2022-23

ANNUAL REPORT

PHF LEASING LTD.

Building Bharat

Unleashing **Potential**

PHF LEASING
Building Bharat

UNLEASHING POTENTIAL

Theme For The Year

2023-24

Contents

ABOUT US

PHF Leasing Limited is a leading provider of financial solutions that empower individuals and businesses to achieve their goals. With a deep commitment to innovation, collaboration, and excellence, we strive to deliver the highest quality services and products to our customers, while also promoting sustainability and social responsibility.

Since our inception, we have been driven by a simple but powerful vision: to create a financial system that is accessible, transparent, and inclusive for all. This vision guides us in everything we do, from designing innovative solutions to building strong partnerships with our clients, stakeholders, and communities.

At PHF Leasing, we believe that success is not only measured by financial performance, but also by our impact on society and the environment. That's why we are committed to acting sustainably, fostering diversity and inclusion, and promoting social progress through our activities and programs.

As a forward-thinking and agile organization, we are always seeking new ways to enhance our services and adapt to changing market trends and customer needs. Whether you're an individual, a small business, or a large corporation, we are dedicated to providing you with the best possible experience and outcomes.

OUR VISION

We endeavour to Transform finance through the integration of cutting-edge technology, innovative practices and creating a sustainable and inclusive system that evolves with our customers' needs. We ensure excellence, transparency, and customer satisfaction to uplift underprivileged communities and enable financial success, and committed to fostering employee satisfaction and growth by providing opportunities and supportive environment.

OUR MISSION

At PHF we are transforming finance and building an inclusive and sustainable financial system. With a focus on technology, innovation, and customer-centricity, we aim to pioneer change, uplift communities, and foster excellence.

01.

Transforming finance through technology and innovation.

02.

Building an inclusive and sustainable financial syste.

03.

Evolving with customers and fostering employee satisfaction.

OUR VALUES

Activating Leadership

We lead by example and inspire leadership through our activities.

Living Diversity

We seek to leam from different ways of lige and opinions represented in our multicultural environment.

Practicing Punctuality

We value and respect the time of ourselves and others by prioritizing punctuality in all our commitments and activities.

Customer-Centricity

We put our customers at the heart of everything we do and strive to deliver exceptional experiences that exceed their expectations.

Striving for Excellence

We aim to deliver the highest quality performance in everything we do.

Demonstrating Integrity

We are consistent and transparent in our decisions and actions.

Enjoying Participation

We create a dynamic environment created by active and enthusiastic participation of individuals.

Acting Sustainably

We act in a way that is sustainable for our organisation and society.

Priority SDGs

There are 17 SDGs and 169 targets in total.

While they are all important and interrelated, some will be more relevant to your business than others. This section can identify the specific SDGs and targets your organization is prioritizing, and demonstrate how they align with your own business strategy and goals.

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

"Decent Work and Economic Growth" is highly relevant to our company as it aligns with our commitment to creating sustainable employment opportunities and contributing to the economic development of the regions we operate in. By promoting fair working conditions, fostering skills development, and driving inclusive growth, we not only empower individuals but also stimulate local economies, fostering prosperity for all.

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

"Affordable and Clean Energy" is of utmost relevance to our company as it guides our commitment to sustainability and responsible practices. By embracing clean energy sources, optimizing energy usage, and promoting affordability, we contribute to environmental preservation, reduce operational costs, and demonstrate our dedication to a greener future.

ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

"Good Health and Well-being" is crucial for our company as it directly impacts employee productivity, engagement, and satisfaction. By prioritizing the well-being of our employees, we create a positive work environment that drives performance, reduces absenteeism, and promotes long-term success.

PHF LEASING LTD.
Building Bharat

Loan Products

Home Loan

Our Home Loans are designed to help make your dream of owning a home a reality. With competitive interest rates and flexible repayment options, we provide the financial support you need to secure your dream home. Trust us to help you achieve the joy and security of homeownership.

Business Loan

Our Business Loans for Small Businesses are designed to help you take your business to the next level.We provide the financial support you need to grow and expand your business. Our experienced team understands the unique challenges facing small businesses and will work with you to find a solution that meets your needs.

Two Wheeler Loan

Our Two Wheeler Loans are designed to make it easy for working-class individuals to own their dream bike or scooter. we offer competitive interest rates and easy repayment options, so you can get the financing you need without breaking the bank.

Introducing

PHF Eco Green

A Division of PHF Leasing Limited

> "Clean energy is not just about preserving the environment; it's about preserving our future."

PHF ECO GREEN

E-Rickshaw Loan

At our company, we are dedicated to promoting sustainable transportation and supporting the growth of our customers' businesses. That's why we offer financing options for Electric Rickshaws, the eco-friendly and cost-effective mode of transportation that is transforming the industry. With our competitive interest rates and flexible repayment options, we make it easy for you to adopt this innovative technology and reap the benefits. Our experienced team is committed to providing financial support and personalized guidance throughout the process, ensuring that you find a solution that meets your unique needs. Trust us to help you grow your business while contributing to a better future for our planet.

E-Vehicle Loan

At our company, we are committed to advancing technology and promoting environmentally-friendly practices. That's why in addition to our traditional Two Wheeler Loans, we have also started funding Electric Two Wheelers. We believe that electric two-wheelers are the future of transportation, and we want to make it easy for individuals to adopt this new technology. Our financing options for electric two-wheelers come with competitive interest rates and easy repayment options, so you can switch to a more sustainable mode of transportation without breaking the bank. Trust us to provide the financial support you need to ride your way to a better future.

Supportive green innovation

PHF ECO GREEN

Solar Panel

A solar panel is a device that converts sunlight into electricity by using photovoltaic (PV) cells. PV cells are made of materials that generate electrons when exposed to light.solar panels are that they use a renewable and clean source of energy, reduce greenhouse gas emissions, and lower electricity bills.Solar panels are widely used for residential, commercial, and industrial purposes, as well as for space and transportation applications.

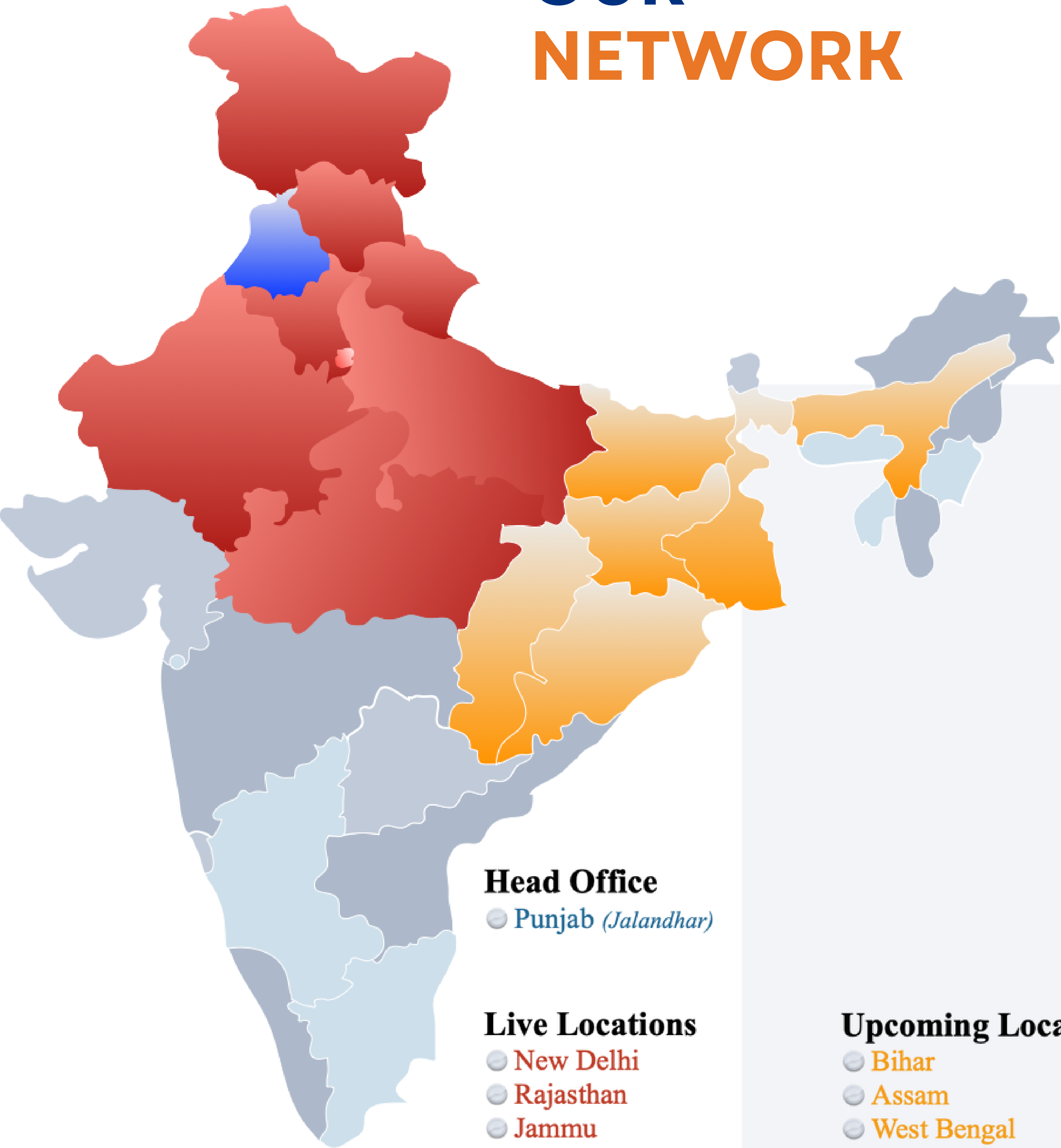
Electric Vehicle Charger

An electric vehicle charging station is equipment that connects an electric vehicle (EV) to a source of electricity to recharge electric cars, neighborhood electric vehicles and plug-in hybrids. Electric vehicles are becoming increasingly popular, and as technology improves, more people are switching from gasoline-powered cars to electric ones.

