

PHF LEASING LIMITED



Regd. & Corp. Office : 923, G.T. Road, Jalandhar (Pb.) INDIA
Ph. : 0181-4639903-06
email : phf_leasingltd@yahoo.co.in
Website : www.phfleasing.com
CIN No. : L65110PB1992PLC012488

Date: September 04, 2020

To,
Head-Listing & Compliance
Metropolitan Stock Exchange of India Ltd (MSEI)
Vibgyor Towers, 4th floor,
Plot No C 62, G-Block,
Opp. Trident Hotel
Bandra Kurla Complex,
Bandra (E), Mumbai – 400 098

Sub: Submission of 28th Annual Report of the Company

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

Dear Sir,

Pursuant to the provisions of Regulation 34(1) of the SEBI (LODR) Regulations, 2015, please find enclosed herewith the Annual Report of the 28th Annual General Meeting of the company PHF Leasing Limited.

Kindly take the same on your record.

For PHF LEASING LIMITED

Shiv DyalChugh
Managing Director
DIN: 00993747

PHF - A Leading Group of Financiers

DIRECTOR'S REPORT 2019-20

To
The Esteemed Members

Your Directors have pleasure in presenting 28th (Twenty Eighth) Annual Report and the Audited Statements of Accounts for the financial year ended March 31, 2020.

ABOUT THE COMPANY

PHF LEASING LIMITED is primarily engaged in financing of all type of Vehicles, Moveable assets, Commercial Vehicles Two Wheelers and Three Wheelers which are either generating income or has economic value to the customer in the state of Punjab. Your Company is promoting low cost financing to its Borrowers who are predominantly located in rural and semi urban areas in state of Punjab.

Your Company is providing services to all its borrowers through its Head Office & two Branches located at Amritsar and Batala and one Collection Centre at Tarn Taran. Furthermore, the Company's focus has always been to develop excellent long term relationship with its Borrowers, Suppliers, Lenders and Employees.

FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2020 and March 31, 2019 is as under:

(Figures INR in Lakh Rounded Off)

S. No.	Particulars	2019-20	2018-19
1.	Loans	1028.64	974.56
2.	Borrowings	586.08	511.01
3.	Gross Income	274.01	231.13
4.	Expenditure (excluding depreciation)	276.35	251.35
5.	Profit Before Depreciation	(2.34)	(20.22)
6.	Depreciation	12.08	4.06
7.	Profit before exceptional items	(14.41)	(24.28)
8.	Exceptional items	0	40.34
9.	Profit before taxes	(14.41)	(16.06)
10.	Taxes/Adjustment	6.32	8.88
11.	Net profit after tax	(8.10)	24.94
12.	Other Comprehensive Income	13.44	0.48
13.	Total Comprehensive Income	5.34	25.42
14.	Transfer to Statutory reserve	1.07	3.16
	Transfer to General reserve	0	0
15.	Paid up Capital	298.78	298.78
16.	Reserve & surplus	252.53	247.25
17.	Net Owned Funds	551.31	546.03
18.	Earnings Per Share	-0.27	0.83

ANALYSIS OF FINANCIAL PERFORMANCE

There had been a huge slow down in the Auto sector and more particularly in the Two Wheeler segment which is the main financial product of the Company. Also, This year the company prepared its financial statements as per IndAs as against IGAAP being a listed entity. The entire figures of the previous have been restated as per IndAs norms which shows different results as against the previous year financials declared by the Company. Although IndAs being a very complicated and comprehensive exercise and the previous year financials have been disturbed, yet we would like to inform our members that results represent the true and fair view of the financial state of affairs of the company as per International Standards. Some of the significant factors which reduced the profitability of the company due to adoption of new standards is higher Expected Credit Loss provision, COVID- 19 Provision, Lease rental accounting as per IndAs etc and also some increase in comprehensive income due to increased market value of Investments.

a) TOTAL GROSS INCOME

Total Gross Income of the Company is Rs. 274.01 Lakh for the Financial Year ending March 31, 2020 as against Rs. 231.13 Lakh for the financial year ending March 31, 2019 showing an increase of about 18.55%. The company has registered an increase in the gross income during the current financial year as a result of increase in operations of the company. The growth in the business has also been accompanied by improvements in efficiency parameters. The company has to suffer some loss of Gross Income due to lockdown in the second half of March 20. However, the company has been able to increase its gross income as compared to previous year. With the pumping of the liquidity in the system to combat the aftermath of COVID, and the plans of the company, the management is hopeful of increasing its income in Auto financing activities and also in other products.

b) PROFITABILITY

The company has been able to substantially reduced its Loss before Depreciation from Rs.2.34 Lakhs from Rs.20.22 lakhs due to increased efficiency and cost effective measures taken by the company. The Company shifted to IndAs norms and as such higher provisioning has been made under Expected Credit loss and lease rentals. Higher expense of Rs. 2.72 Lakhs on account of Loss on Repossession and Rs. 41.03 lakhs on account of Bad debts written off has been booked during the year as against Nil and Rs. 19.32 Lakhs respectively as a cleansing activity though the company is hopeful of good recovery from such written offs. Also, net profits have impacted due to additional COVID-19 provision. Cumulatively, the company has shown good performance if all the above factors are taken into consideration.

The Company has shown Comprehensive Income of Rs. 5.34 Lakhs during the year 2019-20 as against profit of Rs. 25.42 lakhs in the corresponding last year. Last year the company had exceptional income of 40.34 lakhs due to sale of immovable property.. The Company has formulated various strategies and plans and is working hard to increase the business and positively the operational profitability of the Company shall increase by the close of the current financial year.

c) NET OWNED FUNDS

During the Financial Year 2019-20, the Net Owned Funds of the Company as on March 31, 2020 increased to Rs. 551.31 Lakh as compared to Rs.546.03 Lakhs as on March 31, 2019 as per IndAs.

d) BORROWINGS

To meet the business requirements and within the borrowing powers authorized by the members, the borrowings of the Company as on March 31, 2020 stood as under:

Borrowings	Balance as on March 31, 2020 (Rs. In lacs)	Balance as on March 31, 2019 (Rs. In lacs)
Debt Securities (Secured)	184.27	200.99
Borrowings other than Debt Securities	200.45	147.32
Deposits	201.36	162.70

e) LOANS & ADVANCES

The Company has adopted a conservative policy of providing finance against hypothecation of commercial vehicles, two wheelers etc. Consequently the Hypothecated assets of the company have increased marginally to Rs.1028.64 Lakh as on March 31, 2020 as against Rs. 974.56 Lakh as on March 31, 2019. The Board is increasing the financing with new risk mitigation measures and diversifying to new products.

COVID-19 IMPACT

Rating agencies have cautioned about the impending pain for non-banking finance companies (NBFCs) that may arise out of lack of funding and rising bad assets.

Subsequently, the Indian securitization market is expected to remain tepid in H1 FY2021 due to the uncertainties emerging from the outbreak of COVID-19 pandemic and economic slowdown, ICRA said.

“Adding strain on the non-bank lending sector that was already hit by a funding squeeze after a few high-profile defaults. The outbreak of the pandemic disturbed the financial and operational balance and had a huge impact on the economy.

The Company granted moratorium to the Borrowers as advised by the Reserve Bank of India through Financial packages. RBI has announced schemes to ensure liquidity in the economy, which might prove to be of some help in this tough time.

The company has used relevant indicators of moratorium, considering various measures taken by government and the other authorities along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to access the expected credit loss on loans, including on account of potential macro economic conditions. Based on such assessment, the company has made additional provision of Rs. 1.73 Lakh on account of COVID-19 impact in the financial statement. The impairment loss provided for an account of COVID-19 pandemic is based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over duration of pandemic and restoration of normalcy.

The recovery percentage of the EMI of the loans has been reduced due to the lockdown and the moratorium; however, the Company has made best efforts towards stabilizing the financial position and keeping in consideration the safety of the employees and customers. The recovery rate of EMI's has substantially improved as on date as compared to the lockdown period.

However, the Company is trying to turn this situation as a Blessing in Disguise. The disruption in the transportation services and the risks posed by travelling in public transport has surged the demand for two-wheelers remarkably. Also due to shift to BS 6 norms, the prices of the vehicles have increased and the company's financing portfolio is expected to rise sharply. Further there is a cash crunch in the economy and major market players are reluctant towards lending at this point of time. The Company is utilizing this opportunity and increasing its business. The Company has developed several plans for the expansion and it is expected that the results for the Quarter ending September 2020 and onwards shall experience increased profitability of the Company.

DIVIDEND

Due to low profitability, the Directors regret their inability to recommend any dividend for this financial year.

OPERATIONAL - PROSPECTS AND FUTURE PLANS

The company wishes to expand both vertically as well as horizontally. Your management has taken this decision keeping in mind various factors. One of the major factors leading to the said decision was to minimize the risk of all the stakeholders. The vertical and horizontal expansion would ensure that both the products as well as the geographical area of the company are enhanced which will reduce the weighted average risk of the portfolio. The Company has identified new areas to increase the geographical expansion and also shortlisted new products for executing the expansion and diversification plan. Inconsiderate to the expansion plans of the company, the management has decided to increase its operations by increasing its outreach to new geographies, diversification in new products, increase in financing of existing products, and adoption of new technology and knowhow for increasing the efficiency and leverage the vintage of the company.

LISTING STATUS OF THE COMPANY

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

POLICIES ON APPOINTMENT OF DIRECTORS AND REMUNERATION

Your Company recognizes the importance and benefits of having the diverse Board to enhance quality of its performance and has adopted a Policy on Board Diversity formulated by the Nomination and Remuneration Committee. The Company's Remuneration Policy has laid down a framework for remuneration of Directors (Executive and Non-Executive), Key Managerial Personnel and Senior Management Personnel. The Nomination and Remuneration Committee also takes into account the fit and proper criteria for appointment of directors as stipulated by Reserve Bank of India. The Company has also formulated policy on Succession Planning for Directors and Key Managerial Personnel for continuity and smooth functioning of the Company.

CHANGE IN THE NATURE OF BUSINESS

During the financial year 2019-20, there was No Change in the nature of business of the Company.

CODE OF CONDUCT & ETHICS

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

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

RESERVE BANK OF INDIA – REGULATORY UPDATE AND GUIDELINES

Your Company continues to comply with all the Regulations, Guidelines and Directions issued by the Reserve Bank of India from time to time. The Company has been classified as a registered Category-A, Non-Banking Financial Company. The company has been submitting all the necessary returns to RBI regularly and ensuring compliance of all the regulatory norms.

DEPOSITS

The Company is registered with Reserve Bank of India as Deposit taking NBFC. As the company has not obtained the minimum investment grade till date, the Company has neither accepted fresh public deposits from the financial year 2015-16 nor renewed the public deposits from the financial year 2016-17 and all the deposits, due for repayment during the financial year 2019-20 were paid to the Depositors with no amount left unpaid or unclaimed. The Public deposit outstanding as on March 31, 2020 is Rs. 2.36 Lakhs and from Directors & Relatives Rs. 199.00 Lakhs approximately during the period under review.

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

FAIR PRACTICES CODE

Your Company has duly complied with the provisions of RBI relating to the maintenance and review of the Fair Practice Code. The Company has adopted Board approved Fair Practices Code, which provides operating guidelines for effective dissemination and implementation of responsible business practices and Grievance Redressal System. The company is implementing the best policies prevalent in the industry for transparency and efficient recovery. 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 at <http://www.phfleasing.com>.

DISCLOSURES PURSUANT TO COMPANIES ACT, 2013 READ WITH RULES FRAMED THEREUNDER AND AS PER SEBI (LODR), 2015 (LISTING REGULATIONS):

EXTRACT OF ANNUAL RETURN UNDER SECTION 92(3) AND WEB ADDRESS WHERE ANNUAL RETURN HAS BEEN UPLOADED

The extract of the Annual Return as at March 31, 2020 as provided under Section 92 (3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 is available on the website of the Company at <http://www.phfleasing.com>.

CHANGE IN THE COMPOSITION OF THE BOARD OF DIRECTORS/ KEY MANAGERIAL PERSONNEL DURING THE YEAR

During the financial year 2019-20 under review, CA Mr. Ashwani Jindal (DIN: 00670384) has been appointed as Independent Director and Mr. Vijay Kumar Sareen (DIN: 07978240) has been appointed as Non-Executive Director with effect from March 07, 2020. As per the provisions of Companies Act, 2013, Mr. Chandan Chugh shall retire by rotation and is eligible to offer himself for appointment at the forthcoming Annual General Meeting.

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 (“the Act”), RBI Directions and the SEBI (LODR) Regulations, as amended from time to time.

APPOINTMENT OF KMPs OF COMPANY:

During the Financial Year 2019-20 no change in KMPs has taken place during the period under review. The following are the KMPs as on March 31, 2020.

Name	DIN/PAN	Designation
Mr. Shiv DyalChugh	00993747	Managing Director
Mr. Kuldeep Bhandari	ADGPB1123N	Chief Financial Officer
Ms. Davinder Kaur	BDTPK0585P	Company Secretary

NUMBER OF BOARD AND COMMITTEE MEETINGS WITH DATES AND NUMBER OF MEETINGS ATTENDED BY EACH DIRECTOR UNDER SECTION 134(3) (B);

Particulars	Board Meetings	Audit Committee	Risk Management Committee	Nomination and Remuneration	Independent Directors Meeting	Investors/ Stakeholders Grievance Redressal Committee
Number of Meetings	6	4	4	3	1	2
Dates of Meeting	I. April 29,2019 II. August 2,2019 III. September 3,2019 IV. November 6,2019 V. January 24,2020 VI. March 07,2020	I. April 29,2019 II. August 2,2019 III. November 6,2019 IV. January 24,2020	I. April 27,2019 II. July 27,2019 III. November 2,2019 IV. January 22,2020	I. August 31,2019 II. November 04, 2019 II. February 26,2020	I. October 26,2019	I. April 27,2019 II. October 26,2019

NUMBER OF MEETINGS ATTENDED BY DIRECTORS & KMPs

Name of Directors	Board Meeting Attended	Audit Committee	Risk Management Committee	Nomination and Remuneration	Independent Directors Meeting	Investors/Stakeholders grievance Redressal Committee
Subhash Chander Sikka	6	4	-	3	1	2
Shiv Dyal Chugh	6	4	4	-	-	-
Rohin Chugh	6	-	-	1	-	2
Chandan Chugh	6	-	4	-	-	2
Neelam Kohli	6	4	4	3	1	-
Ashwani Jindal	-	-	-	-	-	-
Vijay Kumar Sareen	-	-	-	-	-	-

DIRECTOR'S RESPONSIBILITY STATEMENT UNDER SECTION 134(3)(C); SEC 134(5)(A) TO (F) AND SEC 134(5)(E)

In accordance with the captioned provisions and other applicable provision of the Companies Act, 2013, Your Directors state that: -

- (i) In the preparation of annual accounts, the applicable accounting standards have been followed and there are no material departures in adoption of these standards;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (iii) The Directors have taken proper and sufficient care 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 & other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis; and
- (v) 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.
- (vi) The Directors had laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively.

