of the Listing Regulations equity shares of the Company can only be transferred in dematerialized form.
- 22.** 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:
 - 1) Change in their residential status on return to India for permanent settlement;
 - 2) 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 Board of Directors of the Company have considered, approved and recommended the appointment of M/s GSA & Associates LLP, Chartered Accountants as Statutory Auditors of the Company for a consecutive term of two years to hold the office for the period from conclusion of 32nd Annual General Meeting till the conclusion of Annual General Meeting of the Company to be held for the financial year 2025-26.

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.

The said appointment is subject to the approval of Reserve Bank of India on application filed by the Company for conversion from Deposit taking NBFC to Non-Deposit taking NBFC .

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	The Statutory Auditors of the Company are being appointed for the period of 2 years starting from the conclusion of this Annual General Meeting till the conclusion of Annual General meeting of the Company to be held for the financial year 2025-26
Proposed Audit fees payable to Auditor and material change in fee payable	Rs. 7.5 Lacs (Indian Rupees Seven Lacs fifty thousand Only) from conclusion of 32 nd AGM till the conclusion of Annual General Meeting held for the financial year 2025-26 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.
Basis of recommendation and Auditor Credentials	The members of the Audit Committee in its meeting held on August 8, 2024 recommended to the Board for the re-appointment of M/s GSA & Associates LLP (FRN: 000257N/N500339) as Statutory Auditors on the basis of the eligibility certificate received from it. 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.
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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:

To enhance the brand equity of the Company, the Board of Directors passed the resolution on May 16, 2024 for changing the name of the Company from ‘PHF LEASING LIMITED’ to ‘CREDIFIN LIMITED’ or such other name as approved by the Registrar of Companies or Reserve Bank of India. **The Board of Directors are of the view that the existing name of the Company i.e. “PHF Leasing Limited” does not represent the complete activities that are being undertaken by the Company and being the registered office of the Company in the state of Punjab and having “PHF” in its name, it has the impression in the minds of the Public that the business of the Company is confined only to the state of Punjab and its nearby states. The Company has now diversified to more than 8 states and also diversified its product range. Thus, the existing name of the Company does not sound progressive with the scalability of business. Thus, the Directors believe that the change in the name of the Company which is being undertaken as part of corporate rebranding would make the name of the Company sharp and focused.**

The name ‘CREDIFIN LIMITED’ has been duly approved by the Central Registration Centre, Registrar of Companies, Ministry of Corporate Affairs vide their approval letter dated August 5, 2024 and the Company being registered as a Non-Banking Financial Company has filed an application with the Reserve Bank of India (RBI) to seek approval to change its name and the application is under process.

The proposed change of name will not affect the basic structure of the Company or any of the rights of the shareholders/ stakeholders of the Company.

As per the provisions of Sections 13 and 14 of the Companies Act, 2013, approval of the shareholders is required to be accorded for changing the name of the Company & consequent alteration in the Memorandum of Association and Articles of Association by way of passing a Special Resolution.

A copy of the proposed amended Memorandum of Association and Articles of Association (AOA) is available for inspection through electronic mode at the registered office of the Company

The Board recommends the aforesaid resolution no. 4 for the approval of the members by way of a Special Resolution.

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.

Item No. 5

Object and Purpose:

The company is presently engaged in the business of providing financial services and registered as a Non-Banking Financial Company with the Reserve Bank of India. The Company, in addition to financials services, wants to explore the huge lucrative market and growth opportunity in insurance sector.

Hence, the Company needs to alter its main objects by inserting the new objects mentioned in the resolution.

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

The Board recommends the aforesaid resolution no. 5 for the approval of the members by way of a Special Resolution.

Annexures to the Notice dated August 27, 2024

DETAILS OF THE DIRECTORS RETIRING BY ROTATION AT THE FORTHCOMING ANNUAL GENERAL MEETING OF THE COMPANY (PURSUANT TO PARA 1.2.5 OF SECRETARIAL STANDARD 2 AND REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

S. NO.	PARTICULARS	Mr. Chandan Chugh
1.	DIN	01519390
2.	Date of Appointment at the Board	30-09-2000
3.	Date of Birth	15-09-1981
4.	Age	42 Years
5.	Qualification	Diploma in Hotel Management
6.	Experience (including expertise in Specific functional area) / Brief Resume	He is having more than 14 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. Further, he is actively involved in the Social works and Educational activities and also contributes the Management experience in the Business of the Company.
7.	Terms and conditions of appointment/ re-appointment	In terms of Section 152(6) of the Companies Act, 2013, Mr. Chandan Chugh who was appointed as a Director of the Company w.e.f. September 30, 2000 is liable to retire by rotation.
8.	Remuneration sought to be paid	As per the terms of the Board
9.	Remuneration Last drawn	Rs. 30,000/- per month
10.	Shareholding in the Company as on March 31, 2024	20,000 Shares 0.16%
11.	Relationship with Directors, managers and Key managerial Personnel	Not related to any Director, Manager and Key Managerial Personnel
12.	No. of Board Meetings attended during the year (2023-2024)	06
13.	Directorships of other Boards as on March 31, 2024	PHF Finance Private Limited
14.	Membership/ Chairmanship of committees of other Boards	NIL
15.	Details of resignation from listed entities in past three years	NIL
16.	In case of independent directors, the skills and capabilities required for the role and the manner in which the proposed person meets such requirements	N.A.



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