Supportive green innovation and sustainable development

PHF LEASING
Building Bharat

OUR NETWORK



Head Office

- Punjab *(Jalandhar)*

Live Locations

- New Delhi
- Rajasthan
- Jammu
- Himachal Pradesh
- Haryana
- Uttarakhand
- Uttar Pradesh
- Madhya Pradesh

Upcoming Locations

- Bihar
- Assam
- West Bengal
- Jharkhand
- Chattisgarh

CHAIRMAN'S MESSAGE

Dear Shareholders,

Over the past year, PHF Leasing has witnessed extraordinary growth, solidifying our position as a leading finance company in India. I am thrilled to announce that our company has achieved a remarkable milestone by crossing the pivotal benchmark of 100 Crores Assets Under Management. This significant achievement is a testament to the collective efforts and unwavering dedication of our entire team.

Our success story is anchored in our commitment to empowering rural communities and fostering economic development. By providing financial solutions to small-scale businesses and aspiring entrepreneurs, we have been instrumental in driving local innovation and catalyzing growth. Through our efforts, we have witnessed firsthand the transformative power of access to finance in rural India. Looking ahead, we are eager to replicate and surpass our achievements from the previous year. Our goal is to deliver once again at more than 100% growth, reinforcing our commitment to sustainable expansion and value creation for our shareholders.

Amidst our growth, we remain cognizant of the challenges that lie ahead. Rural finance, although filled with immense opportunities, requires us to navigate infrastructure gaps, regulatory complexities, and risks associated with lending in remote areas. However, I am confident that with our robust risk management framework and the dedication of our talented workforce, we will overcome these challenges and emerge stronger.

At PHF Leasing, we recognize that our success is not measured solely by financial numbers but also by our impact on the communities we serve & we remain committed to upholding ethical practices, promoting environmental sustainability, and actively engaging with the communities we operate in.

I extend my heartfelt gratitude to each and every one of you, our valued shareholders, for your unwavering support and trust in PHF Leasing. Together, we have achieved remarkable milestones, and I have no doubt that our collective efforts will propel us to even greater heights in the years to come.

Thank you once again for your continued belief in our company. Your faith in PHF Leasing is what drives us forward, and we remain steadfast in our commitment to delivering sustainable growth and maximizing shareholder value.
Yours sincerely,

Yaduvendra Mathur
Chairman and Independent Director

CEO'S LETTER

Dear Stakeholders,

I extend my warmest greetings to each of you, hoping that this correspondence finds you in excellent health and high spirits. It is with great pleasure and profound gratitude that I present to you the annual report of PHF Leasing, showcasing our exceptional achievements and the promising path that lies ahead.

With immense pride, I am delighted to announce that our company has achieved remarkable success, surpassing all expectations and attaining unprecedented growth. In the previous year, we accomplished a momentous feat by surpassing the pivotal benchmark of managing 100 crores in assets, showcasing an extraordinary increase of over 100%. This exceptional accomplishment is a resounding testament to the unwavering dedication, tireless efforts, and strategic acumen of our entire team.

Our triumph can be attributed to a multitude of factors, including our unwavering focus on rural areas in India. By keenly addressing the unique needs of these regions, we have tapped into a previously untapped market, offering vital financial services and fostering profound economic growth. Moreover, our unwavering commitment to delivering unparalleled customer service, innovative loan products, and responsible lending practices has solidified our reputation as a trusted and credible institution among our esteemed clientele.

As we cast our gaze toward the horizon, I am filled with unwavering confidence in PHF Leasing's ability to sustain its upward trajectory and unlock even greater achievements. We have set our sights on ambitious goals for the upcoming year, aiming to surpass yet another extraordinary milestone with growth exceeding 100%. To achieve this, we shall harness our profound understanding of the rural market and embark on new avenues to expand our reach and magnify our impact.

In our relentless pursuit of growth, we remain steadfast in upholding the highest standards of corporate governance, risk management, and compliance. Moreover, we shall steadfastly invest in cutting-edge technologies to augment our operational efficiency and ensure seamless customer experiences.

I would be remiss not to express my deepest gratitude to our esteemed shareholders, whose unwavering support and trust have served as the bedrock of PHF Leasing's success. It is your enduring faith in our enterprise that has propelled us forward, and we are resolute in our commitment to providing sustained value and returns on your investment.

I extend my heartfelt appreciation to our exceptional employees, whose unwavering dedication, astute skills, and unwavering drive have been the driving force behind our accomplishments. Their unwavering commitment to our mission and core values is nothing short of exemplary, and it is with immense pride that I lead such an extraordinary team.

I would like to provide you with an update on the ongoing transformation journey of PHF Leasing. As we continue to strive for excellence and sustainable growth, three key pillars have played a pivotal role in shaping our trajectory: geographical expansion, product diversification, and digital transformation.

Geographical Expansion: In line with our vision of reaching underserved areas and fostering economic growth, we have embarked on a strategic plan of geographical expansion. By extending our presence to new regions and rural locations, we have been able to connect with a wider customer base and provide essential financial services to those who need it most. This expansion has not only increased our market reach but has also contributed to the upliftment of communities, generating opportunities and driving local development.

Product Diversification: To cater to the diverse needs of our customers and adapt to evolving market demands, we have focused on product diversification. By expanding our range of loan offerings and introducing innovative financial solutions, we have positioned ourselves as a comprehensive financial partner for our clients. This approach has not only enabled us to serve a broader spectrum of customers but has also helped mitigate risk and enhance the stability of our portfolio. Our commitment to responsible lending remains unwavering as we continue to develop tailored products that address the unique challenges faced by our customers.

Digital Transformation: Embracing digital transformation has been a core component of our journey. Recognizing the transformative potential of technology, we have invested in cutting-edge digital infrastructure, streamlined processes, and advanced analytics capabilities. This has allowed us to deliver a seamless and personalized customer experience, improve operational efficiency, and enhance risk management practices. By leveraging technology, we have been able to harness data-driven insights and make informed decisions that drive sustainable growth.

The combined efforts in geographical expansion, product diversification, and digital transformation have yielded tangible results for PHF Leasing. We have witnessed remarkable growth, increased market presence, and an expanded customer base. Moreover, our commitment to responsible practices and customer-centricity remains at the forefront of our operations, ensuring long-term sustainability and building enduring relationships with our clients.

As we continue on this transformational journey, we remain focused on delivering value to our shareholders and fulfilling our broader societal responsibilities. We are excited about the future prospects of PHF Leasing and the opportunities that lie ahead. Your unwavering support and trust have been instrumental in our success, and we look forward to continued growth and prosperity together.

In conclusion, the past year has borne witness to an extraordinary journey for PHF Leasing, characterized by remarkable growth and notable achievements. As we embark upon the next phase of our odyssey, we are filled with unwavering optimism and a profound belief in the boundless opportunities that lie before us. We remain resolute in our pursuit of excellence and our commitment to transforming the landscape of rural finance.

We extend our sincerest gratitude once again for your unwavering support and trust in PHF Leasing.

Yours faithfully,

Kumar Shalya Gupta

Managing Director & CEO
PHF Leasing Limited

CEO'S MESSAGE TO THE TEAM

Dear Team,

With utmost sincerity and profound gratitude, I pen this letter to express my deepest appreciation for each and every one of you who has played an instrumental role in shaping the extraordinary journey of PHF Leasing. It is your unwavering dedication, unwavering commitment, and unwavering spirit that have brought us to this momentous juncture.

The path we have traveled together has been arduous, yet filled with triumphs and milestones that we could only dream of. The past year has witnessed PHF Leasing achieve unprecedented growth, shattering barriers and surpassing expectations. And it is you, our remarkable employees, who have made this remarkable transformation possible.

Your passion, skills, and relentless pursuit of excellence have been the bedrock upon which our success rests. From the very beginning, you have demonstrated unwavering commitment to our mission, embracing the challenges with resilience and tenacity. In the face of adversity, you have persevered, going above and beyond to serve our customers with unwavering dedication and care.

It is your unwavering belief in our vision that has propelled us forward. You have embraced innovation, exploring new frontiers and seeking novel solutions to meet the unique needs of our customers in rural areas. Your relentless pursuit of excellence has ensured that our loan products are tailored to the specific requirements of our clients, empowering them to build better lives and brighter futures.

Beyond the numbers and achievements, it is the immeasurable impact we have made on the lives of countless individuals that truly resonates. Your unwavering commitment to responsible lending has helped uplift communities, fostering economic growth and providing opportunities where they were once scarce. The positive ripple effects of your efforts are felt far beyond the balance sheets, reaching deep into the fabric of society.

I am humbled and privileged to lead such an exceptional team. Each and every one of you brings a unique set of skills, perspectives, and experiences to the table, creating a rich tapestry of talent and expertise. Together, we have forged a culture of collaboration, trust, and support, enabling us to overcome challenges and embrace opportunities.

As we embark on the next phase of our journey, I have unwavering faith in our collective ability to surmount any obstacles that lie before us. Together, we will continue to push boundaries, innovate, and strive for excellence. Your unwavering dedication and unwavering spirit will continue to be the driving force behind our success.