APPOINTMENT OF INDEPENDENT DIRECTOR UNDER SECTION 149(10).

During the year, the company has appointed Mr. Ashwani Kumar Jindal as an Additional Director (Independent) with effect from March 07, 2020 in accordance with the provisions of section 149 of the companies Act, 2013. The disclosure regarding his independence was duly taken into records by the Board.

INDEPENDENT DIRECTOR'S DECLARATION UNDER SECTION 149(6) & (7).

The Board has received the declaration from all the Independent Directors as required under Section 149(7) of the Companies Act, 2013 (the 'Act') at the first meeting held during the financial year under review and the Board is satisfied that all the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

AUDITOR

Pursuant to the provisions of section 139 of the Act, Ms. Gurpreet Kaur (Membership No: 546668), Chartered Accountant was appointed as the Statutory Auditor of the Company to hold the office from the conclusion of the 27th Annual General Meeting till the conclusion of the 32nd Annual General Meeting of the company.

During the year under review, Ms Gurpreet Kaur (Membership No: 546668), Chartered Accountant, (FRN: 033828N) Statutory Auditor of the company has audited the accounts of the company for the financial year 2019-20 as per the provisions of Companies Act 2013 ('the Act') read with the Rules made there under and Indian Accounting Standards (IND-AS).

COMMENTS BY THE BOARD ON QUALIFICATION, RESERVATION OR ADVERSE REMARKS OR DISCLAIMER MADE BY AUDITORS IN AUDIT REPORT

The Audit Report by Ms. Gurpreet Kaur for FY2020 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark which need comments by the Board. The notes to accounts referred to in Auditors' Report has been discussed by the Board and are self-explanatory and therefore, in the opinion of the Directors, do not call for any further comments.

SECRETARIAL AUDIT

In compliance with the provisions of Companies Act, 2013, the Secretarial Audit of the Company has been conducted by M/s Dinesh Gupta & Co., Company Secretaries, Jalandhar for the financial year ended March 31, 2020. The said report is attached to the Board's Report.

EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARKS OR DISCLAIMER MADE BY PCS IN SECRETARIAL AUDIT REPORT

The Secretarial Audit Report pursuant to the provisions of Section 204 of the Companies Act, 2013 for the financial year 2019-20 issued by M/s Dinesh Gupta & Co., Company Secretaries, Jalandhar does not contain any qualification or adverse remarks.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

LOANS, GUARANTEES & INVESTMENTS UNDER SECTION 186

Pursuant to Section 186(11) of the Companies Act, 2013, loans made, guarantees given or securities provided or acquisition of securities by a Non-Banking Financial Company in the ordinary course of its business are exempted from disclosure requirements under Section 134(3) (g) of the Companies Act, 2013.

RELATED PARTY TRANSACTION UNDER SECTION 188 READ WITH RULE 8(2) OF COMPANY(ACCOUNT) RULES, 2014

During the year, The Related Party Transactions (RPTs) were entered in ordinary course of business on an Arm's Length Basis and were in compliance with the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015, therefore no disclosure is required to be made in Form AOC-2. The statement of RPTs was reviewed by the Audit Committee on a quarterly basis and necessary approvals have been obtained, wherever required.

AMOUNTS PROPOSED TO BE CARRIED TO RESERVES, IF ANY

The Company is required to transfer 20% of its Profit after Taxes (PAT) mandatorily to statutory reserves as per Section 45 (IC) of the Reserve Bank of India Act. Accordingly, the amount of Rs.1.07 Lakh has been transferred to statutory reserves as on March 31, 2020.

MATERIAL CHANGES & COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, OCCURRING BETWEEN DATE OF FINANCIAL STATEMENTS AND THE BOARD'S REPORT

There is no such material change and commitment which affects the financial position of the company occurring between the date of financial statement and date of Board Report. However complete lockdown throughout the state till the month of April 2020 and thereafter restricted movement and activities in the state till the signing of this report, effected the financial position of the Company and the complete economy.

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

A) Conservation of Energy

The company being an NBFC, the Energy consumed by the Company during this period is only in the form of electricity and diesel used in generators. The company has allocated specific cost budgets for the same in Head office and all its branches to reduce electric waste and the same is monitored on periodical basis. Other measures like use of LEDs, power saver air-conditioning equipments etc. are being installed for conserving the energy. The company is also exploring for using alternative source of energy. There is no capital investment on energy conservation equipment other than specified above.

B) Technology Absorption

- (i) PHF LEASING LIMITED 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.
- (ii) New Developments in Technology Field
The company has hired a renowned Vendor for providing for changing regulatory and need based developments.
- (iii) The Company has not used any imported technology during the previous three financial years.
- (iv) During the year, the Company has not incurred any expenditure on Research & Development.

C) Foreign exchange earnings and Outgo-

There was no foreign exchange inflow or Outflow during the year under review.

RISK MANAGEMENT

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

DETAILS OF CSR POLICY AND ITS IMPLEMENTATION

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

MANNER IN WHICH FORMAL ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS HAS BEEN CARRIED OUT

The Company has laid down the criteria for performance evaluation of the directors including Chairman, Managing Director, Board Level Committees and Board as a whole as well as the evaluation process for the same pursuant to the provisions of section 134(3)(p) of the Companies Act, 2013. The criteria for evaluation of the Board as a whole, inter alia, covered parameters such as Structure of the Board, Meetings of the Board and Functions of the Board. The criteria for evaluation of Individual Directors covered parameters such as details of professional qualifications and prior experience relevant to the Company, knowledge and competency, fulfillment of functions, ability to function as a team, etc. The criteria for evaluation of the Board Committees covered areas related to mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, etc. The Nomination & Remuneration Committee has done the evaluation as per the policy put in place. The performance evaluation of the Independent Directors was carried out by the entire Board.

COMPOSITION OF AUDIT COMMITTEE UNDER SECTION 177(8)

The company has created Audit Committee as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The composition of the same has been mentioned as below:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Subhash Chander Sikka	Chairman (Independent Director)	4	4
Ms. Neelam Kohli	Member (Independent Director)	4	4
Mr. Shiv Dyal Chugh	Member	4	4

NAME OF THE COMPANIES WHICH HAS BECOME/ CEASED TO BE SUBSIDIARIES/ASSOCIATES OR JOINT VENTURES DURING THE YEAR

During the financial year 2019-20, No Company became or ceased to be the subsidiary/ Associate or joint venture of the Company.

SEPARATE SECTION CONTAINING A REPORT ON PERFORMANCE AND FINANCIAL POSITION OF EACH OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any Subsidiary, Joint venture or Associate Company.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS, TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During FY2020, no significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

DETAILS IN RESPECT OF ADEQUACY OF INTERNAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A statement of adequacy of Internal Controls with reference to financial statements is separately discussed in Management Discussion and Analysis forming part of this Report.

TRANSFER OF UNPAID / UNCLAIMED DIVIDEND AND EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company's Whistle Blower Policy provides a mechanism under which an employee/ director of the Company may report unethical behavior, suspected or actual fraud, violation of code of conduct and personnel policies of the Company. The Vigil Mechanism ensures standards of professionalism, honesty, integrity and ethical behavior. The Whistle Blower Policy/Vigil Mechanism is uploaded on the Company's website <http://www.phfleasing.com/vigilmechanism.html> of the company.

DISCLOSURE IN RESPECT OF ANY MD/ WTD RECEIVING COMMISSION FROM A COMPANY AND ALSO RECEIVING COMMISSION OR REMUNERATION FROM ITS HOLDING OR SUBSIDIARY COMPANY

The managing director of the company has been receiving remuneration during the financial year 2019-20 as approved by the members. The Company does not have any Holding/Subsidiary Company; therefore no disclosure is required to be made under this clause.

RATIO OF DIRECTORS' REMUNERATION TO MEDIAN EMPLOYEES' REMUNERATION AND OTHER DISCLOSURES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The Details pertaining to remuneration as required under section 197(12) of the companies act, 2013 read with rule 5(1) of the companies (appointment and remuneration of managerial personnel) rules, 2014 are as follows:

- (i) None of the Directors were in receipt of managerial remuneration other than Mr. Shiv Dyal Chugh during the financial year 2019-20 of an amount of Rs. 11,40,000/-.
- (ii) The KMPs are primarily responsible and instrumental in achieving the goals of the company and the increase in their remuneration is suitable as compared to the performance of the Company.
- (iii) The percentage decrease in the median remuneration of the employees during the financial year 2019-20 was 6.98%.
- (iv) The number of permanent employees on the rolls of the Company were 29 during the financial year 2019-20.
- (v) The number ratio of remuneration of Mr. Shiv Dyal Chugh to median remuneration of employees of the company is 3.99 approximately.
- (vi) The percentage increase in the salary of the managing director is 5.55% approximately.

The increase in remuneration of employees depends on various factors like qualification, experience, performance, length of service etc. PHF LEASING LIMITED being a growing organization, the increase in remuneration of KMPs who is instrumental in the growth of the company since the start of Core Business of the company is not disproportionate to the average increase in remuneration of other employees who are joining at various intervals and at different levels.

The remuneration being given to the KMPs is not inconsistent to the significant performance of the company. None of the Directors were in receipt of any variable remuneration during the year 2019-20. Mr. Shiv Dyal Chugh, Managing Director of the company, has been given Rs.11.40 lakh as remuneration during in Financial Year 2019-20.

None of the Directors were in receipt of any Sitting fees during in Financial Year 2019-20. The Company hereby affirms that the remuneration paid to employees of the Company during the financial year 2019-20 is as per the terms of remuneration policy of the Company.

The Information as per Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as follows:

There are no employees in the Company drawing salary of INR 1.02 Crore per annum or INR 8.50 Lakh per month or more; and none of the employees are relatives of Directors. Moreover, none of

the employees of the Company hold by himself or along with his spouse or dependent children two percent or more equity shares of the Company.

ISSUE OF EQUITY SHARES WITH RIGHTS, SWEAT EQUITY, ESOS ETC.

During the financial year under review, the Company has not issued shares with Differential Rights, Sweat Equity, ESOP etc. to any person.

ISSUE OF CONVERTIBLE OR NON-CONVERTIBLE DEBENTURES ETC. IF ANY.

During the financial year under review, the Company has not issued any Convertible or Non-Convertible Debentures to any person.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints were received during the financial year 2019-20 under reviewed.

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 transparent and pragmatic recovery policy has been framed to ensure that there is no let up in the recovery and upgradation of the over dues. During the year under review company has made a provision of INR 30.32 lakhs as per the norms prescribed by RBI.

CUSTOMER GRIEVANCE REDRESSAL

The Company has laid down an appropriate grievance redressal mechanism to ensure that all disputes arising out of the decisions of lending institution's functionaries are heard and disposed of at least at the next higher level.

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

- **Grievance Redressal at Branch Level** - We have placed suggestion cum complaint boxes in all our branches as the customers' first point of contact for any query resolution. Due to low literacy and vulnerable backgrounds, our customers find it convenient talking to someone face-to-face rather than calling a remote helpdesk, hence we have given importance to placement of suggestion cum complaint boxes in all our branches.
- **Grievance Redressal Officer** - We have appointed Grievance Redressal Officer (GRO) at Head Office for 3rd level escalation. 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

COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD - 1 AND SECRETARIAL STANDARD - 2

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

CORPORATE GOVERNANCE

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

- a) the Report on Corporate Governance;
- b) the Certificate duly signed by the Managing Director & CFO on the Financial Statements of the Company for the year ended March 31, 2020 as submitted to the Board of Directors at their meeting held on April 29, 2019;
- c) the declaration by the Managing Director & CFO regarding compliance by the Board members and senior management personnel with the Company's Code of Conduct ;
- d) Certificate from PCS regarding non disqualification of the directors of the company; and
- e) the Management Discussion & Analysis Report

The Auditors' Certificate on Corporate Governance is annexed to this Annual report.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis report, highlighting the important aspects of business, forms part of this report.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their gratitude for the guidance and cooperation extended by Reserve Bank of India and the other regulatory authorities. The Board takes this opportunity to express their sincere appreciation for the excellent patronage received from the Banks and Financial Institutions and for the continued enthusiasm, total commitment, dedicated efforts of the executives and employees of the Company at all levels. We are also deeply grateful for the continued confidence and faith reposed on us by the Shareholders, Depositors, Debenture holders and Debt holders.

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

**Place: Jalandhar
Date: June 29, 2020**

**Sd/-
Shubhash Chander Sikka
Chairman
DIN: 01871492**

**Sd/-
Shiv Dyal Chugh
Managing Director
DIN: 00993747**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(The Report on Corporate Governance forms part of the Directors' Report for the year ended March 31, 2020)

GLOBAL ECONOMIC OVERVIEW

The year 2019 was a difficult year for the global economy with world output growth estimated to grow at its slowest pace of 2.9 per cent since the global financial crisis of 2009, declining from a subdued 3.6 per cent in 2018 and 3.8 per cent in 2017.

The Interim Economic Outlook (September, 2019) of the Organisation for Economic Cooperation and Development (OECD) indicated that the global economic outlook had become increasingly fragile and uncertain. Its global growth was projected to slow down to 2.9 per cent this year (2019) and 3.0 per cent in 2020. It also warned that this growth trend is likely to be accompanied by mounting risks of downward slide. The Global Business Policy Council also made its growth forecast at 2.9 per cent for this year, the same as the OECD forecast, but slowing growth through to 2023.

More importantly, the current global economic environment creates policy uncertainty that flows on to weigh on risk sentiment in financial markets negatively impacting on the future growth prospects. Still uncertainty persists about the exact nature and timing of Brexit which further adds to uncertainty, hence uncertainty about European and British economic growth prospects. In fact, the IMF indicated that the US-China trade conflict would cause a decline in Global GDP by 0.8 per cent in 2020.

Economic Impacts of the pandemic Coronavirus in the initial months of its origin:

The International Monetary Fund declared that the world has officially entered a global recession. Given the scale of reductions in economic activity across multiple sectors, this is not surprising.

Forecasts were being updated as the situation unfolds. Most economists were expecting a contraction in economic growth of around 2% y/y in 2020, which represents a downside swing of some 4.5 percentage points. The GDP change before and after outbreak is represented as below:

Selected Countries	Real GDP growth % in 2020	Previous Forecast (before outbreak)	Delta (% pts)
China	1	5.9	-4.9
USA	-2.8	1.7	-4.5
India (FY20/21)	2.1	6	-3.9
France	-5	1	-6
Germany	-6.8	0.9	-7.7
Italy	-7	0.4	-7.4
UK	-5	1.1	-6.1
Brazil	-5.5	2.4	-7.9
Japan	-1.5	0.4	-1.9
South Korea	-1.8	2.2	-4
Global	-2.2	2.3	-4.5

INDIAN ECONOMIC OVERVIEW

- GDP growth moderated to 4.8 per cent in H1 of 2019-20, amidst a weak environment for global manufacturing, trade and demand.