As we stand on the precipice of a new chapter in our journey, I want to take a moment to reflect on the challenges that lie ahead and the remarkable journey we are about to embark upon.

The path ahead may not be easy, but it is in facing challenges that we discover our true potential. We have set our sights on ambitious goals, aiming for even greater heights of success and impact. It will require resilience, determination, and unwavering dedication from each and every one of us.
The world around us is evolving at an unprecedented pace, and we must adapt to thrive in this dynamic landscape. Our industry is changing, customer expectations are evolving, and technological advancements are reshaping the way we do business. To stay ahead of the curve, we must embrace change, foster innovation, and continuously strive for excellence. This journey will demand collaboration and a collective effort. We are a team, united by a common purpose and shared values. By working together, supporting one another, and leveraging our diverse skills and perspectives, we will overcome any obstacles that come our way.

Each one of you plays an integral role in our success. Your expertise, creativity, and unwavering commitment have brought us to this point, and I have no doubt that you will continue to be the driving force behind our achievements. Your dedication to our customers, your passion for delivering exceptional results, and your resilience in the face of adversity have been nothing short of extraordinary.

Remember, challenges are not roadblocks but opportunities for growth and development. Embrace them with a growth mindset, view them as stepping stones towards success, and let them fuel your determination to surpass expectations. As we embark on this new phase of our journey, let us stay focused on our vision, remain agile in the face of change, and never lose sight of the impact we can make on the lives of individuals and communities we serve. Together, we will push boundaries, redefine possibilities, and leave a lasting legacy.

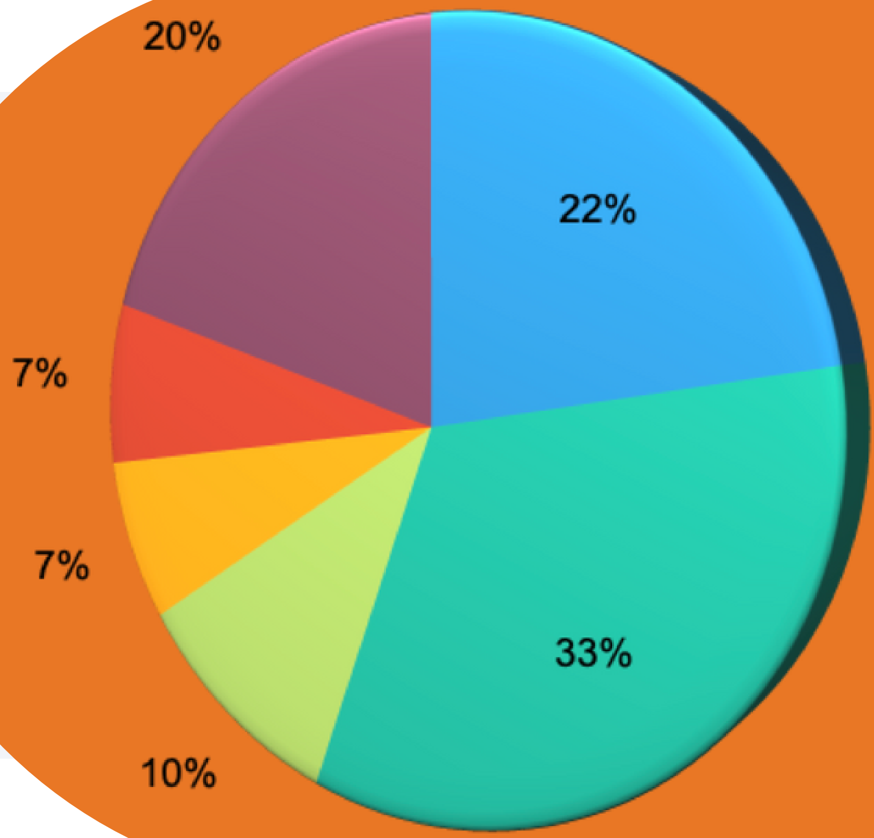
I am immensely proud to be part of this remarkable team, and I have complete faith in our collective abilities. Let us embrace the challenge ahead with open hearts, steadfast determination, and an unwavering belief in our potential to create a brighter future. Thank you for your unwavering commitment and for being the driving force behind our success.

On behalf of the entire leadership team, I extend my heartfelt appreciation and gratitude to each and every one of you. You are the heart and soul of PHF Leasing, and it is your unwavering commitment that has propelled us to these dizzying heights. Please take a moment to celebrate this achievement and reflect on the profound impact we have made together. Let us continue to embrace this journey with open hearts and open minds, as we create a brighter future for our customers, our communities, and ourselves. Together, we will continue to make a difference, one loan at a time.

With heartfelt gratitude,

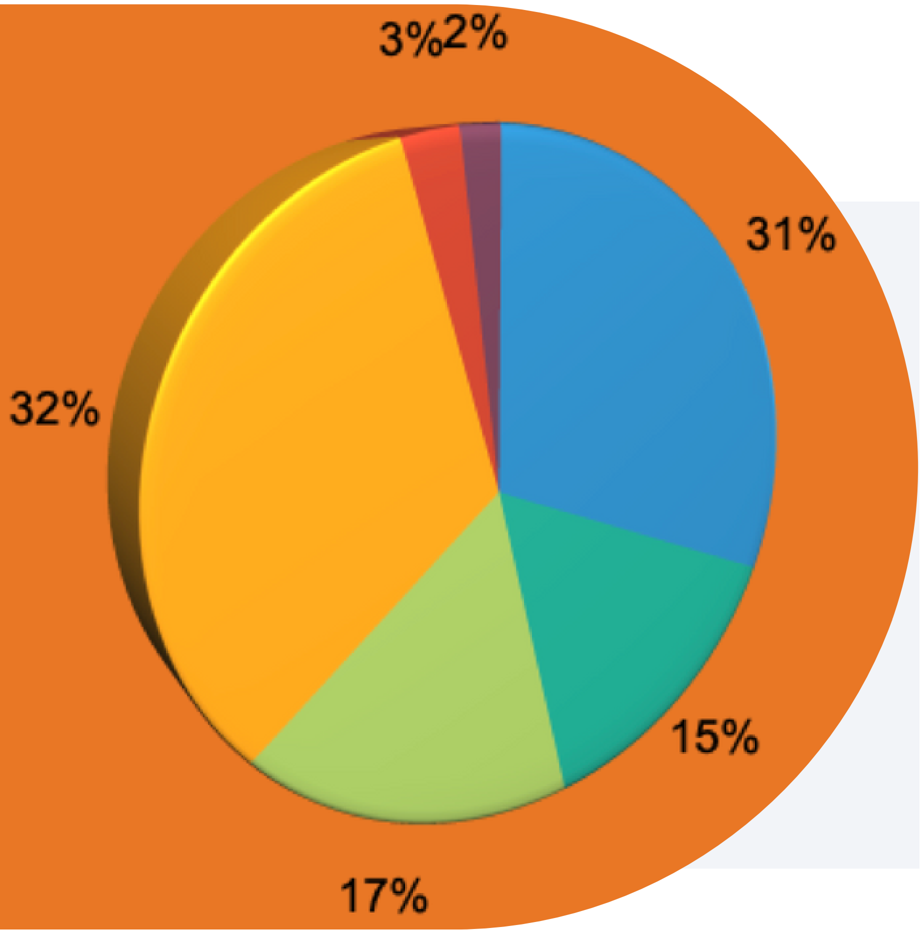
Your MD & CEO
Kumar Shalya Gupta,

ASSETS UNDER MANAGEMENT



Instrument	Amount Outstanding As on Date (in Lacs)
2 Wheeler Loans	2381
Loan Against Property	3525
E-Rickshaw	1100
Other Loans & Advances	751
MSME Loans	752
Off Book Portfolio	2128

FUNDBASE



	Instrument	Amount Outstanding As on Date (in Lacs)
●	Capital Funds	3383
	Equity Capital	2678
	Sub Debt	705
●	Non Convertible Debentures	1696
●	Inter Corporate Deposits	1898
●	Term Loans *(Net Of FLDG)*	3510
●	CC Limit (Unutilised)	300
●	Directors Deposit	214

SUCCESS PILLARS

01 Customer-Centric Approach

Our unwavering focus on understanding and meeting the unique needs of our customers has been fundamental to our success. By placing their interests at the forefront, we have been able to build strong relationships, provide tailored financial solutions, and foster trust and loyalty.

02 Exceptional Team

Our team of dedicated and talented professionals has been instrumental in driving our growth. Their expertise, commitment, and passion for excellence have propelled us forward, enabling us to deliver outstanding results and adapt to changing market dynamics.

03 Responsible Lending Practices

Upholding the highest standards of responsible lending has been a core pillar of our success. We have prioritized sustainable lending practices, ensuring that our loan products are well-structured, transparent, and aligned with the financial well-being of our customers.

04 Strategic Partnerships

Collaborating with strategic partners has been crucial in expanding our reach and enhancing our offerings. By forging alliances with like-minded organizations, we have been able to leverage their expertise, tap into new markets, and access a wider customer base.

05 Technology and Innovation

Embracing digital transformation and fostering a culture of innovation have empowered us to stay ahead of the curve. By leveraging advanced technologies, streamlining processes, and introducing innovative solutions, we have enhanced operational efficiency, improved customer experiences, and gained a competitive edge.

06 Strong Risk Management

Our robust risk management framework has been pivotal in maintaining a healthy portfolio and mitigating potential risks. We have implemented rigorous assessment procedures, prudent underwriting practices, and proactive monitoring mechanisms to ensure the stability and resilience of our operations.