- In 2019-20, fiscal deficit was budgeted at Rs 7.04 lakh crore (US\$ 99.56 billion) (3.3 per cent of GDP), as compared to Rs 6.49 lakh crore (US\$ 91.86 billion) (3.4 per cent of GDP) in 2018-19.
- Inflation increased from 3.3 per cent in H1 of 2019-20 to 7.35 per cent in December 2019-20 due to temporary increase in food inflation.
- Reforms undertaken during 2019-20 to boost investment, consumption and exports:
 - Speeding up the insolvency resolution process under Insolvency and Bankruptcy Code (IBC).
 - Easing of credit, particularly for the stressed real estate and NBFC sectors.
 - The National Infrastructure Pipeline for the period FY 2020-2025 launched.

The Indian economy had already been undergoing a protracted slowdown as stress in financial and real sector fed into each other. The Novel Corona virus (Covid-19) has cast a long shadow over a much-anticipated mild recovery in the Indian economy in fiscal 2021, with the World Health Organisation (WHO) declaring it a pandemic. Rating agencies, both global and domestic, are unanimous that the Covid-19 pandemic will be an economic tsunami for the world economy. Even though India may not slip into a recession, unlike the Eurozone, the US, or Asia-Pacific that have stronger trade ties to China, it is expected that the impact on India's GDP growth would be significant. The Asian Development Bank (ADB) has projected India's growth to slow down to 4% for the financial year 2020-21. It is expected that India's gross domestic product growth to strengthen to 6.2% in FY22, boosted by government reforms.

During the year, the government has taken several steps to lift growth, including a cut in corporate tax rates, a real estate fund for stressed housing projects and a national infrastructure pipeline. The Union Budget 2020 has focused on long-term policy direction, agricultural sector, education, infrastructure, healthcare, financial services and improving ease of doing business and better tax governance. There is also a strong message towards gaining people's confidence and trust through assurance about the stability of the banking system, making proposals like decriminalising specific provisions in the Companies Act, 2013, relooking at other laws, fine-tuning the Contract Act, increasing the deposit insurance and creating a taxpayers' charter in the statute to prevent harassment.

COVID-19 LOCKDOWN IMPACTS ON NBFC'S

1. Payment defaults

As of March 27, 2020, Indian banks have lent over 8 trillion (in Indian rupees) to NBFCs, according to the latest data released by the Reserve Bank of India. This is an increase of 26% from the previous year. After borrowing money from banks, NBFCs lend it out to borrowers at higher margins. As a majority of borrowing customers for NBFCs are small business owners, the probability of defaulting on their due payments has increased – due to lack or restricted business activity.

2. Delayed EMI repayment

It's not just the NBFCs that could default on their payments. NBFC customers can also default on their EMI repayments – thus adding to the overall cash crunch and an increase in NPAs.

While large banks can still afford to lend to high-earning executives in top-level companies, NBFCs or smaller banks will find it harder to lend to reliable borrowers even in the post-COVID era.

3. Loss of credit

The impact of delayed payments is likely to reduce the liquidity within NBFCs. Additionally, this can have a subsequent impact on the credit quality of loans and other portfolios.

To alleviate the industry concerns, the RBI has announced a Rs. 30,000 cr emergency package for NBFCs that could allow some short-term relief. However, this government package is not sufficient for solving the funding-related problems within NBFCs. The core problem that separates NBFCs from commercial banks is that they are more exposed to riskier industry segments - like real estate, which were declining even before the virus outbreak.

As reported by Economic Times, Financial experts even project that the weakening quality of assets could further worsen the liquidity crunch in leading NBFCs.

4. Depleting Capital

It's not just the loss in credit that NBFCs have to face up to – there is also a major loss of capital. With the significant size of NBFC loan and investment portfolio, mark to market (or MTM) losses could wipe out NBFCs capital reserves. This could result in a violation of the industry's capital adequacy norms. The RBI requires both banks and NBFCs to maintain their Capital to Risk Assets Ratio (or CRAR). While the minimum CRAR for banks is set at 9%, NBFCs have it much tougher with a minimum CRAR of 15% - that is distributed as 10% for Tier-1 and 5% for Tier-2 capital.

NBFC SECTOR

Defaults by a large NBFC and a HFC in 2018 - 19 continued to cast its shadow on the NBFC sector through the year. The NBFCs witnessed stress in their asset quality during the first half year of 2019-20. The gross NPA ratio of the NBFC sector increased from 6.1 per cent as at end-March 2019 to 6.3 per cent as at end-September 2019.

The net NPA ratio, however, remained steady at 3.4 percent between end-March 2019 and end-September 2019. As at end-September 2019, the CRAR of the NBFC sector stood at 19.5 per cent, lower than 20 per cent as at end-March 2019. As part of response to the economic challenges faced by the industry, RBI has been announcing various measures which will aid in liquidity flow into the system and should give relief to NBFCs. The importance of NBFCs in credit intermediation is growing, the default by a large NBFC brought the focus on the asset liability mismatches of NBFCs, which poses risks to the NBFC sector as well as the financial system as a whole. To address such concerns, the Reserve Bank introduced the liquidity coverage ratio (LCR) requirement for all deposit-taking NBFCs and non-deposit taking NBFCs with an asset size of ₹ 5,000 crore and above (constituting 87 per cent of the total assets of the NBFC sector). The new regulation mandates NBFCs to maintain a minimum level of high-quality liquid assets to cover expected net cash outflows in a stressed scenario. NBFCs are required to reach a LCR of 100 per cent over a period of 4 years commencing from December 2020.

The NBFC sector continued to grow its share in the financial services industry. Credit growth of scheduled commercial banks (SCBs) continued to moderate throughout FY2020. On 31 March 2019, growth in advances of SCBs was 13.2%. By 30 September 2019, this had reduced to 8.7%

and on 27 March 2020, it was further down to 6.1%. SCBs also continued to face asset quality challenges in FY2020.

COVID-19 further accentuated ALM challenges of the NBFC sector. The RBI's moratorium measures for customers is likely to put additional stress on many NBFCs. There is an asymmetry. On one hand, NBFCs have to offer such moratoriums to their customers; while on the other, their market borrowings must be repaid on due dates.

To ease liquidity pressure on NBFCs, the RBI has taken multiple actions including a Targeted Long-Term Repo Operation (TLTRO) for the sector of H 50,000 crore and a special financing window through SIDBI, NABARD and National Housing Bank (NHB) of another H 50,000 crore to enable financing NBFCs. It remains to be seen whether the RBI will open a direct window to support the NBFC sector.

SEGMENT WISE/ PRODUCT WISE RESULTS

Company is primarily engaged in financing of all types of Vehicles, Moveable assets, Commercial Vehicles, Two Wheelers and Three Wheelers which are either generating income or has economic value to the customer in India. Company classifies its customers as 'Borrowers'. Company's core business is investing in hypothecations of Commercial Vehicles, Two Wheelers & Three Wheelers which have profitable worth and financing / providing loans and certain other basic financial services to its progressive poor and other Borrowers. Our 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 effect of the early COVID-19 outbreak can be seen on automobile industry as well.

One of the earliest impacts post the Covid-19 pandemic is likely to be felt on the public transportation sector as people traveling may move away from it fearing infection. They are likely to choose a form of personal mobility with two-wheelers being a preferred option due to its convenience.

A HSBC report on the Indian Autos focusing on shift to personal mobility has highlighted this fact while underlying some upcoming trends in transportation.

What will give two-wheeler manufacturers some hope is the fact that these users who will look to migrate from public transportation are those mostly using buses and trains for daily commute. Experts feel that with a wage cut imminent given the prevailing circumstances as well as financial institutions tightening their belt when it comes to loan disbursements, the relative lower cost of a two-wheeler will work out much better vis-à-vis a car.

Retail loans of NBFCs grew at a robust 46.2% during 2017-18 — on top of a growth of 21.6% during 2016-17, reflecting upbeat consumer demand, especially in the vehicle loans segment. Growth in lending to commercial real estate rose due to sharp deceleration in banks' credit to this sector. Industry contributes 50% of the lending portfolio, 22% is retail loans and 18% services, according to the latest RBI report.

NBFCs are looking for newer avenues to diversify their lending portfolios. Companies will further have to expand the asset base to add newer products and reduce concentration in large clients. They will have to move deeper into cities to improve the risk adjusted return.

The principal and interest payments required to be paid by the customers to the Company have been delayed. The Company has also adopted a moratorium policy for meeting the requirements of the circular issued by the RBI and in the same lines it also complied with the moratorium period as provided by its lenders to maintain a balance between cash inflow and outflow in the business. On an average the customer base of the company has been disturbed and the company was trying its best to combat the results of the liquidity crashes caused to the company in specific and to economy extensively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal financial controls of the Company are commensurate with its size, scale and complexity of operations. The Company has robust policies and procedures which, inter alia, ensure integrity in conducting business, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale and complexity of its operations. The systems, Standard Operating Procedures and controls are reviewed by Management and their findings and recommendations are reviewed by the Audit Committee which ensures the implementation. Review of the internal financial controls environment of the Company was undertaken during the year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. The risk and control matrices are reviewed on a quarterly basis and control measures are tested and documented.

Reasonable Financial Controls are operative for all the business activities of the Company and no reportable material weakness or significant deficiencies in the design or operation of internal financial controls was observed.

Nonetheless your Company recognises that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such systems are reinforced on an ongoing basis.

SWOT ANALYSIS

STRENGTHS

- Pioneer in the pre-owned commercial vehicles financing sector.
- Listed Deposit Taking Non-banking Finance Company in Punjab.
- Unique relationship-based business model with extensive experience and expertise in credit appraisal and collection process
- Strong Brand Name
- A well-defined and scalable organizational structure based on product, territory and process knowledge
- Consistent financial track record with rapid growth in AUMs
- Experienced Senior Management Team
- Strong relationships with public, private as well as banks, institutions and investors
- Strong and Long term relationship with customers

WEAKNESS

- Business and growth directly linked with the GDP growth of the country
- Company's Customers are more vulnerable to negative effects of economic downturn

OPPORTUNITIES

- Growth in the commercial vehicles, passenger vehicles and auto market
- Meeting working capital needs of persons in commercial vehicles eco-system
- Penetration into rural markets for financing light commercial vehicles
- Higher budgetary allocation by the Government to give boost to infrastructure sector involving construction of roads, new airports, ports etc. creating huge demand for Commercial Vehicle

THREATS

- Competition from captive finance companies and small banks
- Ad-hoc policies on phasing out of older vehicles
- Inadequate availability of bank finance and upsurge in borrowing cost
- External risks associated with liquidity stress, political uncertainties, fiscal slippage concerns, etc.

RISK MANAGEMENT

The Company is exposed to variety of risks such as credit risk, economy risk, interest rate risk, liquidity risk and cash management risk, among others. The Company has Enterprise Risk Management Framework which involves risk identification, risk assessment and risk mitigation planning for the Company. The Board of Directors has constituted a Risk Management Committee consisting majority of Directors. The terms of reference of the Risk Management Committee include periodical review of the risk management policy, risk management plan, implementing and monitoring of the risk management plan and mitigation of the key risks. The Risk owners are accountable to the Risk Committee for identification, assessment, aggregation, reporting and monitoring of the risk related to their respective areas/ functions.

In order to mitigate liquidity risk, we ensure that the short-term and long-term fund resources are favourably matched with deployment. We resort to long-term funding instruments and securitization. We continue to enjoy the trust and support from our investors, security holders, depositors, banks and financial institutions, due to our impeccable record in servicing its debt obligations on time.

In order to mitigate interest rate risk, we have developed innovative resource mobilization techniques. In order to mitigate liquidity risks we have diversified the source of fund raising and widened the borrowing options. The superior credit rating of the Company's financial instruments enables us to raise funds at competitive rates.

In order to mitigate cash management risk associated with collection of loan instalments, we have initiated steps to onboarding our customers on technology platform. This is a challenge and a long term process as historically substantial part of our loan recovery is in the form of cash due to peculiar profile and business pattern of our customers. Our loan instalment collection process is efficient and secured through a robust cash management network with leading banks. We have adopted stringent checks and internal controls across all branches. We are educating and encouraging our customers to adopt advanced methods of payment. In order to mitigate operation risk we continuously monitor our internal processes and systems.

FUTURE STRATEGY

The Board has determined the following medium-term and long-term strategies to achieve its corporate goals over a period of next 3-5 years time span:

- To broad base the branch network through enlarging the Company's reach to new geographies.
- To focus on digital initiatives and customer awareness
- Effective use and implementation of data analytics in the process of loan disbursement and loan recovery process
- Further strengthening the leadership position in financing vehicles
- Further enhancing quality of loan portfolio
- Maintaining customer loyalty through winning relationship and customer satisfaction

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The company has discussed the financial performance with respect to the operational performance with intensity under the Board's Report which is also elaborated under the current year financial statements. The board's report also disclosed the analysis of current year financial performance with the previous year financial performance of the company in fair and transparent manner.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRY RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

PHF LEASING LIMITED recognizes employees as its most valuable asset and it has built a transparent and meritocratic culture to nurture its Human Capital. Human Resources department continued its transformation initiatives to cater to the organizational requirements during the year.

The Company has a very effective and efficient team which works to the best of their capabilities as per the roles and responsibilities assigned to them. Company keeps a regular check and improves from time to time the Management Information System for better reporting. The Company has TWENTY NINE employees as on March 31, 2020.

DISCLOSURE OF ACCOUNTING TREATMENT

The company has followed the historical cost convention on accrual basis of accounting in accordance with requirements of the Companies Act, 2013 read with rules, the applicable accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and Directions issued by Reserve Bank of India (RBI) from time to time applicable to Non-Banking Financial Companies, as applicable to the company.

The company had not followed any other different accounting procedures for preparation of financial statements, which are required to be disclosed in the financial statements and report of auditor.

KEY FINANCIAL RATIOS ALONGWITH DETAILED EXPLANATIONS

S.No.	Key Indicators	2019-20	2018-19
1.	Debtors Turnover	N.A.	N.A.
2.	Inventory Turnover	N.A.	N.A.
3.	Interest Coverage Ratio	0.81	1.08

4.	Current Ratio	0.73	2.19
5.	Debt-Equity Ratio	0.89	1.24
6.	Operating Profit Margin	N.A.	N.A.
7.	Net Profit Margin	N.A.	5.88%
8.	Return on Net Worth (RONW)	N.A.	3.06%
9.	Return on equity comprehensive Income	0.97%	4.65%

NOTE: Please take into consideration that the financial ratios of the previous financial year 2018-19 are as per Accounting Standards whereas the one's for the financial year 2019-20 are in accordance of Indian Accounting Standards.

CAUTIONARY STATEMENT

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

**For and on behalf of the Board
PHF Leasing Limited**

**Place: Jalandhar
Date: June 29, 2020**

**Sd/-
Shubhash Chander Sikka
Chairman
DIN: 01871492**

**Sd/-
Shiv Dyal Chugh
Managing Director
DIN: 00993747**

CORPORATE GOVERNANCE REPORT
(THE REPORT ON CORPORATE GOVERNANCE FORMS PART OF THE DIRECTORS’
REPORT FOR THE YEAR ENDED MARCH 31, 2020)

The Report for the financial year ended March 31, 2020 on compliance by the Company with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) is given below.

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

- (a) Enhancing long term Shareholder value through:
 - Assisting the top management in taking sound business decisions; and
 - Prudent financial management.
- (b) Achieving transparency and professionalism in all decisions and activities of the Company.
- (c) Achieving excellence in Corporate Governance by:
 - Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
 - Reviewing periodically the existing systems and controls for further improvements.

BOARD OF DIRECTORS:

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

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

BOARD MEETING AND PROCEDURES

The detailed Agenda, setting out the business to be transacted at the Meeting(s), supported by detailed notes is sent to each Director at least seven days before the date of the Board Meeting(s) and of the Committee Meeting(s). In some instances, documents are tabled at the meetings and the presentations are also made by the respective executives on the matters related to them at the Board or Committee Meetings. The information as mentioned in Part A of Schedule II of the Listing Regulations, has been placed before the Board for its consideration.

During the year under review, Six Meetings of the Board of Directors were held. The dates of the meetings along with the no of meetings attended by the directors is given in the Board’s Report of the Company.

The necessary quorum was present for all the meetings.

The maximum gap between any two meetings was not more than one hundred and twenty days. As mandated by Regulation 17A(1) of the Listing Regulations as of March 31, 2020, none of the Independent Directors of the Company served as an Independent Director in more than seven listed

entities and as per Regulation 26 of Listing Regulations none of Directors is a member of more than ten Committees or acting as Chairperson of more than five Committees of the companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of Directors, their attendance at Board Meetings held during the Financial Year and at the last Annual General Meeting (AGM) and number of Memberships/Chairmanships of Directors in other Boards and Committees of Board are as follows:

COMPOSITION OF BOARD

The Company's policy is to maintain an optimum combination of Executive and Non-Executive/Independent Directors. The composition of Board of Directors, is given in the table below and is in conformity with Regulation 17(1) of the Listing Regulations and other applicable regulatory requirements.

The details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2019-20 and at the last Annual General Meeting, their directorships in other companies and membership /chairmanship in committees are as follows:

Name of the Director and Category of Directorship	Attendance at Board Meetings		Total no. of Directorships	*Membership / Chairmanship of Committees (including Company)		Whether attended the last AGM held on September 27, 2019
	Held	Attended		Chairman	Member	
Mr. Subhash Chander Sikka Chairman, Non-Executive & Independent Director DIN: 01871492	6	6	1	1	3	NO
Mr. Shiv Dyal Chugh Managing Director Executive & Non Independent Director DIN:00993747	6	6	6	1	1	YES
Mrs. Neelam Kohli Non-Executive & Independent Director DIN:02628811	6	6	1	1	3	YES
Mr. Rohin Chugh Non-Executive & Non-Independent Director DIN:01519724	6	5	2	1	2	YES
Mr. Chandan Chugh Non-Executive & Non-Independent Director DIN:01519390	6	6	3	1	2	YES
Ashwani Kumar Jindal Additional Director & Independent Director DIN: 00670384	0	0	1	0	0	NO

Vijay Kumar Non Executive & Non independent Director DIN: 07978240	0	0	2	0	0	NO
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Note 1: *Membership/Chairmanship of only the Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and Investor Grievance Committee of all Public Limited Companies have been considered.

Note 2: The brief profiles of Directors are also available on the website of the Company http://www.phfleasing.com/about_us.html

Pursuant to Clause C(2)(i) of Schedule V read with Regulation 34(3) of Listing Regulations, in the opinion of the Board all the independent directors fulfill the conditions as specified in the Listing Regulations and are independent of the management.

SN	Name of the Director & Designation	Core skills/expertise/competencies
1.	Mr. Subhash Sikka Chairman, Non-Executive & Independent Director DIN: 001871492	Core Skills & Expertise: Administration, Social & Religious Work and Mr. Subhash Chander Sikka is Chairman and Non-Executive Independent Director on the Board of the Company. He is a businessman by profession. He is director on the Board of the Company since 29/03/2003. He is having more than 15 years of experience in the NBFC industry.
2.	Mr. Shiv Dyal Chugh Managing Director Executive & Non Independent DIN:000993747	Core Skills & Expertise: Finance, Administration, Educational & Social Work and Mr. Shiv Dayal Chugh is the promoter and Managing Director of the Company. He has done graduation with Business Management. He has more than 40 years' experience in the business of NBFC. He is actively involved in social, educational and business organizations. He is actively involved in day today functioning of the company and introduced innovative ideas in the business, which helped it to grow manifold. He plays a key role in designing and functioning of all Legal and Statutory Compliances. He also contributes in the Management, Decision making policies, Strategy Management, Financing affairs of the Business Organisation.
3.	Mrs. Neelam Kohli Non-Executive & Independent Director DIN:002628811	Core Skills & Expertise: Administration, Leadership & Social Work and Mrs. Neelam Kohli, is an Independent Director on the Board of the Company since 16/12/2014. She is a graduate in Arts. She has wide knowledge of HR Policies and Business Administration. She has adequate experience of NBFC industry and its affairs. She plays a key role in designing and updating HR Strategy.
4.	Mr. Rohin Chugh Non-Executive Non- Independent DIN:001519724	Core Skills & Expertise: Finance, Administration & Leadership Mr. Rohin Chugh, the elder son of Mr. Shiv Dyal Chugh, is Promoter and Non-Executive Director of the Board of the Company since 31/07/2003. He has done his MBA with specialization in Finance. He is having more than 15 years of experience in the promotions and management of NBFC's.
5.	Mr. Chandan Chugh Non-Executive Non- Independent DIN:001519390	Core Skills & Expertise: 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 having more than 18

		years of experience in the NBFC industry and having wide knowledge of all aspects of NBFC business.
6.	Mr. Ashwani Kumar Jindal Non-Executive & Independent director DIN:00670384	Core Skills & Expertise: Income Tax, Accountancy, Audit, GST. Mr Ashwani Jindal is an Independent Director. He is a recognized member of Institute of Chartered Account 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.
7.	Mr. Vijay Kumar Sareen Non Executive & Non independent Director DIN: 07978240	Core Skills & Expertise: Education, Management. Mr. V.K. Sareen is Ex-Vice-Principal and Head of PG Department at D.A.V. College, Jalandhar. After passing M.Com (with distinction) from University Business School, Punjab University, Chandigarh, he joined D.A.V. College in 1980. Project Director, conducted various seminars, workshops, delivering guest lectures on varying topics in different colleges, he has co-chaired technical sessions, coordinated panel discussions and has judged inter-college quiz and other competitions.

Pursuant to Clause C(2)(i) of Schedule V read with Regulation 34(3) of Listing Regulations, in the opinion of the Board all the independent directors fulfill the conditions as specified in the Listing Regulations and are independent of the management.

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

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

SN	Name of Director	Designation	No of Shares held	% of Shares held
1	Mr. Rohin Chugh	Non-Executive Director	20000	0.67%
2	Mr. Chandan Chugh	Non-Executive Director	20000	0.67%
3	Mrs. Neelam Kohli	Non-Executive Director	-	0%
4	Mr. Subhash Sikka	Non-Executive Director	4000	0.13%

MEETING OF INDEPENDENT DIRECTORS

The Company's Independent Directors met on October 26, 2019 without the presence of Executive Directors or members of management. The meeting was attended by all the Independent Directors. In the meeting, the Independent Directors reviewed performance of Non-Independent Directors, Board as a whole, Chairman and every Independent Directors. The Directors were evaluated on parameters such as functioning of the Board, frequency of meetings of the board and committees of directors, level of participation of directors at the board and committee meetings, independence of judgments, performance of duties and obligations by directors, implementation of good corporate governance, safeguarding the interest of all other stakeholders. They assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board. The minutes of Independent Directors meeting were tabled at the meetings of Nomination and Remuneration Committee.

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 2018-19 the Company had conducted 1 programm / meetings and the time spent by Independent Directors was in the range of 1-2 hours. The cumulative programmes / meetings conducted till date were 2 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:www.phfleasing.com.

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 Company in its Board meeting held on April 29, 2019 has taken necessary initiative to implement the same. The Code also provides for pre-clearance of transactions by designated persons.

COMMITTEES OF DIRECTORS

❖ AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act 2013 ('the Act') and Regulation 18 read with Part C of the Schedule II of the Listing Regulations. As on March 31, 2020, the Committee comprised of two Independent Directors and one Executive Director having financial background and knowledge in the business of the Company.

The Audit Committee met Four times viz April 29, 2019, August 2, 2019, November 06, 2019 and January 24, 2020 during the year under review and the number of meetings attended by each member during the year ended March 31, 2020 is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Subhash Chander Sikka	Chairman (Independent Director)	4	4
Ms. Neelam Kohli	Member (Independent Director)	4	4
Mr. Shiv Dyal Chugh	Member	4	4

TERMS OF REFERENCE OF AUDIT COMMITTEE:

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

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with management, the annual financial statements before submission to the Board for approval with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement are included in the Directors' Report in terms of Clause (c) of Sub-Section 3 & 5 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications in draft Audit Report, if any.
- Review with management quarterly/half yearly/yearly financial statements before submission to the Board for approval.
- Recommending the appointment/re-appointment/removal of Statutory Auditors, fixation of audit fees and also approval of payments for any other services.
- Reviewing with management, Statutory and Internal Auditor's adequacy of the internal control systems.
- Discussing with Internal and Statutory Auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Reviewing the Company's financial and risk management policies.
- Compliance with the Stock Exchanges and legal requirements concerning financial statements.
- Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors and/ or other Committees of Directors of the Company.

❖ NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee (NRC) has been constituted by the Board as per the requirements of the provisions of Section 178 of the Act and Regulation 19 read with Part D of the Schedule II of the Listing Regulations.

The Nomination and Remuneration Committee met 3(Three) times viz. August 31, 2019, November 04, 2019 and February 26, 2020 during the year under review and the number of meetings attended by each member during the year ended March 31, 2019 is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Ms. Neelam Kohli	Chairman (Independent Director)	3	3
Mr. Subhash Chander Sikka	Member (Independent Director)	3	3
Mr. Rohin Chugh	Member (Non Executive Director)	3	1

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

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

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees after ensuring that-
 - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
 - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
2. To identify persons who are qualified to become Directors and recommend the reappointment of Directors if they are qualified and fit to be reappointed. Also to identify and recommend who may be appointed in Senior Management in accordance with the criteria laid down by the Committee and recommend to the Board their appointment and removal.
3. To formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
4. To carry out evaluation of every Director's performance.
5. To determine whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
6. To devise a policy on Board diversity.
7. Formulation of Succession policy for Managing Director and CFO, Key Managerial Personnel and Senior Management Personnel.

CRITERIA FOR PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

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

THE DETAILS OF SITTING FEES/REMUNERATION PAID TO THE DIRECTORS DURING THE FINANCIAL YEAR 2019-20 ARE AS UNDER:

Sr. No.	Name of Director	Designation	Salary & Perquisites (Rs.)	Sitting Fees for attending Meetings (Rs.)	Total (Rs.)
1.	Sh. Shiv Dyal Chugh	Managing Director	Rs. 12,54,000/-	NIL	Rs. 12,54,000/-

❖ **INVESTOR GRIEVANCE COMMITTEE/STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Committee/Stakeholders Relationship Committee met 2 (Two) times viz. April 27, 2019 and October 26, 2019 during the year under review and the number of meetings attended by each member during the year ended March 31, 2020 is as follows:

The Investor Grievance Committee/Stakeholders Relationship Committee comprises as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Rohin Chugh,	Chairman, (Non Executive Director)	2	2
Mr. Chandan Chugh,	Member, (Non Executive Director)	2	2
Mr. Subhash Chander Sikka,	Member, (Independent Director)	2	2

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

THE COMPLAINT STATUS DURING PREVIOUS YEAR WAS AS FOLLOWS:

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

INFORMATION REGARDING DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN ENSUING ANNUAL GENERAL MEETING:

Name of Director	CHANDAN CHUGH
Designation	Non-Executive Non-Independent
Date of Appointment	30/09/2000
Expertise in NBFC Functional Areas	More than 19 Years
Shareholding in PHF Leasing Limited	20000 Shares
Directorships held in other companies	PHF Finance Pvt.Limited PHF Food Limited
Membership/Chairmanship of Committees of other Public Companies	-
Change	Retire by rotation and being eligible may offer himself for re-appointment

Name of Director	ASHWANI JINDAL
Designation	Non-Executive Independent
Date of Appointment	07/03/2020
Expertise in NBFC Functional Areas	-
Shareholding in PHF Leasing Limited	-
Directorships held in other companies	-
Membership/Chairmanship of Committees of other Public Companies	-

Change	Regularization as Director
Name of Director	VIJAY KUMAR SAREEN
Designation	Non-Executive Non-Independent
Date of Appointment	07/03/2020
Expertise in NBFC Functional Areas	-
Shareholding in PHF Leasing Limited	-
Directorships held in other companies	DSB Edutech Private Limited
Membership/Chairmanship of Committees of other Public Companies	-
Change	Regularization as Director

❖ RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been constituted in line with the Regulation 21 of Listing Regulations as amended.

The terms of reference of the Risk Management Committee shall be as follows:

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

During the year under review, the Committee met 4 (Four) times on April 27, 2019; July 27, 2019; November 2, 2019 and January 22, 2020. The necessary quorum was present for all the meetings.

The Risk Management Committee Composition is as follows:

Name of Member	Designation	No of Meetings	
		Held	Attended
Mr. Chandan Chugh	Chairman, (Non Executive Director)	4	4
Mr. Shiv Dyal Chugh	Member, (Non Executive Director)	4	4
Mrs. Neelam Kohli	Member, (Independent Director)	4	4

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

GENERAL BODY MEETINGS:

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

Financial Year	Date of AGM	Time	Location of Meeting	No. of Special Resolutions
2018-19	September 27, 2019	04:00 PM	Hotel Kings, G. T. Road, Jalandhar	2
2017-18	September 04, 2018	04:00 PM	Hotel Kings, G. T. Road, Jalandhar	1
2016-17	August 11, 2017	04:00 PM	Hotel Kings, G. T. Road, Jalandhar	3

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

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

1) During year 2018-19:

1. Special resolution under section 181(1)(a) of Companies Act 2013.
2. Special resolution under section 181(1)(c) of Companies Act 2013, to authorize board of directors to borrow money in excess of aggregate of the paid up capital and free reserve.

2) During year 2017-18:

1. Special Resolution for Consider and approve Private Placement of Non-convertible Debenture

3) During year 2016-17:

1. Special Resolution for Consider and approve Private Placement of Non-convertible Debenture
2. Special Resolution for Re-listing of equity shares at Metropolitan Stock Exchange Of India Limited.
3. Special Resolution for Re-Appointment of Mr. Shiv DyalChugh (DIN: 00993747) as Managing Director of the Company.