BOARD OF DIRECTORS

Mr. Yaduvendra Mathur
Chairman and Independent Director

Mr. Yaduvendra Mathur is an Indian Administrative Service Officer of the 1986 batch. He has also done a first Class Graduate in Economics and an MBA in Finance. Mr. Mathur has worked with Associated Cement Companies in Mumbai between 1982 – 1984 before joining the Indian Revenue Services (Income Tax) in 1984 and then the Indian Administrative Service (IAS) in 1986, topping his batch. Before joining NITI Aayog, he was Chairman and Managing Director of Exim Bank from February 2014 to February, 2017. In NITI Aayog, he headed numerous policy verticals including infrastructure management and the Knowledge and Innovation Group. He was on the Board of Dedicated Freight Corridor Corporation. After retirement from rank of Secretary to Govt. of India, he was appointed as Regional Co-ordinator in International Solar Alliance. He had long stints in various positions in the Finance Department including Principal Secretary Finance, Government of Rajasthan. Mr. Mathur was Collector & District Magistrate of Bhilwara and Bharatpur and has also served for over three years as Senior Deputy Director at the Lal Bahadur Shastri National Academy of Administration, Mussoorie. Mr. Mathur has interests in entrepreneurship development, infrastructure financing regulatory issues and in behavioural sciences.

Mr. Kumar Shalya Gupta
Managing Director and
Chief Executive Officer

Mr. Kumar Shalya Gupta is a seasoned professional with over 10 years of experience in the financial, technology, Digital Marketing and social sector. His expertise lies in creating innovative solutions that address complex business challenges. He is a law graduate and he has done Diploma in Management from London School of Economics, University of London. He has International Practising Licence from Lean Six Sigma Green and Black Belt. He has worked as an advisor and consultant for leading banks and financial institutions in various capacities, including risk management, investment banking, compliance, NPA Management and corporate finance. He has deep understanding of financial instruments and markets and have advised clients on complex financial transactions.

In the technology sector, he has worked with various start-ups and established companies to create and implement digital strategies that drive growth and enhance customer experiences. His experience spans across various industries, including e-commerce, fin tech, and healthcare, where he had led cross-functional teams to deliver cutting-edge solutions.
He is involved with non-profit organizations and social enterprises to create sustainable solutions that address social and environmental challenges.

Mr. Vijay Kumar Sareen

Non-Executive Director

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. As 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.

Mr. Vijay Kumar Bhandari

Nominee Director

Mr. V.K Bhandari is a Nominee Director of the Company. He is a fellow member of the Institute of Chartered Accountants of India. He has expertise and rich experience of over 33 years in banking and finance field. During his tenure with Central Bank of India, he held various important positions in Audit, Regional, Zonal, Credit, Credit Monitoring, Merchant Banking, Treasury, International Divisions of the bank. He has been a Nominee Director of the Bank on the Board of following companies/ entities: – Infrastructure Leasing & Financial Services Ltd., (IL&FS) Mumbai – Indo-Zambia Bank Ltd. Lusaka (Zambia) – Cent Bank Home Finance Ltd., Bhopal – Central Bank Executors & Trustees Ltd, Mumbai

Mr.Ashwani Kumar Jindal

Independent Director

Mr Ashwani Kumar Jindal is an Independent Director. He is a recognized member of the Institute of Chartered Accountants of India. He has an immense knowledgeable experience in Income Tax, GST and Auditing. Worked and dedicated for social cause and organize blood donation camps, Flag Hosting, Plantation and many more. He is Co-opted Member of Internal Audit Standard Board of ICAI for the year 2020-21 and remained co-opted member of Committee of Members in Industry & Business of ICAI for the year 2019-20. Also remained Co-opted member of Board of Studies of ICAI for the years 2016-2019. He remained as Chairman of Jalandhar Branch of NIRC of ICAI for three years in 2006, 2009 and 2013-14. He is Founder member and General Secretary of Chartered Accountants Association. He is also General Secretary of Income Tax & GST Bar Jalandhar.

Ms. Aditi Kapur

Independent Director

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

Mr. Chandan Chugh

Non- Executive Director

Specialization: Management, Administration, Educational & Social Work Mr. Chandan Chugh, the younger son of Mr. Shiv Dyal Chugh and brother of Mr. Rohin Chugh, is Promoter and Non-Executive Director of the Board of the Company since 20/09/2000. He is graduate in Hotel Management. He is the Managing Director of PHF Finance Limited. He is having more than 13 years of experience in the NBFC industry and having wide knowledge of all aspects of NBFC business. He also contributes in the Management of the Company and also involved in the Business Administration and Policy Decisions of the Company. Further, He is actively involved in the Social works and Educational activities and also contributes the Management experience in the Business of the Company.

Mr. Meghal Gupta

Non-Executive Director

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

CORPORATE INFORMATION

1. STATUTORY AUDITORS

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

2. INTERNAL AUDITORS

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

3. SECTRETARIAL AUDITORS

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

4. DEBENTURE TRUSTEE

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

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

Mr. Ashish Gupta 80,
Vijay Nagar, Jalandhar, Punjab

5. REGISTRAR & TRANSFER AGENT

M/s Skyline Financial Services Private Limited
D-153A , 1st Floor, Okhla Industrial Area,
Phase -I, New Delhi - 110 020, India

6. REGISTERED & CORPORATE OFFICE

Regd. off: 923, G.T. ROAD Jalandhar-144001, Punjab, India
Corp off: 87, Radio Colony, Jalandhar-144001, Punjab, India

STATUTORY COMMITTEES

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

NOMINATION AND REMUNERATION COMMITTEE		
1.	Mr. Yaduvendra Mathur	Chairman (Independent Director)
2.	Ms. Aditi Kapur	Member (Independent Director)
3.	Mr. Vijay Kumar Bhandari	Member (Nominee Director)

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

RISK MANAGEMENT COMMITTEE		
1.	Mr. Vijay Kumar Bhandari	Chairman (Nominee Director)
2.	Mr. Kumar Shalya Gupta	Member (Managing Director)
3.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
4.	Mr. Ashwani Kumar Jindal	Member (Independent Director)
5.	Mr. Rajeev Bajaj	Member (Head-Internal Audit and Risk Officer)

ASSET LIABILITY MANAGEMENT COMMITTEE		
1.	Mr. Vijay Kumar Sareen	Chairman (Whole Time Director)
2.	Mr. Kumar Shalya Gupta	Member (Managing Director)
3.	Mr. Kuldip Bhandari	Member (Chief Financial Officer)
4.	Ms. Priya Goyal	Member (Senior Manager- Finance)
5.	Mr. Rajeev Bajaj	Member (Head-Internal Audit and Risk Officer)
6.	Mr. Parminder Singh	Member (Zonal Head Sales)

INDEPENDENT DIRECTOR'S COMMITTEE		
1.	Mr. Yaduvendra Mathur	Chairman (Independent Director)
2.	Mr. Ashwani Kumar Jindal	Member (Independent Director)
3.	Ms. Aditi Kapur	Member (Independent Director)

IT STRATEGY COMMITTEE		
1.	Mr. Tarandeep Singh	Chairman (Chief Technology Officer)
2.	Mr. Kumar Shalya Gupta	Member (Managing Director)
3.	Mr. Vijay Kumar Sareen	Member (Whole Time Director)
4.	Mr. Yaduvendra Mathur	Member (Independent Director)
5.	Mr. Kuldip Bhandari	Member (Chief Financial Officer)

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ABOUT THE COMPANY

PHF LEASING LIMITED is a listed Non-Banking Financial Company and having its Registered Office at 923, G.T. Road, Jalandhar and Corporate Office at 89, Radio Colony, Mahaveer Marg, BMC Chowk, Jalandhar, Punjab. The Company was incorporated on July 20, 1992 by late Sh. Shiv Dayal Chugh for undertaking finance activities primarily providing various kinds of vehicle loans. The Company during this year is celebrating 30 years of its Operations.

Since its inception, the Company was primarily engaged in financing of all type of Two-wheelers and used commercial Vehicles. The Board in October 2020 with a vision to scale up growth and take advantage of its vintage and goodwill put in place a transitionary business expansion and diversification plan to turnaround the Company with modern technological advancements but keeping the niche for Secured Book. The Company forayed into Mortgage loans against Immovable Property for supporting MSME and Affordable Housing and further expansion and diversification of its Vehicle financing products to take advantage of its existing customer base.

Recently, the Company has expanded its vehicle products by financing E-Vehicles primarily E-Rickshaws & E-loaders and used Cars. The Company is advancing financing to its borrowers who are predominantly located in rural and semi urban areas in state of Punjab and other neighbouring states of Haryana, Delhi NCR, Himachal Pradesh, Rajasthan, Uttarakhand, Madhya Pradesh, Uttar Pradesh and Jammu and financing assets contributing to the economic activity of the company.

As per the RBI guidelines, the Company is categorized as a Deposit taking Non-Banking Financial Company and is registered with the Reserve Bank of India (RBI) since 1968. The Company is engaged in the business of lending in Punjab and Northern States of India viz. Haryana, Delhi NCR, Himachal Pradesh, Rajasthan, Uttarakhand, Madhya Pradesh, Uttar Pradesh and Jammu.

In its Core Business, Company operates with transparent policies, well - managed team at Head Office & Branches and positive efforts of field officers. The Offices of the Company are located at Amritsar, Batala, Kapurthala, Tarn Taran, Ludhiana, Ferozpur, Hoshiarpur, Delhi, Abohar, Ludhiana, Muktsar, Malout, Jaipur, Jagraon, Moga, and Pathankot. The company has further planned to diversify in the states of Bihar, Assam, West Bengal, Jharkhand and Chhattisgarh during the year 2023-24 and to southern states during 2024-25. Considering its the growth potential, the Company is planning to open its new centres at various other locations.