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 previous year under review.

PERSON WHO CONDUCTED THE POSTAL BALLOT

The Company had not conducted the postal ballot during the previous year under review.

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 passing 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 passing through Postal Ballot.

MEANS OF COMMUNICATION

The Company, from time to time and as maybe 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)	Quarterly Results	The Company publishes its quarterly, half-yearly and annual results in Yugmarg (all India editions) and Daily Mehnat (Jalandhar edition) which are national and local dailies, respectively. These are not sent individually to the Shareholders.
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b)	Newspapers wherein results normally published	The Company also publishes certain key Notices in Yugmarg (all India editions) and Daily Mehnat (Jalandhar edition).
c)	Any website, where displayed	The above information can be accessed on the Company's website at the web-link http://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:

SN	Particulars	As on March 31, 2020
a)	Annual General Meeting: Date, Time and Venue	September 28, 2020 at 03:00 P.M 923, G.T. Road, Jalandhar, Punjab, 144001 The Company is conducting meeting through video conferencing ('VC')/other audiovisual means ('OAVM') pursuant to the MCA circular. For details please refer to the Notice of AGM.
b)	Financial Year	The financial year covers the period from 1st April 2019 to 31st March, 2020
c)	Financial Reporting for	Financial Year 2019-20
d)	Dividend payment date for the financial year 2019-20	There will be no dividend payable by the company during the Financial Year 2019-20 as no dividend has been recommended by the Board.
e)	Date of Book Closure	From Monday, September 21, 2020 to Monday, September 28, 2020 (both days inclusive)
f)	Registered Office	923, G.T Road, Jalandhar-144001, Punjab, INDIA
g)	Corporate Identity Number	L65110PB1992PLC012488
h)	Listing Details	The Company's Shares are listed on <i>Metropolitan Stock Exchange of India Limited (MSEI)</i> vide its letter dated May 16, 2018 stating that the equity shares of the company are listed and admitted for dealings on the exchange w.e.f May 21, 2018 vide circular no MSE/LIST/6 regulation 32 2/2018.
i)	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) Vibgyor Towers, 4th Floor, Plot No C-62, G-Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai – 400098
j)	Stock Code	

	Metropolitan Stock Exchange of India Limited (MSEI)	Symbol: PHF
	Demat ISIN	INE405N01016
k)	Non-Convertible Debentures	The company had not issued any Convertible Debentures or Non-Convertible Debentures during the financial year 2019-20.
l)	Registrars and Share Transfer Agents and address for correspondence	Skyline Financial Services Private Limited D-153 A, 1st Floor, Okhla Industrial Area Phase – I, New Delhi - 110 020 Fax: 011-26812682 Email us at: admin@skylinerta.com or Call on Tel.: 011-26812682, 83, 011-64732681 to 88
m)	Share Transfer System	Trading in Equity Shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form.
n)	Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index	N.A
o)	Whether any Securities Suspended	No
p)	Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely to impact on equity.	Your Company has not issued any ADRs, GDRs, warrants or any convertible instruments during the financial year ended March 31, 2020.
q)	Commodity Price risk or foreign exchange risk and hedging activities	Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk
r)	Plant Locations	In view of the nature of business activities carried on by the Company, the Company operates from its head office and branch offices located in Punjab and does not have any manufacturing plant.

MONTHLY HIGH AND LOW OF COMPANY'S SHARES FOR THE FINANCIAL YEAR 2019-20 AT MSEI

The Shares of the Company are not being traded and the price of the company is stable and quoted at INR 17.00/-.

DISTRIBUTION OF SHAREHOLDING

Table-1 and Table 2: List the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March, 2020.

Table 1: Distribution of Shareholding by size as on 31st March, 2020

Nominal Value of Each Share: 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	200	48.78	831700	2.78
5001 To 10,000	108	26.34	1010500	3.38
10001 To 20,000	39	9.51	567500	1.9
20001 To 30,000	13	3.17	361000	1.21
30001 To 40,000	4	0.98	151500	0.51
40001 To 50,000	9	2.2	429000	1.44
50001 To 1,00,000	8	1.95	591000	1.98
1,00,000 and Above	29	7.07	25935800	86.81
Total	410	100	29878000	100

Table 2: Category wise distribution of Equity shareholding as at March 31, 2020:

	Category	Number of Shares Held	Percentage of Shareholding (%)
(A)	Shareholding of Promoter and Promoter Group		
(1)	Indian	1404980	47.02
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)	1404980	47.02
(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)	1404980	47.02
(B)	Public shareholding		
(1)	Institutions		
a)	Mutual Funds	0	0
b)	Banks/Financial Institutions	0	0
c)	Central Government/ State Government	0	0
d)	Venture Capital Funds	0	0
e)	Insurance Companies	0	0
f)	Foreign Institution Investors	0	0
g)	Foreign Venture Capital Investors	0	0
h)	Any Other (Specify)	0	0

	Sub-Total (B)(1)	0	0
(2)	Non-institutions		
a)	Bodies Corporate	612000	20.48
b)	Individuals -	0	0
	i) Individual shareholders holding nominal share capital up to Rs.2 lakh.	498720	16.69
	ii.Individual shareholders holding nominal share capital in excess of Rs.2 lakh.	469100	15.7
c)	Non Resident Indians	0	0
c-i)	Public Trusts	0	0
c-ii)	Corporate Bodies-OCB	0	0
c-ii)	Intermediary/Other Depository A/C	0	0
c-iv)	Hindu Undivided Family	3000	0.10
c-v)	Clearing member /House	0	0
c-vi)	Qualified Foreign Institution Investors- Individual	0	0
c-vii)	Qualified Foreign Institution Investors- Corporate	0	0
	Sub-Total (B)(2)	0	0
	Total Public Shareholding (B)= (B)(1) +(B)(2)	0	0
	TOTAL(A)+(B)	0	0
(C)	Other than promoters		
(D)	Shares held by Custodians and against which Depository Receipts have been issued	0	0
	GRAND TOTAL(A)+(B)+(C)	2987800	100

DEMATERIALIZATION OF SHARES AND LIQUIDITY:

As on 31st March, 2020, 74.35%(percent) of the total equity capital was held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited. The Company's shares are listed on MSEI. This is to mention that during the year a total numbers of 137470 shares has been dematerialized.

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

The IEPF Rules mandate companies to transfer all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of IEPF. The Members whose

dividend/shares are transferred to the IEPF Authority can claim their shares/dividend from the IEPF Authority following the procedure prescribed in the Rules.

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

DISCLOSURE OF RISK MANAGEMENT:

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

OTHER DISCLOSURES:

a) RELATED PARTY TRANSACTIONS:

Related party transactions are defined as transactions of the Company of material nature had with promoters, directors or with their relatives etc. The transactions with the related parties, as per the requirements of the Accounting Standard 18, are disclosed in Notes to Accounts, forming part of the Annual Report.

None of the transactions with any of the related parties were in conflict with the interest of the Company.

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:

During the financial year 2019-20 no communication of any non-compliance has been made or no non-compliance from any regulatory authority has been communicated to the company.

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 are 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

During the previous financial year there was neither material' subsidiaries of the company nor any policy framed by the company for the same.

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

The web link for the policy on dealing with related party transactions is as follows:
<http://www.phfleasing.com>

g) DISCLOSURE OF COMMODITY PRICE RISKS AND COMMODITY HEDGING ACTIVITIES

Your Company does not deal in any commodity and hence is not directly exposed to any commodity price risk.

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

In terms of Listing Regulations, the certification by the Managing Director and the Chief Financial Officer is annexed to this Annual Report.

CERTIFICATE THAT NONE OF THE DIRECTORS ARE DISQUALIFIED ON BOARD

The above mentioned certificated indicating that none of the directors are disqualified or debarred or disqualified from being appointed as directors is enclosed herewith in the Annexure of the Director report.

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

The audit fees paid by PHF Leasing Limited to its statutory auditors is Rs 25,000/-

ADDRESS FOR INVESTOR'S CORRESPONDENCE:

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

MR. VIJAY SHARMA (DEPUTY MANAGER DEPOSITS)

PHF LEASING LIMITED

Regd. & Corp. Office:923, G.T. Road, Jalandhar-144001, Punjab, INDIA,

Ph: 0181-4639903-06; Email: phf_leasingltd@yahoo.co.in

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

[Pursuant to Regulation 17 (5), 26 (3) and 34(3) read with Schedule V (Part D) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

As per Regulation 17(5), 26(3) and 34 (3) read with Schedule V (Part D) of Securities Exchange Board of India (LODR) Regulations, 2015 executed with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2020.

For PHF Leasing Ltd

**Sd/-
Shiv Dyal Chugh
Managing Director
DIN:00993747**

**Place: Jalandhar
Date: June 29, 2020**

**MD & CFO CERTIFICATION
FOR FINANCIAL YEAR 2019-20**

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

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

- A. We have reviewed financial statements and the cash flow statement for the year ended on March 31, 2020 and that to the best of my knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violating of the Company’s Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have disclosed, based on my evaluation wherever applicable, to the Auditors and the Audit Committee:
- (1) Significant changes, if any, in internal controls over financial reporting during the year;
 - (2) Significant changes, if any, in accounting policies during the year, and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

For and on behalf of Board of Directors

**Place: Jalandhar
Date: June 29, 2020**

Sd/-
Shiv Dyal Chugh
Managing Director

Sd/-
Kuldip Bhandari
Chief Financial Officer

SECRETARIAL AUDIT REPORT

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

We have conducted the Secretarial Audit for the financial year 2019-20 for the compliance of applicable statutory provisions and the adherence to good corporate practices by *M/S PHF Leasing Limited* (hereinafter referred to as the 'Company').

1. The maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
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. Wherever 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 Dinesh Gupta & Co.
Company Secretaries**

**Place: Jalandhar
Dated: July 29, 2020**

**Sd/-
CS Dinesh Gupta
(Partner)
M. No. F3462,
COP. No.1947
UDIN: F003462B000522948**

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

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by '*M/sPHF Leasing Limited*' (hereinafter called the 'Company').

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **M/s PHF Leasing Limited'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 March 31, 2020 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 March 31, 2020 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) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following applicable Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the amendments made thereunder from time to time.
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and the amendments made thereunder from time to time;
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure requirements) Regulations, 2009 and the amendments made thereunder from time to time;
- e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

The following regulations and Guidelines of SEBI are not applicable to the company as no such event took place in the Company:

- a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- c) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
- d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

- a) The Reserve Bank of India Act, 1934
- b) Non- Banking Financial Company- Non Systemically Non-Deposit taking and Deposit taking Company (Reserve Bank) Directions, 2016

Other laws applicable on the Company including

- Employees' State Insurance Act, 1948
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- The Employee Compensation Act, 1923
- Income tax Act, 1961
- Goods & Services Tax, 2017

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and;
- (ii) The Uniform Listing Agreement for equity shares entered into by the Company with MSE Limited, Mumbai and;

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

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.

Decisions of the Board meetings, as represented by the Management were taken unanimously.

Further, majority decision of members is carried through and recorded as part of minutes.

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 Dinesh Gupta & Co.
Company Secretaries**

**Place: Jalandhar
Dated: July 29, 2020**

**Sd/-
CS Dinesh Gupta
(Partner)
M. No. F3462
COP. No.1947
UDIN: F003462B000522948**

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

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

Dear Sir/ Madam,

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, it is hereby certified that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S.NO.	DIRECTOR	DESIGNATION	DIN	DATE OF APPOINTMENT
1	SHIV DYAL CHUGH	MANAGING DIRECTOR	00993747	20/07/1992
2	ASHWANI KUMAR JINDAL	ADDITIONAL DIRECTOR (INDEPENDENT)	00670384	07/03/2020
3	CHANDAN CHUGH	DIRECTOR (INDEPENDENT)	01519390	30/09/2000
4	ROHIN CHUGH	DIRECTOR	01519724	31/07/2003
5	SUBHASH CHANDER SIKKA	DIRECTOR	01871492	01/12/2014
6	NEELAM KOHLI	DIRECTOR (INDEPENDENT)	02628811	16/12/2014
7	VIJAY KUMAR SAREEN	ADDITIONAL DIRECTOR	07978240	07/03/2020

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

**For Dinesh Gupta & Co
(Company Secretaries)**

**Date: June 29, 2020
Place: Jalandhar**

**Sd/-
Anuj Makol
(Partner)
FCS No. 10653; CP No. 15042**

PHF LEASING LIMITED
BALANCE SHEET AS AT 31.03.2020

(in Rs.)

	PARTICULARS	Notes	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01.2018 (Rs.)
1	ASSETS				
	FINANCIAL ASSETS				
(a)	Cash and cash equivalents	5	13503735.00	6391631.00	7826612.00
(b)	Loans	6	102864156.00	97455957.00	103021687.00
(c)	Investments	7	4119724.00	3239730.00	5695536.00
(d)	Other financial assets	8	7536816.00	8364213.00	7214695.00
			128024431.00	115451531.00	123758530.00
	NON- FINANCIAL ASSETS				
(a)	Current tax assets	9	156191.00	625332.00	199193.00
(b)	Deferred tax assets	10	1065980.00	493903.00	0.00
(c)	Property, Plant and equipment	11	1376605.00	1278275.00	12568416.00
(d)	Right of use asset	12	4851723.00	0.00	0.00
(e)	Other Non- financial assets	13	183050.00	180312.00	144165.00
			7633549.00	2577822.00	12911774.00
	Total Assets		135657980.00	118029353.00	136670304.00
2	LIABILITIES				
	FINANCIAL LIABILITIES				
(a)	Payables				
(i)	trade payables	14	1075823.00	1084694.00	1593339.00
(ii)	other payables	15	6988682.00	2096044.00	2767939.00
(b)	Debt securities	16	18427000.00	20099000.00	22275000.00
(c)	Borrowings (other than debt securities)	17	20044736.00	14732040.00	25588179.00
(d)	Deposits	18	20136486.00	16269713.00	17813681.00
(e)	Other financial liabilities	19	13823349.00	8853921.00	14108716.00
			80496076.00	63135412.00	84146854.00
	NON-FINANCIAL LIABILITIES				
(a)	Deferred tax Liabilities	10	0.00	0.00	373879.00
(b)	Current tax Liabilities	20	31200.00	291000.00	70000.00
			31200.00	291000.00	443879.00
	EQUITY				
(a)	Equity share capital	21	29878000.00	29878000.00	29878000.00
(b)	Other equity	22	25252704.00	24724941.00	22201571.00
			55130704.00	54602941.00	52079571.00
	TOTAL LIABILITIES AND EQUITY		135657980.00	118029353.00	136670304.00
			0.00	0.00	0.00

As per our report of even date

For M/s.Atish Dhir & Co.
Chartered Accountant
FRN 033828N

sd/-
Gurpreet Kaur
Proprietor
M.No. 546668
Place : Jalandhar City
Dated : 29th June 2020

For and on behalf of the Board of Directors

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Directors

sd/-
Chief Financial Officer

PHF LEASING LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31.03.2020

(in Rs.)