GLOBAL ECONOMIC OVERVIEW

Tentative signs in early 2023 that the world economy could achieve a soft landing—with inflation coming down and growth steady—have receded amid stubbornly high inflation and recent financial sector turmoil. Although inflation has declined as central banks have raised interest rates and food and energy prices have come down, underlying price pressures are proving sticky, with labour markets tight in a number of economies. Side effects from the fast rise in policy rates are becoming apparent, as banking sector vulnerabilities have come into focus and fears of contagion have risen across the broader financial sector, including nonbank financial institutions. Policymakers have taken forceful actions to stabilize the banking system. As discussed in depth in the Global Financial Stability Report, financial conditions are fluctuating with the shifts in sentiment.

Global growth is forecast to slow from 6.0 percent in 2021 to 3.4 percent in 2022 and 2.8 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. Advanced economies are expected to see an especially pronounced growth slowdown, from 2.7 percent in 2022 to 1.3 percent in 2023. In a plausible alternative scenario with further financial sector stress, global growth declines to about 2.5 percent in 2023—the weakest growth since the global downturn of 2001, barring the initial COVID-19 crisis in 2020 and during the global financial crisis in 2009—with advanced economy growth falling below 1 percent. The anaemic outlook reflects the tight policy stances needed to bring down inflation, the fallout from the recent deterioration in financial conditions, the ongoing war in Ukraine, and growing geo-economics fragmentation. Global headline inflation is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices, but underlying (core) inflation is likely to decline more slowly. Inflation's return to target is unlikely before 2025 in most cases.

The World Bank has released its latest report on Global Economic Prospects, outlining a slowdown in global growth due to a variety of factors including elevated inflation, higher interest rates, reduced investment, and disruptions caused by Russia's invasion of Ukraine. The overall growth remains robust and is estimated to be 6.9 percent for the full year with real GDP growing 7.7 percent year-on-year during the first three quarters of fiscal year 2022/23. There were some signs of moderation in the second half of FY 22/23. Growth was underpinned by strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners. Inflation remained high, averaging around 6.7 percent in FY22/23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices.

Recent data revisions by India suggest the economy has fared better than previously believed despite continuing global uncertainties. The International Monetary Fund (IMF) expects India to grow by 5.9% in FY 2023–24 and by an average rate of 6.1% over the next five years.

Latest World Economic Outlook Growth Projections

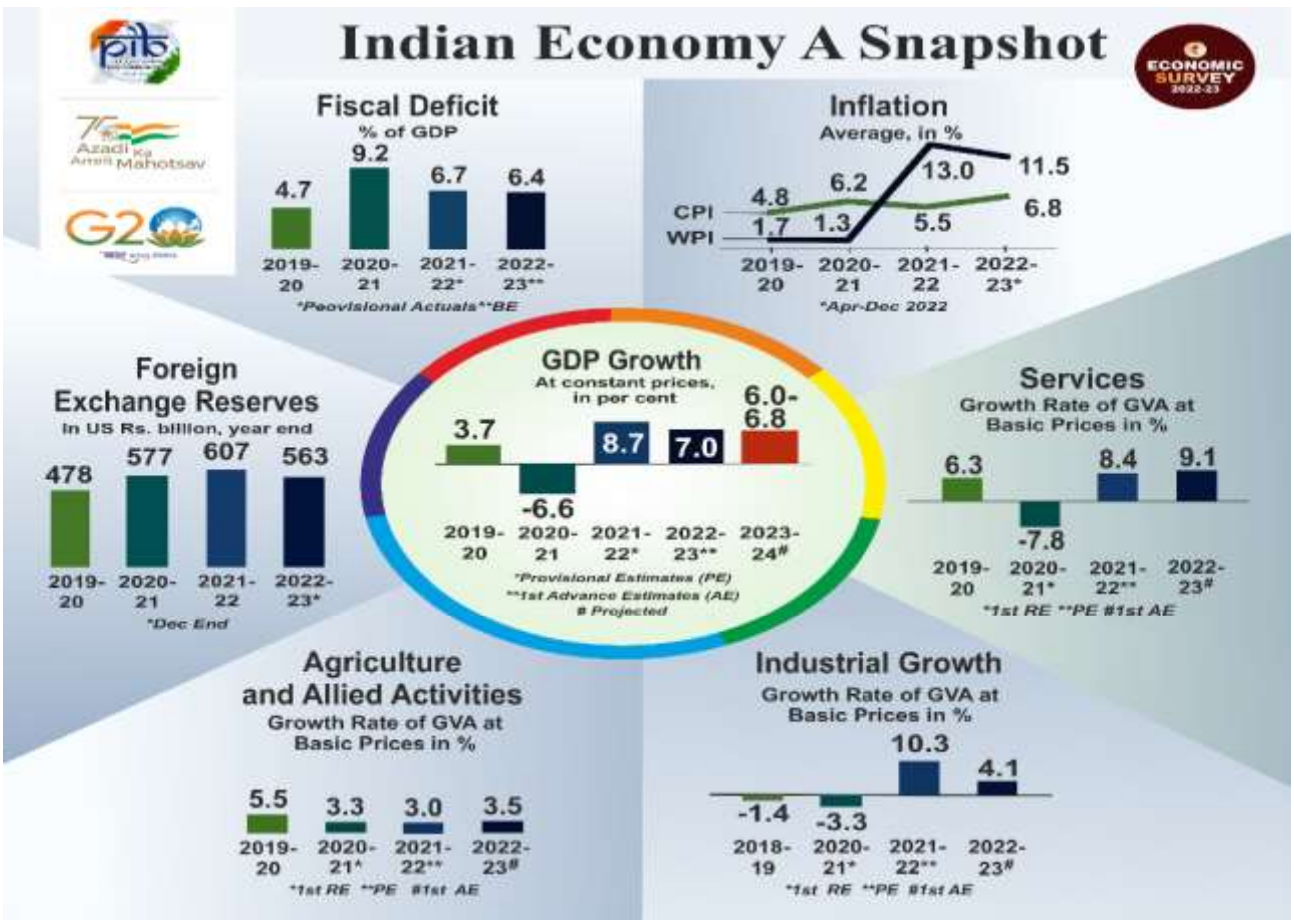
(Real GDP , Annual Percent Changes)	2022	2023	2024
World Output	3.4	2.8	3.0
Advanced Economies	2.7	1.3	1.4
United States	2.1	1.6	1.1
Euro Area	3.5	0.8	1.4
Germany	1.8	-0.1	1.1
France	2.6	0.7	1.3
Italy	3.7	0.7	0.8
Spain	5.5	1.5	2.0
Japan	1.1	1.3	1.0
United Kingdom	4.0	-0.3	1.0
Canada	3.4	1.5	1.5
Other Advanced Economies	2.6	1.8	2.2
Emerging Market and Developing Economies	4.0	3.9	4.2
Emerging and developing Asia	4.4	5.3	5.1
China	3.0	5.2	4.5
India	6.8	5.9	6.3
Emerging and developing Europe	0.8	1.2	2.5
Russia	-2.1	0.7	1.3
Latin America and the Caribbean	4.0	1.6	2.2
Brazil	2.9	0.9	1.5
Mexico	3.1	1.8	1.6
Middle East and Central Asia	5.3	2.9	3.5
Saudi Arabia	8.7	3.1	3.1
Sub - Saharan Africa	3.9	3.6	4.2
Nigeria	3.3	3.2	3.0
South Africa	2.0	0.1	1.8

Source :IMF , World Economic Outlook , April 2023

Note :For India Data and forecasts are presented on a fiscal year basis , with FY 2022/2023 (Starting in April 2022) shown in the 2022 column . India's Growth projections are 5:4 percent in 2023 and 6.3 percent in 2024 based on calendar basis.

OVERVIEW OF INDIAN ECONOMY FY 2022-23

India is set to be the second growing economy in the G20 in FY 2022-23, despite decelerating global demand and the tightening of monetary policy to manage inflationary pressures. GDP growth will slow to 5.7% in FY 2023-24 as exports and domestic demand growth moderate. Inflation will crimp private consumption but moderate at the end of the projection period, helping, along with improved global conditions, to boost growth to 6.9% in FY 2024-25, in line with the 20-year average (excluding the COVID-19 recession). After a spike in 2022, the current account deficit will narrow as import price pressures abate.High medium-term global uncertainty reinforces the importance of continued efforts to raise potential output growth and resilience. Macroeconomic stability should be pursued through monetary policy geared towards anchoring inflation expectations and fiscal policy oriented towards debt control and targeting of current and capital spending. Improvements in the business climate, when combined with financial deepening and skills development, can boost investment and infrastructure and create more and better jobs. The overall growth is estimated to remain robust and is estimated to be 6.8 percent for the full year with real GDP growing 7.7 percent year-on-year during the first three quarters of fiscal year 2022-23.



OUTLOOK FOR FINANCIAL YEAR 2023-24

Dwelling on the Outlook for 2023-24, the Survey says, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It says that aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially.

FINANCIAL SERVICES - NBFC SECTOR

Non-Banking Financial Corporations (NBFCs) have emerged as the primary source of financing for a vast section of the population including small and medium-scale enterprises as well as the economically unserved and underserved individuals. They have been able to meet the diverse requirements of borrowers in the most efficient and timely approach considering their wide geographic reach, comprehension of the numerous financial needs of people, and extremely swift turn arounds.