	PARTICULARS	Notes	Year ended 31.03.2020	Year ended 31.03.2019
	Revenue from operations			
(i)	Interest income	23	27203449.00	23054438.00
(ii)	Dividend Income	24	2047.00	8190.00
A	Total Revenue from operations		27205496.00	23062628.00
B	Other income	25	195962.00	50265.00
C	TOTAL INCOME (A+B)		27401458.00	23112893.00
	EXPENSES			
	Finance Costs	26	7583012.00	8197551.00
	Employee Benefits Expenses	27	8470511.00	7527767.00
	Depreciation, amortization and impairment	11 & 12	1208150.00	406429.00
	Others expenses (to be specified)	28	6025033.00	7564473.00
	Impairment on financial instruments	29	5556199.00	1844886.00
D	Total Expenses		28842905.00	25541106.00
E	Profit before tax before exceptional items(C-D)		(1441447.00)	(2428213.00)
	Exceptional Items		0.00	4033911.00
	Profit before tax		(1441447.00)	1605698.00
	Tax expenses			
	Current tax		(31200.00)	(291000.00)
	Deferred tax	10	908077.00	879821.00
	Mat Tax entitlement		(205834.00)	299040.00
	Income Tax Adjustment		(39363.00)	-
G	Net tax expenses		631680.00	887861.00
H	Profit for the period (E-G)		(809767.00)	2493559.00
I	Other comprehensive income			
	(A) (i) Net gain on equity instrument designated at FVOCI. (Shares in Capital Small Finance Bank)		1679994.00	60194.00
	(ii) Income tax relating to items that will not be reclassified to profit or loss	10	(336000.00)	(12039.00)
	Subtotal (A)		1343994.00	48155.00
	(B) (i) Items that will be reclassified to profit or loss (specify items and amounts)		0.00	0.00
	(ii) Income tax relating to items that will be reclassified to profit or loss		0.00	0.00
	Subtotal (B)			
	Other Comprehensive Income (A + B)		1343994.00	48155.00
J	Total Comprehensive Income for the period (H + I)		534227.00	2541714.00
	Earnings per equity share (nominal value of share Rs.10/-)			
	Basic (Rs.)		(0.27)	0.83
	Diluted (Rs.)		(0.27)	0.83

As per our report of even date

For M/s.Atish Dhir & Co.
Chartered Accountant
FRN 033828N

sd/-
Gurpreet Kaur
Proprietor
M.No. 546668
Place : Jalandhar City
Dated : 29th June 2020

For and on behalf of the Board of Directors

sd/-
Managing Director

sd/-
Company Secretary

sd/-
Directors

sd/-
Chief Financial Officer

BALANCE SHEET AS AT 31.03.2020

Notes to Financial Statement

5	CASH AND CASH EQUIVALENTS	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Balances with banks:			
	Current accounts	12128486.00	3430538.00	4577159.00
	Cheques,drafts on hand	3690.00	105218.00	282407.00
	Cash in hand	1371559.00	2855875.00	2602678.00
	FDR with Bank	0.00	0.00	364368.00
	Total	13503735.00	6391631.00	7826612.00

6	LOANS :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Carried at amortised cost			
	(A)			
	(i) Hypothecation loans	104428610.00	99208871.00	104861779.00
	(ii) Repossessed Vehicles	1641500.00	0.00	0.00
	TOTAL (A) GROSS	106070110.00	99208871.00	104861779.00
	Less: Impairment loss allowance	(3032404.00)	(1752914.00)	(1840092.00)
	Less : Provision under Covid-19 Regulatory Package	(173550.00)	0.00	0.00
	TOTAL (A) NET	102864156.00	97455957.00	103021687.00
	(B)			
	(i) Secured by tangible assets	106070110.00	99208871.00	104861779.00
	TOTAL (B) GROSS	106070110.00	99208871.00	104861779.00
	Less: Impairment loss allowance	(3032404.00)	(1752914.00)	(1840092.00)
	Less : Provision under Covid-19 Regulatory Package	(173550.00)	0.00	0.00
	TOTAL (B) NET	102864156.00	97455957.00	103021687.00
		102864156.00	97455957.00	103021687.00

All loans are in India granted to individuals or entities other than public sector

Secured means exposures secured wholly or partly by hypothecation of two wheelers, three wheelers & four wheelers.

7	INVESTMENTS :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	(A) Investments in Government or Trust securities - at cost			
	i) 6.01% GOI Securities 2028	600000.00	600000.00	600000.00
	ii) 6.30% GOI Securities 2023	940000.00	940000.00	940000.00
	iii) 6.05% GOI Securities 2019	0.00	400000.00	400000.00
	iv) 5.69% GOI Securities 2018	0.00	0.00	2216000.00
	(B) Investment in Equity instruments - at FVOCI (Capital Small Finance Bank Ltd.)	2579724.00	899730.00	839536.00
	10237 equity shares of Rs 10/- each			
	(C) Investments in debentures or bonds - at cost			
	i) 8.81% TNEB Bonds Series 3/2008-09	0.00	400000.00	700000.00
	Total	4119724.00	3239730.00	5695536.00

8	OTHER FINANCIAL ASSETS :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Carried at amortised cost			
	Security Deposits	30000.00	30000.00	40000.00
	Term Loan - LDG With Midland Financiers (Doaba) Ltd.	0.00	1125000.00	1125000.00
	Term Loan - LDG With Agile Finserv Pvt.Ltd.	1000000.00	562500.00	562500.00
	Capital Advance (MSEI)	0.00	0.00	833750.00
	Taxes & Duties	934143.00	982455.00	853263.00
	Interest Accured on Bank FDR's/Others	38066.00	0.00	573821.00
	Interest Accured on MPSEB Bonds	594133.00	594133.00	594133.00
	Interest Accured on Bonds & GOI Securities	18030.00	10572.00	60155.00
	Interest Accured on Term Loan - LDG	32548.00	74453.00	33953.00
	Other Advances	4889896.00	4985100.00	2538120.00
	Total	7536816.00	8364213.00	7214695.00

9	CURRENT TAXES ASSETS	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Advance Income Tax	62985.00	326292.00	199193.00
	Mat Credit Entitlement	93206.00	299040.00	0.00
	Total	156191.00	625332.00	199193.00

10	DEFERRED TAX	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	(A) Deferred Tax Assets			
	Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	28020.00	103113.00	0.00
	Impairment on financial instruments	833548.00	455758.00	478424.00
	Tax Difference on ROU asset	658896.00	0.00	0.00
	MAT credit impact	24234.00	77750.00	0.00
	TOTAL (A)	1544698.00	636621.00	478424.00
	(B) Deferred Tax Liability			
	Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	0.00	0.00	721624.00
	Items recognised in OCI	478718.00	142718.00	130679.00
	TOTAL (B)	478718.00	142718.00	852303.00
	NET DEFERRED TAX / (LIABILITY) (A)-(B)	1065980.00	493903.00	(373879.00)

10.1 PARTICULARS	AS AT March 31.2020 (Rs.)		AS AT March 31.2019 (Rs.)		AS AT 01 April, 2018 (Rs.)	
	INCOME STATEMENT	OCI	INCOME STATEMENT	OCI	INCOME STATEMENT	OCI
(A) Deferred Tax Assets						
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	28020.00	0.00	103113.00	0.00	0.00	0.00
Impairment on financial instruments	833548.00	0.00	455758.00	0.00	478424.00	0.00
Tax Difference on ROU asset	658896.00	0.00	0.00	0.00	0.00	0.00
MAT credit impact	24234.00	0.00	77750.00	0.00	0.00	0.00
TOTAL (A)	1544698.00	0.00	636621.00	0.00	478424.00	0.00
(B) Deferred Tax Liability						
Difference between Depreciation as per Books of Account and the Income Tax Act, 1961	0.00	0.00	0.00	0.00	721624.00	0.00
Items recognised in OCI	0.00	478718.00	0.00	142718.00	0.00	130679.00
TOTAL (B)	0.00	-478718.00	0.00	-142718.00	721624.00	-130679.00
NET DEFERRED TAX CHARGE/(REVERSAL) (A)	1544698.00	-478718.00	636621.00	-142718.00	-243200.00	-130679.00

13 OTHER NON-FINANCIAL ASSETS :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
TDS Recoverable (Term loan)	60259.00	44210.00	0.00
Prepaid Expenses	122791.00	136102.00	144165.00
Total	183050.00	180312.00	144165.00

14 TRADE PAYABLES :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
Carried at amortised cost			
Trade Creditors	1075823.00	1084694.00	1593339.00
Total	1075823.00	1084694.00	1593339.00

15	OTHER PAYABLES :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Carried at amortised cost			
	Audit Fees	25000.00	25000.00	52000.00
	Salary	515849.00	399188.00	431073.00
	Leave Encashment	376953.00	331717.00	321721.00
	Bonus	317750.00	279100.00	268600.00
	E.S.I. Contribution	13274.00	17015.00	16706.00
	EPF/FP Contribution	77580.00	75375.00	70133.00
	Cheque Issued but not yet debited	4825064.00	668001.00	1331714.00
	Professional Fees payable	83300.00	82400.00	50000.00
	ICD Interest payable	411130.00	0.00	0.00
	Tax deducted at source	261040.00	209248.00	225992.00
	Telephone Expenses payable	13571.00	0.00	0.00
	Travelling Expenses payable	43518.00	0.00	0.00
	Rent payable	20341.00	0.00	0.00
	Fees & Taxes Payable	4312.00	0.00	0.00
	Software Development fees payable	0.00	9000.00	0.00
	Total	6988682.00	2096044.00	2767939.00

16	DEBT SECURITIES (SECURED) :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Carried at amortised cost			
	Debentures	18427000.00	20099000.00	22275000.00
	(Secured against movable properties in the form of floating charge excluding investments purchased. The purpose of Statutory liquidity requires subject to prior charge created in favour of company's banker on the hypothecation of documents of the company.)			
	Total	18427000.00	20099000.00	22275000.00

17	BORROWINGS (OTHER THAN DEBT SECURITIES) :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Carried at amortised cost			
	Secured	9055098.00	2748032.00	11926481.00
	(A) WORKING CAPITAL LOAN			
	(From Capital Small Finance Bank Ltd.)			
	(Secured against hyp.documents, promissory notes and equitable mortgage of village kuthewal. The.Phillaur)			
	Unsecured	0.00	4530475.00	0.00
	Inter Corporate Deposit			
	TERM LOANS :			
	(A) Midland Financiers (Doaba) Ltd.	0.00	2350340.00	8714176.00
	(B) Agile Finserv Pvt.Ltd.	8593176.00	1065107.00	4947522.00
	(C) Shriram Transport Finance Co.Ltd.	2396462.00	4038086.00	0.00
	(Exclusive hypothecation of present & future loan receivables (Principal outstanding Net of financial charges, NPA's, other charges etc.O to the extent of 150% for the loan outstanding of secured loans granted on collateral/hypothecated security).			
	Total	20044736.00	14732040.00	25588179.00

18	DEPOSITS (UNSECURED) :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Deposits			
	(i) Fixed Deposits (Director & Realities)	19900173.00	14066463.00	11578075.00
	(ii) Fixed Deposits (Others)	236313.00	2203250.00	6235606.00
	Total	20136486.00	16269713.00	17813681.00

19	OTHER FINANCIAL LIABILITIES :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Carried at amortised cost			
	Interest accrued and due on debentures	7106266.00	6743645.00	7084572.00
	Interest accrued and due on deposits (Public)	20466.00	697484.00	1723287.00
	Interest accrued and due on deposits (Directors & Relatives)	1417616.00	1337798.00	1279129.00
	Unpaid matured deposits and interest accrued	0.00	54526.00	0.00
	Unpaid dividend (Refer note (a) below)	19188.00	20468.00	21728.00
	Advance to Landlord	0.00	0.00	4000000.00
	Lease Liability (rent)	5259813.00	0.00	0.00
	Total	13823349.00	8853921.00	14108716.00

(A) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

20	(a) CURRENT TAX LIABILITIES	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Current income tax charge	31200.00	291000.00	70000.00
	Total	31200.00	291000.00	70000.00

21	EQUITY SHARE CAPITAL :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	a) Authorised			
	45,00,000 Equity Shares of Rs. 10/-each	45000000.00	45000000.00	45000000.00
	Issued			
	30,02,300 Equity Shares of Rs. 10/-each	30023000.00	30023000.00	30023000.00
	Subscribed & fully Paid up			
	29,87,800 Equity Shares of Rs. 10/-each	29878000.00	29878000.00	29878000.00

b) Reconciliation of the shares outstanding at the beginning and at the end of the year	AS AT March 31.2020 (Rs.)		As on 31.03.2019		As on 01.04.2018	
	No.of shares	Amount	No.of shares	Amount	No.of shares	Amount
Number of shares at the beginning of the period	2987800.00	29878000.00	2987800.00	29878000.00	2987800.00	29878000.00
Issued during the year	0.00	0.00	0.00	0.00	0.00	0.00
Outstanding at the end of the year	2987800.00	29878000.00	2987800.00	29878000.00	2987800.00	29878000.00

c) Terms/rights attached to equity shares

Equity Shares : The company has one class of equity shares having a par value of Rs. 10 per share. Each Shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company						
EQUITY SHARES						
Name of Shareholder	AS AT March 31.2020 (Rs.)		AS AT March 31.2019 (Rs.)		AS AT April 01, 2018 (Rs.)	
	No. of Shares	% of Holding	No. of Shares held	% of Holding	No. of Shares	% of Holding
Shiv Dyal Chugh	1169750	39.15	1443250	48.30	1384080	46.32
Seth Ram Chand S.D.Chugh (HUF)	115230	3.86	566730	18.97	566730	18.97
Agile Finserv Pvt.Ltd.	590000	19.75	0	0.00	0	0.00