NBFCs have become increasingly important in recent years as they have played a critical role in providing credit to individuals and businesses that are underserved by traditional banks. This is especially true in rural and semi-urban areas, where NBFCs have been able to fill the gap left by banks. One of the key advantages of NBFCs is their ability to be flexible in their lending practices.

NBFCs are expected to see their AUM grow 11-12% — a four-year high — to Rs 13 lakh crore by the end of this fiscal. Also, it is heartening to see that the RBI and policymakers recognize the contribution of NBFCs in supporting real economic activity and meeting the credit demand, especially reaching the unbanked. The recent RBI Scale based norms is another welcome step for the industry that will elevate the status of NBFCs in line with several other public sector NBFCs. Under these revised norms, we expect to attain more operational flexibility to meet the increasing credit demand and aid India's economic growth. Economic Survey 2022-2023 flags the consistent rise of NBFCs' credit as a proportion to GDP as well as in relation to credit extended by SCBs. Supported by various policy initiatives, NBFCs could absorb the shocks of the pandemic. They built up financial soundness during FY22, marked by balance sheet consolidation, improvement in asset quality, augmented capital buffers and profitability. The continuous improvement in asset quality is seen in the declining GNPA ratio of NBFCs from the peak of 7.2 per cent recorded during the second wave of the pandemic (June 2021) to 5.9 per cent in September 2022, reaching close to the pre-pandemic level. Credit extended by NBFCs is picking up momentum, with the aggregate outstanding amount at ₹31.5 lakh crore as of September 2022. NBFCs continued to deploy the largest quantum of credit from their balance sheets to the industrial sector, followed by retail, services, and agriculture.

FINANCIAL AND OPERATIONAL PERFORMANCE

S. No.	Particulars	2022-2023	2021-2022	Change (in %)	Reason for increase in ratios more than 25%
1	Total Income (including exceptional items)	1774.74	863.44	105.54%	Due to enhancement in Loan Portfolio, Products and expansion and diversification in geography

2	Net Interest Income	1000.15	430.9	132.11%	-do-
3	Assets Under Management (Owned + Managed)	10257.59	4779.93	114.60%	-do-
4	Net worth	2678.11	1045.38	156.19%	Due to internal accruals and increased capital base
5	Profit after tax	115.64	70.9	63.10%	Due to increase in business and increase in equity
6	Capital Adequacy Ratio	32.40%	32.34%	9.12%	Due to internal accruals and increased capital base
7	Return on total assets	1.28%	1.53%	-16.34%	Due to increased profitability
8	Debt Equity Ratio	3.06x	4.47x	46.08%	Due to increased business and capital base
9	Net Profit Margin	6.52%	8.21%	-20.58%	Due to increase in business and increase in equity
10	Return on Net Worth	6.21%	9.37%	-33.72%	Due to increase in profitability

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company believes that strong internal control system and processes play a critical role in the health of the Company. The Company's well-defined organizational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these processes and systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, regular reviews by the management and standard policies and guidelines which ensure reliability of financial and all other records. The Internal Audit reports are periodically reviewed by the Audit Committee. The Company has, in material respect, an adequate internal financial control over financial reporting and such controls are operating effectively.

The Company's Internal Auditor performed regular reviews as part of action taken reports of business processes to assess the effectiveness of internal controls. Internal Audits are carried out to review the adequacy of the internal control systems, compliance with policies and procedures.

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

FUTURE STRATEGY

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

a) **Enhancing Customer Experience:** At PHF Leasing, we prioritize improving the customer experience at every touch point. We streamline the loan application process, provide personalized assistance to customers, and offer competitive interest rates and flexible repayment options. By delivering excellent customer service, we build trust and loyalty, attracting more customers and increasing our market share.

b) **Targeted Marketing Campaigns:** We develop targeted marketing campaigns to reach potential customers who are in need of loan financing. We utilize market research and customer segmentation to identify key demographics and tailor our marketing messages accordingly. We leverage digital marketing channels, such as social media advertising and search engine optimization, to effectively reach our target audience and generate leads.

c) **Increasing Lifetime Value of Customers via Top-Up Loans:** We expand our loan offerings to existing customers by introducing top-up loans. A top-up loan allows customers who have already availed a loan from PHF Leasing to borrow additional funds on top of their existing loan amount. This strategy helps us expand our market share and increase customer loyalty by offering additional services at a low cost and without incurring additional customer acquisition costs. Since the top-up loans are offered to existing creditworthy customers, there is no credit risk for our company.

d) **Embracing Technology:** We invest in technology solutions to streamline loan processing, automate repetitive tasks, and enhance operational efficiency. We implement a user-friendly online loan application system and provide customers with the option to manage their loans digitally. We leverage data analytics to gain insights into customer behavior and preferences, allowing us to make data-driven decisions and optimize our loan financing strategies.

e) **Building Brand Awareness:** We develop a strong brand presence in the loan financing industry. We invest in marketing and branding activities that increase brand visibility, such as sponsoring relevant industry events, participating in trade shows, and engaging in public relations initiatives. Our goal is to establish PHF Leasing as a reliable and trustworthy loan financing company, attracting more customers and gaining a competitive edge in the market.

f) **Developing Strong Referral Programs:** We implement referral programs to incentivize our existing customers and business partners to refer new clients to PHF Leasing. We offer rewards, such as discounts on loan processing fees or referral bonuses, to encourage word-of-mouth recommendations. This helps us expand our customer base and increase our market share through trusted referrals.

g) **Strengthening Online Presence:** We enhance our online presence through a well-designed website and active engagement on social media platforms. We optimize our website for search engines to increase organic traffic and improve visibility. We regularly share informative and engaging content related to loan financing, property investments, and vehicle loans to establish PHF Leasing as a thought leader in the industry. We engage with customers and prospects through social media interactions, addressing their queries and providing valuable insights.

h) **Expanding Geographical Reach:** We consider expanding our operations to new geographic areas where there is a demand for loan financing services. We conduct thorough market research to identify regions with growth potential and favorable market conditions. We customize our strategies to address the specific needs and preferences of customers in those regions. We establish local partnerships and hire local talent to ensure a smooth expansion process.

i) **Continuous Training and Skill Development:** We invest in the training and development of our employees to enhance their skills and knowledge in loan financing. We provide regular training sessions on customer service, loan products, industry regulations, and emerging market trends. Well-trained employees can deliver exceptional service, build customer relationships, and contribute to the overall growth of PHF Leasing.

j) **Leveraging Data Analytics in Product Planning:** We leverage data analytics tools and techniques to gain actionable insights into customer behavior, market trends, and loan performance. We analyze data to identify patterns, preferences, and opportunities for customization. This data-driven approach helps us make informed decisions regarding product offerings, pricing strategies, and targeted marketing campaigns, ultimately increasing our market share.

k) **Enhancing Risk Management Practices:** We strengthen our risk management practices to mitigate potential loan defaults and maintain a healthy loan portfolio. We develop robust credit assessment processes, implement effective risk monitoring systems, and regularly review the creditworthiness of borrowers. By effectively managing risk, we instill confidence in investors, regulators, and customers, further expanding our market share.

l) **Fostering a Culture of Innovation:** We encourage innovation and creativity within our organization. We create channels for employees to contribute ideas and suggestions for process improvements and new loan products. We foster a culture that rewards experimentation and embraces change, allowing PHF Leasing to stay ahead of the curve and adapt to evolving market dynamics.

m) **Implementing a Customer Loyalty Program:** We develop a customer loyalty program to incentivize repeat business and reward customer loyalty. We offer exclusive benefits such as lower interest rates, extended loan terms, or priority processing for customers who have a long-standing relationship with PHF Leasing. This helps us foster customer loyalty and increase retention rates, ultimately contributing to the expansion of our market share.

n) **Strengthening Relationships with Existing Customers:** We focus on nurturing relationships with existing customers by providing exceptional ongoing support and personalized service. We regularly communicate with customers to understand their evolving needs and offer relevant loan products or refinancing options. By building strong relationships and maintaining customer satisfaction, we benefit from positive word-of-mouth referrals and customer advocacy.

o) **Enhancing Transparency and Compliance:** We emphasize transparency in loan terms, conditions, and fees. We ensure compliance with relevant regulations and industry best practices to build trust and credibility with customers. Clear and transparent communication differentiates PHF Leasing from competitors, attracting customers who value honesty and integrity in financial transactions.

p) **Offering Financial Education Resources:** We develop and share educational resources, such as blog articles, guides, or webinars that provide valuable insights and advice on loan financing, property investments, and financial management. By positioning PHF Leasing as a trusted source of information, we build credibility and establish long-term relationships with customers.

q) Educated customers are more likely to choose PHF Leasing for their loan financing needs, contributing to the expansion of our market share.

r) **Monitoring Emerging Technologies:** We stay updated on emerging technologies that can disrupt the loan financing industry, such as block chain, peer-to-peer lending, or digital currencies. We assess the potential impact of these technologies on PHF Leasing's business model and explore opportunities for collaboration or adoption. By embracing technological advancements, we stay ahead of the competition and attract tech-savvy customers.

s) **Fostering a Positive Company Culture:** We create a positive and inclusive company culture that values teamwork, innovation, and customer-centricity. We empower employees to provide exceptional customer service and encourage them to contribute ideas for process improvements and service enhancements. A motivated and engaged workforce positively impacts customer experiences and contributes to the growth of our market share.

t) **Periodical Review of Business Continuity Plan, Liquidity, and Risk Management:** We conduct regular reviews of our Business Continuity plan to ensure it remains effective in managing unexpected disruptions. We continuously monitor liquidity levels and implement risk management strategies to mitigate potential financial risks. This proactive approach strengthens PHF Leasing's resilience and instills confidence in customers and stakeholders.

u) **Focus on Digital Initiatives for Digital Payment of EMIs:** We embrace digital transformation by offering convenient online platforms and mobile applications for customers to access their loan accounts, make payments, and track their EMIs. We launch awareness campaigns to educate customers on the benefits and ease of digital payment methods. This enhances customer satisfaction and streamlines loan servicing processes.

v) **Data Analytics in Loan Disbursement and Recovery:** We leverage data analytics tools to analyze customer data, assess creditworthiness, and make informed decisions regarding loan disbursement. We utilize predictive modeling to identify potential defaults and implement proactive measures for loan recovery. By harnessing the power of data analytics, PHF Leasing can make more accurate lending decisions and effectively manage loan portfolios.

w) **Further Strengthening the Leadership Position in Financing:** We capitalize on PHF Leasing's existing leadership position in loan financing by continuously monitoring market trends and staying ahead of competitors. We innovate and introduce new loan products or features that address emerging customer needs. We maintain a strong brand presence and actively engage with industry stakeholders to solidify PHF Leasing's reputation as a leading financing provider.