22	OTHER EQUITY :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)	AS AT April 01, 2018 (Rs.)
	Reserve and Surplus			
	a. General Reserve			
	Opening Balance	2900000.00	2900000.00	2900000.00
	(+) Current Year Transfer	0.00	0.00	0.00
	(-) Written Back in Current Year	0.00	0.00	0.00
	Closing Balance	2900000.00	2900000.00	2900000.00
	b. Statutory Reserve Fund			
	Opening Balance	11788700.00	11472600.00	11382600.00
	(+) Current Year Transfer	106850.00	316100.00	90000.00
	(-) Written Back in Current Year	0.00	0.00	0.00
	Closing Balance	11895550.00	11788700.00	11472600.00
	c. Other Reserves (Share Forefeited reserve)			
	Opening Balance	38425.00	38425.00	38425.00
	(+) Current Year Transfer	0.00	0.00	0.00
	(-) Written Back in Current Year	0.00	0.00	0.00
	Closing Balance	38425.00	38425.00	38425.00
	d. Investment Reserve			
	Opening Balance	23466.00	41810.00	376958.00
	(+) Current Year Transfer	0.00	0.00	0.00
	(-) Written Back in Current Year	6464.00	18344.00	(335148.00)
	Closing Balance	17002.00	23466.00	41810.00
	d. Surplus in Statement of Profit and Loss			
	Opening Balance	9974350.00	7748736.00	6860819.00
	(+) Net Profit/(Loss) for the current year	534227.00	2541714.00	433399.00
	(-) Transfer to Statutory Reserve	(106850.00)	(316100.00)	(90000.00)
	(-) Adjustment due to ECL	0.00	0.00	253126.00
	(-) Adjustment due to DEFERRED TAX	0.00	0.00	(362004.00)
	(+) Adjustment due to Shares	0.00	0.00	653396.00
	Closing Balance	10401727.00	9974350.00	7748736.00
	Total	25252704.00	24724941.00	22201571.00

23	REVENUE FROM OPERATIONS :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)
	INTEREST :		
	Loan and advances	26968016.00	22570182.00
	Interest on SLR Securities	120892.00	208955.00
	Interest on Bank FDR's	0.00	37827.00
	Interest Earned (Others)	78377.00	184619.00
	Interest Earned (Term Loan--LDG)	36164.00	0.00
	Interest Earned (ICD)	0.00	52855.00
	Total	27203449.00	23054438.00

24	DIVIDEND INCOME :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)
	Dividend received from Capital Small Finance Bank Ltd.	2047.00	8190.00
	Total	2047.00	8190.00

25	OTHER INCOME :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)
	Interest Ded.on Pre-matures Deposit	0.00	2521.00
	Interst on Income Tax Refund	3300.00	0.00
	Bad Debts Recovered	71250.00	29400.00
	Profit on redemption of securities	0.00	18344.00
	Profit on sale of Car	38158.00	0.00
	Profit on repossessed vehicle	83254.00	0.00
	Total	195962.00	50265.00

26	FINANCE COSTS :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)
	Interest Expenses on Fixed Deposit	1916676.00	2044840.00
	Interest Expenses on Debentures	2742061.00	3251007.00
	Bank Interest & Charges	692196.00	692447.00
	Interest paid on ICD	456810.00	339670.00
	Interest on Lease Liability (Rent)	566034.00	0.00
	Interest paid on Term Loan	1179735.00	1838907.00
	Document & Processing Charges	29500.00	30680.00
	Total	7583012.00	8197551.00

27	EMPLOYEE EXPENSES :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)
	(a) Salaries and Incentives,Bonus	7636013.00	5875145.00
	(b) Contributions to -		
	(i) Provident Fund,ESI Fund,Group Insurance	595899.00	596882.00
	(c) Gratuity fund contributions	130086.00	44871.00
	(d) Staff welfare expenses	76610.00	130504.00
	(e) Medical Reimbursement	31903.00	135750.00
	(f) Conveyance Allowance	0.00	744615.00
	Total	8470511.00	7527767.00

28	OTHER EXPENSES :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)
	Advertisemnt	53154.00	61193.00
	AGM Expenses	40745.00	46275.00
	Annual Maintanace Cost	2600.00	3500.00
	Car Expenses	159130.00	225237.00
	Commission Paid	29000.00	0.00
	Donation	26425.00	24700.00
	Electricity and Water Charges	488342.00	328133.00
	Entertainment	89736.00	98422.00
	Festival Expenses	137286.00	149045.00
	Fine & Penalty	11800.00	0.00
	General Expenses	152939.00	167491.00
	Insurance Premium	190296.00	172134.00
	Professional Charges	407360.00	246325.00
	Listing Fees with MSEI Exchange	64900.00	869150.00
	Loss on repossessed vehicle	271681.00	0.00
	Membership & Subscription Fees	38290.00	33985.00
	Newspapers & Magazines	4035.00	8663.00
	Audtiors Remuneration	25000.00	60400.00
	Postage Expenses	22549.00	26041.00
	Printing and Stationery	161904.00	210446.00
	Rate and Taxes	106698.00	94356.00
	Travelling Reimbursement Account	2684925.00	2894723.00
	Rent Account	0.00	959842.00
	Repair and maintenance		
	- Other Repair	236780.00	377727.00
	Rebate & Discount	96632.00	47110.00
	Software Development Expenes	123500.00	120000.00
	Scooter/motor cycle expenses	28921.00	27494.00
	Telephone & mobile Exp.	333874.00	295959.00
	Tour & Travelling	36531.00	16122.00
	Total	6025033.00	7564473.00

29	PROVISION AND WRITE OFF :-	AS AT March 31.2020 (Rs.)	AS AT March 31.2019 (Rs.)
	Bad Debt Wriiten off	4103159.00	1932064.00
	Provision for Impairment of loans	1279490.00	-87178.00
	Provision under Covid-19 Regulatory Package	173550.00	0.00
	Total	5556199.00	1844886.00

PROPERTY, PLANT AND EQUIPMENT :-

Property, plant and equipment consist of the following :

Description	Land	Building	Furniture and Fixtures	Vehicles	Computers	Electrical Equipments	Office Equipment	Total
Deemed Cost as at April 1,2018	3287094.00	7141873.00	632672.00	402413.00	243516.00	326338.00	534510.00	12568416.00
Additions	-	-	8000.00	-	19675.00	5000.00	49699.00	82374.00
Disposals	-3287094.00	-7141873.00	-348007.00	-	-	-145580.00	-475249.00	-11397803.00
Gross carrying amount as at March 31, 2019	-	-	292665.00	402413.00	263191.00	185758.00	108960.00	1252987.00
Additions	-	-	23000.00	468281.00	-	42221.00	8200.00	541702
Disposals	-	-	-	-142600.00	-	-	-	-142600
Gross carrying amount as at March 31, 2020	0.00	0.00	315665.00	728094.00	263191.00	227979.00	117160.00	1652089.00
Accumulated depreciation and impairment								
Balance as at April 1,2018	-	-	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation for the year	-	-	55510.00	165158.00	93574.00	41709.00	50478.00	406429.00
Depreciation on disposal	-	-	-162639.00	-	-	-66672.00	-202406.00	-431717.00
Balance as at March 31,2019	-	-	-107129.00	165158.00	93574.00	-24963.00	-151928.00	-25288.00
Depreciation for the year	-	-	51318.00	181499.00	71255.00	47737.00	47721.00	399530.00
Depreciation on disposal	-	-	-	-98758.00	-	-	-	-98758.00
Balance as at March 31,2020	-	-	-55811.00	247899.00	164829.00	22774.00	-104207.00	275484.00
Net carrying amount as at April 1,2018	3287094.00	7141873.00	632672.00	402413.00	243516.00	326338.00	534510.00	12568416.00
Net carrying amount as at March 31,2019	0.00	0.00	399794.00	237255.00	169617.00	210721.00	260888.00	1278275.00
Net carrying amount as at March 31,2020	0.00	0.00	371476.00	480195.00	98362.00	205205.00	221367.00	1376605.00

NOTE :

1. The company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1st April, 2018, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

12 **Right to use Assets :-**

Description	AS AT March 31,2020 (Rs.)	AS AT March 31,2019 (Rs.)
Deemed Cost as at April 1,2018	0.00	0.00
Additions	0.00	0.00
Disposals	0.00	0.00
Gross carrying amount as at March 31, 2019	0.00	0.00
Additions	5660343.00	0.00
Disposals	0.00	0.00
Gross carrying amount as at March 31, 2020	5660343.00	0.00
Accumulated depreciation and impairment		
Balance as at April 1,2018	0.00	0.00
Depreciation for the year	0	0.00
Depreciation on disposal	0	0.00
Balance as at March 31,2019	0.00	0.00
Depreciation for the year	808620.00	0
Depreciation on disposal	0	0
Balance as at March 31,2020	808620.00	0.00
Net carrying amount as at April 1,2018	0.00	0.00
Net carrying amount as at March 31,2019	0.00	0.00
Net carrying amount as at March 31,2020	4851723.00	0.00

**NOTES FORMAING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31,2020**

Note No.31 Earning per share

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Profit After Tax (In Rs.)	(809767.00)	2493559.00
Weighted Average Number of Shares	2987800.00	2987800.00
Earning Per Share - Basic (In Rs.)	(0.27)	0.83
Earning Per Share - Diluted (In Rs.)	(0.27)	0.83
Face Value Per Share (In Rs.)	10.00	10.00

Note No. 32 Auditor's Remuneration

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Statutory Audit	25000.00	25000.00
Limited Review	0.00	10000.00
Tax Audit	35400.00	35400.00
Other Services	11000.00	0.00

Note No. 33 Related Party Disclosures

a) Key Managerial Personnel:

Mr. Shiv Dyal Chugh – Managing Director

b) Relatives of Key Managerial Personnel:

Mr. Rohin Chugh, Mr. Chandan Chugh, Mrs. Jyotsna

c) Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives:

Mr. Shiv Dyal Chugh:

PHF Finance Private Limited

PHF Investment Private Limited

PHF Hire Purchase Private Limited

d) Related party transactions for the year ended on 31st March, 2020

Name of Transactions	Key Management Personnel	Relatives of key Management Personnel	Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives	Total (Year Ended 31.03.2020)	Year Ended 31.03.2019
Income					
House Rent	0	0	0	0	0
Interest	0	0	0	0	0
Expenses					
Remuneration	1140000	0	0	1140000	1080000
Contribution to PF	21600	0	0	21600	21600
Rent	114000	84000	0	198000	0
Interest	434794	371012	456810	1262616	319644
Assets					
Equity Shares	0	0		0	0
Deposit	0	0		0	0
Liabilities					
Equity Shares Capital	11697500	235230		14049800	20504800
Deposit	6000000	7500000		13500000	6041233
Inter Corporate Deposit	0	0	0	0	4530475

Remuneration means the Gross Remuneration without any deductions.

Note No. 34 Summary of Financial assets and liabilities which are recognised at amortised cost

(in rs.)

Particulars	As At		
	31.03.2020	31.03.2019	31.03.2018
Financial Assets			
Cash and Cash Equivalents	13503735.00	6391631.00	7826612.00
Loans	102864156.00	97455957.00	103021687.00
Investments	4119724.00	3239730.00	5695536.00
Other Financial Assets	7536816.00	8364213.00	7214695.00
Financial Liabilities			
Debt Securities	18427000.00	20099000.00	22275000.00
Borrowings (other than Debt Securities)	20044736.00	14732040.00	25588179.00
Other Financial Liabilities	13823349.00	8853921.00	14108716.00

Note No. 35 MATURITY ANALYSIS

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	Amount	Maturity	
		Within 12 months	After 12 months
As on March 31, 2020			
Financial Assets			
Cash and Cash Equivalents	13503735.00	13503735.00	0.00
Loans	102864156.00	77608822.00	25255334.00
Investments	4119724.00	0.00	4119724.00
Other Financial Assets	7536816.00	6536816.00	1000000.00
Total Financial Assets	128024431.00	97649373.00	30375058.00
Non-Financial Assets			
Current tax assets (Net)	156191.00	156191.00	0.00
Deferred tax assets (Net)	1065980.00	1065980.00	0.00
Property, Plant and Equipment	1376605.00	0.00	1376605.00
Other Non-Financial Assets	183050.00	183050.00	0.00
Total Non-Financial Assets	2781826.00	1405221.00	1376605.00
Financial Liabilities			
Payables			
i) Trade Payables	1075823.00	1075823.00	0.00
ii) Other Payables	6988682.00	6988682.00	0.00
Debt Securities	18427000.00	0.00	18427000.00
Borrowings (other than Debt Securities)	20044736.00	17612394.00	2432342.00
Deposits (Unsecured)	20136486.00	20136486.00	0.00
Other Financial Liabilities	13823349.00	9059352.00	4763997.00
Total Financial Liabilities	80496076.00	54872737.00	25623339.00
Non-Financial Liabilities			
Current tax liability	31200.00	31200.00	0.00
Other Non-Financial Liabilities	0.00	0.00	0.00
Total Non-Financial Liabilities	31200.00	31200.00	0.00
As on March 31, 2019			
Financial Assets			
Cash and Cash Equivalents	6391631.00	6391631.00	0.00
Loans	97455957.00	69762561.00	27693396.00
Investments	3239730.00	800000.00	2439730.00
Other Financial Assets	8364213.00	8364213.00	0.00
Total Financial Assets	115451531.00	85318405.00	30133126.00
Non-Financial Assets			
Current tax assets (Net)	625332.00	625332.00	0.00
Deferred tax assets (Net)	493903.00	624582.00	-130679.00
Property, Plant and Equipment	1278275.00	0.00	1278275.00
Other Non-Financial Assets	180312.00	180312.00	0.00
Total Non-Financial Assets	2577822.00	1430226.00	1147596.00
Financial Liabilities			
Payables			
i) Trade Payables	1084694.00	1084694.00	0.00
ii) Other Payables	2096044.00	2096044.00	0.00
Debt Securities	20099000.00	1672000.00	18427000.00
Borrowings (other than Debt Securities)	14732040.00	12335578.00	2396462.00
Deposits (Unsecured)	16269713.00	11529391.00	4740322.00
Other Financial Liabilities	8853921.00	8853921.00	0.00
Total Financial Liabilities	62050718.00	36486934.00	25563784.00
Non-Financial Liabilities			
Current tax liability	291000.00	291000.00	0.00
Other Non-Financial Liabilities	0.00	0.00	0.00
Total Non-Financial Liabilities	291000.00	291000.00	0.00

Note No.36: Disclosures as required by RBI vide its Notification No. RBI/2019-20 DOR (NBFC).CC.PD.109/22.10.106/2019-20 dated March 13,2020

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowance (Provisions) as require under Ind AS	Net Carrying Amount	Provisions require as per IRACP	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5	6	7
Performing Assets						
Standard	Stage 1	72971841.00	129263.00	72842578.00	291887.00	-162624.00
	Stage 2	16393900.00	368863.00	16025037.00	65576.00	303287.00
Sub Total		89365741.00	498126.00	88867615.00	357463.00	140663.00
Non-Performing Assets (NPA)						
Substandard	Stage 3	14087910.00	2113639.00	11974271.00	1299228.00	814411.00
Doubtful - up to 1 year		2616456.00	420638.00	2195818.00	1228206.00	-807568.00
1 to 3 years		0.00	0.00	0.00	0.00	0.00
More than 3 years						
Subtotal for doubtful		2616456.00	420638.00	2195818.00	1228206.00	-807568.00
Loss		0.00	0.00	0.00	0.00	0.00
Subtotal for NPA		16704366.00	2534277.00	14170089.00	2527434.00	6843.00
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	0.00	0.00	0.00	0.00	0.00
	Stage 2	0.00	0.00	0.00	0.00	0.00
	Stage 3	0.00	0.00	0.00	0.00	0.00
Subtotal						
	Stage 1	72971841.00	129263.00	72842578.00	291887.00	-162624.00
	Stage 2	16393900.00	368863.00	16025037.00	65576.00	303287.00
	Stage 3	16704366.00	2534277.00	14170089.00	2527434.00	6843.00
Total	Total	106070107.00	3032403.00	103037704.00	2884897.00	147506.00

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR(NBFC). CC. PD. No.109/22.10.106/2019-20 dated March13,2020 on Implementation of Indian Accounting Standards Non-Banking Financial Companies(NBFCs) are required to create an impairment reserve for any short fall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning(IRACP) norms(including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2020 and accordingly, no amount is required to be transferred to impairment reserve.

Note No.37 Statutory Reserve :-

During the year, a sum of Rs.106850/- being 20% of Profit after tax has been transferred to Statutory Reserve in accordance with with Section 451C of RBI Act,1934.

Note No.38 Impact of COVID-19 :

The spread of COVID-19 across the globe and in India has contributed to a significant decline and volatility in global and Indian financial markets and a shrink in the economic activities. The government of India declared 21 day nation-wide lock-down to contain the pandemic COVID-19 with effect from March 25, 2020, which was further extended till May 31, 2020. However, the government relaxed the lockdown in certain essential areas. The term of COVID-19 regulatory package announced by Reserve Bank of India (RBI) on March 27, 2020 and in accordance with the Scheme approved by board of directors of the company, the company has extended the moratorium to the eligible borrowers for installments falling due between March 01, 2020 and May 31, 2020. The staging of accounts as on March 31, 2020 with respect to assets which were overdue though standard and to whom moratorium has been granted is based on the days past due as on February 29, 2020 keeping it at standstill. Further, estimates and associated assumptions applied in

The company has used relevant indicators of moratorium, considering various measures taken by government and the other authorities along with an estimation of potential stress on probability of defaults and loss given defaults due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans, including on account of potential macro economic conditions. Based on such assessment, the company has made additional provision of Rs. 1.73 Lakh on account of COVID-19 impact in the financial statement. The impairment loss provided for an account of COVID-19 pandemic is based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over duration of pandemic and restoration of normalcy.

The recovery percentage of the EMI of the loans has been reduced due to the lockdown and the moratorium, however the Company has made best efforts towards stabilizing the financial position and keeping in consideration the safety of the employees and customers. The recovery rate of EMI's has substantially improved as on date as compared to the lockdown period.

Note No.39 Provisions for Contingent liability and contingent assets (IND AS 37) :**Contingent Assets**

The company had purchased 12 Bonds of Madhya Pradesh State Electricity bonds 1999 worth Rs. 12.00 Lacs on 13.01.2000 whose maturity period expired on 13.01.2007. During the year 2014-15, the Company received Rs. 16,26,786/- which pertain to Principal sum Rs. 12,00,000/- and Rs. 4,26,786/- towards interest calculated @ 7% upto 31.03.2005 and @ 8% for the subsequent period from 01.04.2005 to 13.01.2007 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.

PHF LEASING LTD.
Audited Cash Flow Statement

Cash Flow Statement for the year ended on	31-03-2020	31-03-2019
A) CASH FLOW FROM OPERATING EXPENSES		
Profit Before Tax	(1441447.00)	1605698.00
Financial Expenses	7583012.00	8197551.00
Depreciation	1208150.00	406429.00
Profit/Loss on sale of assets	(38158.00)	(4033911.00)
Bad debts wirtten off	4103159.00	1932064.00
Actual Rent Paid on Lease Liability	(966564.00)	0.00
Profit/Loss on sale of securities	0.00	(18344.00)
Profit/Loss on repossessed vehicle	188427.00	0.00
Provision for Impairment of Loans	(1279490.00)	(87178.00)
Provision under Covid-19 Regulatory Package	(173350.00)	0.00
Dividend Received	(2047.00)	(8190.00)
Interest received on Government Securities	(235433.00)	(484256.00)
(A) Operating Profits Before Working Capital Changes	8946259.00	7509863.00
Movements in Working Capital		
(Increase)/Decrease in Loans	(5408199.00)	5565730.00
(Increase)/Decrease in Investments	(879994.00)	2455806.00
(Increase)/Decrease in Other Financial Assets	827397.00	(1149518.00)
(Increase)/Decrease in Other Non Financial Assets	203096.00	(335187.00)
(Increase)/Decrease in Lease liability	(5660343.00)	0.00
Increase/(Decrease) in interest accrued on borrowings and interest	(9381322.00)	(11223658.00)
Increase/(Decrease) in payables	3883767.00	(1180540.00)
Increase/(Decrease) in other financial liabilities	5204007.00	(3946734.00)
Cash Flow From Operating Activities	(11211591.00)	(9814101.00)
Direct Taxes paid (net of refunds)	31785.00	35292.00
Cash Flow From Operating Activities (A)	(2233547.00)	(2268946.00)

B) Cash Flow From Investing Activities		
Purchase Of property, plant and equipment and intangible assets	518702.00	(82374.00)
Dividend And Interest Received	237480.00	492446.00
Sale of Fixed Assets	82000.00	15000000.00
Cash Flow From Investing Activities (B)	838182.00	15410072.00
C) Cash Flow From Financing Activities		
Change in Share capital	0.00	0.00
Change in Debt Securities	(1672000.00)	(2176000.00)
Change in Borrowings (other than debt sec.)	6312696.00	(10856139.00)
Change in Deposits	3866773.00	(1543968.00)
Dividend And Dividend Tax Paid	0.00	0.00
Cash Flow From Financing Activities ©	8507469.00	(14576107.00)
Net Increase In Cash/ Cash Equivalents (A+B+C)	7112104.00	(1434981.00)
Cash & Cash Equivalents At The Beginning of the Year	6391631.00	7826612.00
Cash & Cash Equivalents at the end of the Year	13503735.00	6391631.00

As per our report of even date

For and on behalf of the Board of Directors

For M/s. Atish Dhir & Co.
Chartered Accountant
FRN 033828N

sd/-

Managing Director

sd/-

Directors

sd/-
Gurpreet Kaur
Proprietor

sd/-

Company
Secretary


sd/-

Chief Financial
Officer

M.No. 546668
Place : Jalandhar City
Dated : 29th June 2020



ATISH DHIR AND COMPANY
CHARTERED ACCOUNTANT
SHOP NO. 40, ANAND PLACE MARKET,
PARTAP BAGH, OPP. LUCKY PROCESSORS,
JALANDHAR

 (M) 86990-14826, E-mail :cagurpreetkaur24@gmail.com

Independent Auditor's Report

To the Members of PHF Leasing Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of PHF Leasing Limited (“the Company”), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (‘SAs’), as 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 Standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the Standalone Ind AS Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS Financial Statements.

Key audit matters	How our audit addressed the key audit matter
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Change in financial reporting framework – First time adoption of Indian Accounting Standards ('Ind AS') (as described in - Note 30 of the Standalone Ind AS Financial Statements)

<p>The Company has adopted Ind AS from April 1, 2019 with an effective date of April 1, 2018 for such transition. For periods up to and including the year ended March 31, 2020, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Previous GAAP). In order to give effect of the transition to Ind AS these financial statements for the year ended March 31, 2020, together with the comparative financial information for the previous year ended March 31, 2019 and the transition date balance sheet as at April 1, 2018 have been prepared under Ind AS.</p> <p>The transition to Ind AS has involved changes in the Company's policies and processes relating to financial reporting. Further, the management has also exercised judgement wherever applicable in giving effect to various principles of Ind AS in its first-time adoption. In view of the complexity and the resultant risk of a material misstatement arising from an error or omission in correctly implementing the principles of Ind AS at the transition date, which could result in a misstatement of one or more periods presented in these Ind AS financial statements, this has been an area of significance in our audit.</p> <p>Some of the key adjustments made to the financial statements on first-time adoption of Ind AS for the year ended March 31, 2020 are as follows:</p> <p>1. Under the Previous GAAP, the identification of delinquent accounts and consequent provisions for loan losses were made on the loans based on the guidelines prescribed by the Reserve Bank of India ('RBI') in this regard. Under Ind AS, estimates regarding the impairment provision against financial assets are based on the expected credit loss model developed by the Company based on the principles prescribed under Ind AS 109.</p> <p>Additionally, regarding the matter discussed in Sl. No. 1, as explained in the notes to the financial statements for the year ended March 31, 2020, the impairment provision based on the expected credit loss model requires the management of the Company to make significant judgments in connection with related computation. These include:</p> <p>(a) Identification of exposures where there is a significant increase in credit risk and those that are credit impaired;</p> <p>(b) Determination of the 12 month and life-time probability of default for each of the segments identified; and</p>	<p>Our audit procedures with regard to the 1st time adoption of Ind AS included assessing the judgements applied by the Management in this regard:</p> <ul style="list-style-type: none">• Reading the Ind AS impact assessment performed by the management to identify areas which were impacted on account of Ind AS transition;• Understanding the financial statement closure process and the controls established by the Company for transition to Ind AS;• Reading and assessing the changes made to the accounting policies due to the requirements of the new financial reporting framework;• Assessing the judgements exercised by the management in applying the first-time adoption principles of Ind AS 101 as at transition date;• Testing accounting adjustments posted as at the transition date, and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS;• Assessing the disclosures included in the Standalone Ind AS Financial Statements in accordance with the requirements of Ind AS (including with respect to the previous periods presented). <p><u>Procedures on the matter discussed in Sl. No. 1</u></p> <p>We gained an understanding of the Company's key credit processes comprising granting, recording and monitoring of loans as well as impairment provisioning. In addition,</p> <ul style="list-style-type: none">• We read and assessed the Company's impairment provisioning policy as per Ind AS 109;• Obtained an understanding of the Company's Expected Credit Loss ('ECL') methodology, the underlying assumptions and performed sample tests to assess the staging of outstanding exposures;• We assessed the Exposure at Default used in the impairment calculations on a test basis;• Obtained an understanding of the basis and methodology adopted by management to determine 12 month and life-time probability of defaults for various loans and performed test checks;
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<p>(c) Loss given default for various exposures based on past trends / experience, management estimates etc.,</p> <p>Note 3.2 to the Standalone Ind AS Financial Statements explains the various matters that the management has considered for developing this expected credit loss model.</p> <p>As at March 31, 2020, the Company has made a provision for impairment loss aggregating against the loans outstanding. Due to the significance of the judgments used in both classification of loans and advances into various stages as well as the computation of expected credit losses on such financial assets as per Ind AS 109, this has been considered as an area of significance for our audit.</p>	<ul style="list-style-type: none"> • Obtained an understanding of the basis and methodology adopted by management to determine Loss Given Defaults based on past recovery experience, qualitative factors etc., and performed test checks; • Assessed the items of loans and advances, credit related contingent items as at the reporting date which are considered in the impairment computation as at the reporting date; • Assessed the data used in the Impairment computation (including the data integrity of information extracted from the Company's IT systems); • Enquired with the management regarding significant judgments and estimates involved in the impairment computation; • Assessed analytical reviews of disaggregated data to observe any unusual trends warranting additional audit procedures; <p>And</p> <ul style="list-style-type: none"> • Read the financial statement disclosures made as per Ind AS 109 and Ind AS 107.
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Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises Board's Report including Annexure to the Board's Report and Management Discussion and Analysis, Corporate Governance and General Shareholder Information and Business Responsibility report included in the Annual report, but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS 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 expressing 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.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR ATISH DHIR AND COMPANY
CHARTERED ACCOUNTANT
FRN NO. 033828N**

Sd/-

**PLACE: JALANDHAR
DATED: 29.06.2020**

**GURPREET KAUR
PROPRIETOR
M.NO.546668
UDIN:20546668AAAAEU3511**

Annexure 1 referred to in our report of even date

Re: PHF LEASING LIMITED (“the Company”)

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) The company did not hold any immovable properties in the name of the company.
- II. The Company’s business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- III. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- IV. In our opinion and according to the information and explanations given to us, there is no transaction of loan, investment, guarantee, and security during the year under audit hence the provisions of section 185 and 186 of the Companies Act, 2013 not applicable.
- V. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- VI. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- VII. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, service tax, value added tax, goods and services tax, cess and other material statutory dues applicable to it..

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, value added tax, goods and services tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- VIII. In our opinion and according to the information and explanations given to us, the Company has not taken any loan either from financial institutions, bank or from the government and has not issued any debentures.
- IX. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial

public offer or further public offer including debt instruments. However money raised by way of term loan during the year was applied for the purpose for which those are raised.

- X. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- XI. Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- XII. The Company is not a Nidhi Company, therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- XIII. In our opinion, all transactions with the related parties during the year under audit are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- XIV. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- XV. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with during the year under report. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- XVI. The company has been registered as Non Banking Financial Companies (Deposit accepting Company) with Reserve Bank of India, Chandigarh vide registration No.A-06.00124 dated 19.06.2007

**FOR ATISH DHIR AND COMPANY
CHARTERED ACCOUNTANT
FRN NO. 033828N**

Sd/-

**PLACE: JALANDHAR
DATED: 29.06.2020**

**GURPREET KAUR
PROPRIETOR
M.NO.546668
UDIN:20546668AAAAEU3511**

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of PHF Leasing Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is 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. 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 respective 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India 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. 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 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 internal financial controls system over financial reporting of the Company.

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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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, 2020, 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.

**FOR ATISH DHIR AND COMPANY
CHARTERED ACCOUNTANT
FRN NO. 033828N**

**PLACE: JALANDHAR
DATED: 29.06.2020**

**Sd/-
GURPREET KAUR
PROPRIETOR
M.NO.546668
UDIN:20546668AAAAEU3511**

Annexure 1 referred to in our report of even date (Contd.)

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**To the Members of
PHF LEASING LIMITED
923- G.T. ROAD, JALANDHAR**

1. The accompanying Corporate Governance Report prepared by PHF Leasing Limited (hereinafter the "Company"), contains details as required in regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D, E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('reporting criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the reporting criteria. Summary of key procedures performed include:
 - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Directors' Register as on March 31, 2020 and verified that atleast one women director was on the Board during the year;
 - iv. Obtained and read the minutes of the following committee meetings held from April 1, 2019 to March 31, 2020:
 - (a) Board of Directors meeting;
 - (b) Audit committee;
 - (c) Annual General meeting
 - (d) Nomination and remuneration committee;
 - (e) Investor Grievance Redressal committee;
 - (f) Risk management committee;
 - v. Obtained and read the policy adopted by the Company for Related Party Transactions.
 - vi. Obtained the schedule of related party transactions during the year and balances at the year end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been approved by the audit committee.
 - vii. Obtained necessary representations and declarations from directors of the Company including the independent directors ; and
 - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 1 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**FOR ATISH DHIR AND COMPANY
CHARTERED ACCOUNTANT
FRN NO. 033828N**

Sd/-

**PLACE: JALANDHAR
DATED: 29.06.2020**

**GURPREET KAUR
PROPRIETOR
M.NO.546668
UDIN:20546668AAAAEU3511**