HUMAN RESOURCES

As a financial services provider, people are the greatest assets and the core strength to your Company's business. The Company has a robust organization structure with network of opening new collection centers and recruiting new employees. The Nomination and Remuneration Committee periodically reviews career growth plan of senior management personnel possessing ability to build teams and nurture leaderships for future growth plans of the Company. There were 152 employees on rolls during F.Y. 2021- 22 and total strength of employees as on 31st March, 2023 was 333. The Company has embarked on its journey of "Friendly workplace" which has helped to look at employee engagement in a more holistic way.

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

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

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

SWOT ANALYSIS

Our Strengths

a) **Flexibility in Operations**: At PHF Leasing, we pride ourselves on our ability to be flexible in our operations compared to traditional banks. We can swiftly respond to changing market conditions and adapt our products and services accordingly, allowing us to cater to niche markets and tailor our offerings to specific customer segments.

b) **Specialized Financial Services**: Our focus at PHF Leasing is on providing specialized financial services such as leasing. This specialization allows us to develop expertise in this domain, offering customized solutions to meet the unique needs of our customers.

c) **Agility in Decision Making**: Our streamlined organizational structure enables us to make swift decisions and implement them without unnecessary bureaucracy. This agility empowers us to seize opportunities, introduce new products, and respond to customer demands efficiently, ensuring their satisfaction.

d) **Enhanced Customer Relationships**: Building strong and personalized relationships with our customers is a top priority at PHF Leasing. Our customer-centric approach allows us to provide exceptional customer service, understand our clients' requirements, and offer tailored financial solutions that meet their specific needs and goals.

e) **Strategic Directions**: At PHF Leasing, we have well-defined strategic directions that guide our business operations. These directions provide us with a clear vision and roadmap for growth, enabling us to align our activities and make informed decisions that contribute to our success.

f) **Well-defined and Scalable Organizational Structure**: Our organizational structure at PHF Leasing is well-defined and scalable, based on product, territory, and process knowledge. This structure allows us to effectively manage our operations, allocate resources, and scale our business as needed.

g) **Strong Relationships with Investors, Dealers, and Customers**: We have established strong relationships with our investors, dealers, and customers at PHF Leasing. These relationships contribute to our reputation and enable us to attract funding, secure partnerships, and maintain a loyal customer base.

h) **Talented and Dedicated Employees**: At PHF Leasing, we are proud to have a team of talented and dedicated employees. They possess the required expertise and skills, which contribute to our overall success. Their commitment enables us to deliver quality services, drive innovation, and maintain high levels of customer satisfaction.

i) **Experienced Senior Management Team**: Our experienced senior management team at PHF Leasing brings valuable industry knowledge and leadership skills. Their expertise allows us to make strategic decisions, navigate challenges, and drive the company towards achieving its goals.

j) **In-House Technology Development**: We invest in in-house technology development at PHF Leasing, allowing us to develop innovative financial products and services. This technology-driven approach enhances our operational efficiency, improves customer experience, and provides us with a competitive edge in the market.

k) **Product Diversification**: We focus on product diversification at PHF Leasing, expanding our range of offerings to meet the evolving needs of customers. By diversifying our product portfolio, we can capture new market segments, reduce reliance on specific products, and mitigate risks associated with concentration.

OUR WEAKNESSES

a) **Limited Access to Public Funds**: At PHF Leasing, one of our weaknesses is the limited access to public funds. Unlike traditional banks, we may face challenges in raising funds through public deposits, which could restrict our borrowing capacity and potential for growth.

b) **Small Asset Base but Growing at a CAGR of more than 100%**: We acknowledge that PHF Leasing currently has a small asset base, but we are experiencing rapid growth with a compound annual growth rate (CAGR) of more than 100%. Managing this growth and ensuring sustainable scalability is a significant challenge for us.

c) **Negative Effects on Customers during Economic Downturn**: PHF Leasing is vulnerable to the negative effects of economic downturns. During such periods, customers may face financial difficulties, leading to potential defaults or delayed payments, which can impact our overall portfolio quality and financial performance.

OUR OPPORTUNITIES

a) **Expanding Customer Base**: At PHF Leasing, we see a huge opportunity to finance a growing number of customers. As more individuals and businesses seek financial solutions, we can capitalize on this demand and expand our customer base, fostering long-term relationships and revenue growth.

b) **Large Untapped Market Growth in the Industry**: The non-banking finance industry presents a large untapped market for growth. At PHF Leasing, we recognize this opportunity and can strategically position ourselves to capture a significant market share. By offering innovative and tailored financial services, we can attract new customers and gain a competitive advantage.

c) **Technological Advancements**: Advancements in technology present opportunities for us at PHF Leasing. Embracing digital transformation, such as implementing online platforms, mobile applications, and data analytics, allows us to enhance our operational efficiency, improve customer experiences, and stay ahead in the market.

d) **Partnerships and Collaborations**: Collaborating with strategic partners and forming alliances can create new opportunities for PHF Leasing. By leveraging the expertise and resources of partners, we can expand our reach, offer complementary services, and tap into new customer segments, ultimately driving business growth.

e) **Product Innovation**: Continuously innovating and diversifying our product offerings is an opportunity we actively pursue at PHF Leasing. By introducing new financial products and services that address emerging customer needs, we can strengthen our market position, attract a broader customer base, and differentiate ourselves from competitors.

f) **Huge Opportunity to Finance as More and More Customers**: We see a tremendous opportunity at PHF Leasing to finance an increasing number of customers. As the demand for financial solutions continues to rise, we can seize this opportunity to provide our services to a larger customer base, driving growth and revenue.

g) **Large Untapped Market Growth in the Industry**: The non-banking finance industry offers significant potential for growth, with a large untapped market. By strategically targeting this market and tailoring our offerings to meet its specific needs, we can capture new customers, expand our market share, and increase profitability.

h) **Life Time Value of the Customer**: Understanding and maximizing the lifetime value of our customers is an important opportunity for us at PHF Leasing. By nurturing long-term relationships, providing excellent customer service, and offering value-added services, we can enhance customer loyalty, repeat business, and ultimately increase the profitability of each customer relationship.

i) **Partnerships with Banks and Finance Companies**: Collaborating with established banks and finance companies offers exciting prospects for PHF Leasing. Through strategic partnerships, we can leverage their existing customer base, gain access to additional funding sources, and expand our reach in the market.

j) **Product Diversification**: Diversifying our product portfolio is an opportunity we actively pursue at PHF Leasing. By offering a broader range of financial solutions, such as equipment financing, project financing, and working capital loans, we can cater to diverse customer needs and capture new market segments.

k) **Enhanced Customer Experience**: Providing an exceptional customer experience is a valuable opportunity for PHF Leasing. By investing in customer service, streamlining processes, and leveraging technology, we can differentiate ourselves in the market and build long-term customer loyalty.

OUR THREATS

a) **Inflation and Geopolitical Crisis**: At PHF Leasing, we face the threat of inflation and geopolitical crises. These external factors can impact the overall economic stability, leading to increased costs, volatility in interest rates, and uncertainty in the business environment. However, with geographical expansion, PHF has been able to mitigate this threat.

b) **Contraction in the Economy**: A potential threat we acknowledge at PHF Leasing is a contraction in the economy. During periods of economic downturn, reduced business activities, lower consumer spending, and increased credit risk can negatively impact our operations and financial performance. We are overcoming the same with innovative products through technological advancement.

c) **Growing Volume of Business Entry of Banks and Big NBFCs in Segments Catered by NBFCs Earlier**: The entry of banks and large non-banking finance companies (NBFCs) into segments traditionally catered by NBFCs poses a threat to PHF Leasing. Increased competition in these segments can impact our market share, pricing power, and customer acquisition efforts.

d) **Competition from Captive Finance Companies and Small Banks**: PHF Leasing faces competition from captive finance companies associated with manufacturers or suppliers, as well as small banks. These entities often have established customer relationships, competitive offerings, and strong financial backing, which can pose a challenge to our market position.

e) **Increase in Finance Cost due to Larger Liquidity Buffer Maintained to Face Uncertainties of the Pandemic and Increasing Lending Rates**: The need to maintain a larger liquidity buffer to manage uncertainties related to the pandemic and increasing lending rates can increase finance costs for PHF Leasing. This may impact our profitability and require us to carefully manage our cost structure.

f) **Intense Competition**: As PHF Leasing, we operate in a highly competitive NBFC sector with a multitude of players vying for market share. Banks, fintech companies, and other financial institutions pose significant competition, exerting pressure on our margins and requiring us to continuously innovate to maintain our competitive position.

g) **Economic and Market Volatility**: We are exposed to economic fluctuations and market volatility as PHF Leasing, which can impact our profitability and asset quality. Changes in interest rates, inflation, recessions, or disruptions in the financial markets can affect our ability to raise funds, manage risk, and sustain stable operations.

SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

RISK MANAGEMENT

Traditionally, the key risks that the company is exposed to in the course of its business have been the Pillar 1 risks - Credit Risk, Market Risk and Operational Risk. Given the evolving non-banking environment, Liquidity Risk, Information Technology Risk and Information Security Risk have also become vital. These risks not only have a bearing on the company financial strength and operations but also on its reputation. Keeping this in mind, the company has put in place Board-approved risk strategy and policies, whose implementation is supervised by the Risk Management Committee (RMC). The Committee ensures that frameworks are established for assessing and managing various risks faced by the company, systems are developed to relate risk to the Companies capital level and methods are in place for monitoring compliance with internal risk management policies and processes. The Committee guides the development of policies, procedures and systems for managing risks. It ensures that these are adequate and appropriate to changing business conditions, the structure and needs of the company and its risk appetite.

Credit Risk Credit Risk is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties. Losses stem from outright default or reduction in portfolio value. The Company has a distinct credit risk architecture, policies, procedures and systems for managing credit risk. The Company has a 100% retail portfolio In contrast, retail lending, given the granularity of individual exposures, and is managed largely on a portfolio basis across various products and customer segments. For all products, there are robust front-end and back-end systems in place to ensure credit quality and to minimize loss from default.

The factors considered while sanctioning retail loans include income, demographics, credit history, loan tenor and banking behaviour. In addition, there are multiple credit risk models developed and used to appraise different segments of customers on the basis of portfolio behaviour. This is backed by stringent periodic post-disbursement monitoring, end use verification and remedial measures. The Company has been able to ensure strong asset quality through volatile times (particularly COVID) in the lending environment by stringently adhering to prudent norms and institutionalized processes.

As on March 31, 2023, the company ratio of Gross Non Performing Assets (GNPAs) to Gross Advances was 2.4 per cent. Net Non-Performing Assets (Gross Non-Performing Assets Less Specific Loan Loss provisions) was 2.08 per cent of Net Advances. The Company has a conservative and prudent policy for specific provisions on NPAs. Its provision for NPAs is higher than the minimum regulatory requirements and adheres to the regulatory norms for Standard Assets.

Market Risk Market Risk arises largely from the company's statutory reserve management and trading activity in interest rates, equity and currency market. These risks are managed through a well-defined Board approved Risk Management Policy and supplemented by Stress Testing Framework that simulates various market risk scenarios to measure losses and initiate remedial measures.

Liquidity Risk Liquidity risk is the risk that the company may not be able to meet its financial obligations as they fall due without incurring unacceptable losses. The Company framework for liquidity and interest rate risk management is spelt out through a well-defined Board approved Asset Liability Management Policy. Implementation of the policy, monitoring of limits is reviewed by the Asset Liability Committee (ALCO). This is reinforced by a comprehensive Board approved stress testing programme covering both liquidity and interest rate risk. Further, the company also has the necessary framework in place to manage intraday liquidity risk.

Operational Risk This is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk has been defined as "The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

"The risk of direct or indirect potential loss arising from a wide variety of causes associated with the Group's processes, personnel, systems, or from external factors other than strategic and reputation risk Management of operational risk forms an integral part of Group's enterprise wide risk management systems. The organization thrives towards incremental improvements to its operational risk management framework to address the dynamic industry landscape. Clear strategies and oversight by the Board of Directors and senior management, a strong operational risk management culture, effective internal control and reporting and contingency planning are crucial elements of Group's operational risk management framework. Suitable risk mitigation actions are taken wherever required to curtail the potential risk at the acceptable levels. The company meets periodically to review the operational risk profile of the organization and oversee the implementation of the risk management framework and policies.

Compliance Risk Compliance Risk is defined as the risk of impairment of integrity, leading to damage to its reputation, legal or regulatory sanctions, or financial loss, as a result of a failure (or perceived failure) to comply with applicable laws, regulations and standards. A dedicated team of subject matter experts in the Compliance Department works with business, support and operations teams to ensure active Compliance Risk management and monitoring. The company has engaged expert to oversee the regulatory compliances which also provides advisory services on regulatory matters. The focus is on identifying and reducing risk by rigorously testing products and also putting in place robust internal policies. Products that adhere to regulatory norms are tested after rollout and shortcomings, if any, are fully addressed till the product stabilises on its own. Internal policies are reviewed and updated periodically as per agreed frequency or based on market actions or regulatory guidelines/actions. The compliance team also seeks regular feedback on regulatory compliance from product, business and operation teams through self-certifications and monitoring.

ICAAP The Company has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) to identify, assess and manage all risks that may have a material adverse impact on its business/financial position/capital adequacy. The ICAAP framework is guided by the Board approved ICAAP Policy.

Stress Testing Framework The company has implemented a Board approved Stress Testing Policy and Framework which forms an integral part of the company's ICAAP. Stress testing involves the use of various techniques to assess potential vulnerability to extreme but plausible stressed business conditions. The suite of stress scenarios include topical themes as well as prevailing geopolitical / macroeconomic / sectoral and other trends. The stress testing outcome may be analysed through capital impact and/or identification of vulnerable borrowers depending on the scenario.

Internal Controls, Audit and Compliance The company has put in place extensive internal controls and processes to mitigate Operational Risks, including centralised operations and 'segregation of duty' between the front office and back office. The front-office units usually act as customer touch-points and sales and service outlets while the back-office carries out the entire processing, accounting and settlement of transactions. The policy framework, definition and monitoring of limits is carried out by various mid-office and risk management functions. The credit sanctioning and debt management units are also segregated and do not have any sales and operations responsibilities. The company has set up various executive-level committees, with participation from various business and control functions, that are designed to review and oversee matters pertaining to capital, assets and liabilities, business practices and customer service, Operational Risk, information security, business continuity planning and internal risk-based supervision among others. The second line of defence functions set standards and lay down policies and procedures by which the business functions manage risks, including compliance with applicable laws, compliance with regulatory guidelines, adherence to operational controls and relevant standards of conduct. At the ground level, the company has a mix of preventive and detective controls implemented through systems and processes, ensuring a robust framework in your Bank to enable correct and complete accounting, identification of outliers (if any) by the Management on a timely basis for corrective action and mitigating Operational Risks.

The company has an Internal Audit Department which is responsible for independently evaluating the adequacy and effectiveness of all internal controls, risk management, governance systems andprocesses and is manned by appropriately qualified personnel. This department adopts a risk-based audit approach and carries out audits across various businesses in order to independently evaluate the adequacy and effectiveness of internal controls on an ongoing basis and pro-actively recommending enhancements thereof. The Internal Audit Department, during the course of audit, also ascertains the extent of adherence to regulatory guidelines, legal requirements and operational processes and provides timely feedback to the Management for corrective actions.

DISCLOSURE OF ACCOUNTING TREATMENT

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

CAUTIONARY STATEMENT

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.

	Sd/-	**Sd/-**	**Sd/-**
Place: Jalandhar	**Yaduvendra Mathur**	**Kumar Shalya Gupta**	**Vijay Kumar Sareen**
Date: 13th May, 2023	**(Chairman)**	**(Managing Director and CEO)**	**(Whole Time Director)**
	DIN: 00307650	**DIN: 07553217**	**DIN: 07978240**

BOARD OF DIRECTORS REPORT

To

The Esteemed Members

The Board of Directors (“Board”) of PHF Leasing Limited (“your Company” or “the Company”) is feeling delighted to present their 31st (Thirty first) Annual Report with the Audited Financial Statements of the Company for the financial year ended March 31, 2023 (“FY 2022-23”) or “period under review” or “financial year under review”.

1. FINANCIAL AND OPERATIONAL SUMMARY

1.1 Financial Highlights

The Company’s summarized financial performance for the financial year ended March 31, 2023 as compared to the previous financial year ended March 31, 2022 are as under:

PARTICULARS	**For period ended March 31, 2023 (Audited)**	**For period ended March 31, 2022 (Audited)**
Total Revenue from Operations	1774.74	863.44
Interest Expenses	1630.18	846.97
Profit/ (Loss) before exceptional and extraordinary items and tax	**144.57**	**16.47**
Exceptional items	-	75.00
Profit/ (Loss) before tax	**144.57**	**91.47**
Tax expense	(28.92)	(20.57)
Net Profit/(Loss) for the period	**115.65**	**70.90**
Total Comprehensive Income / (Loss) for the period	**137.31**	**75.80**
Reserves & Surplus excluding revaluation reserves	**1485.05**	**525.07**
Dividend %	-	-
Earnings Per Share (In Rs.) • Basic • Diluted	 2.08 2.08	 2.04 2.04

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

i) Revenue from Operations

During the F.Y. 2022-23, Revenue from Operations of your Company increased to Rs. 1774.74 Lakhs marking a tremendous growth of 105.54% over the previous year's Revenue of Rs. 863.44 Lakhs. The Company has registered increase in the revenue from operations during the current financial year by expanding its operations during the year to new states besides increasing penetration in existing area. The growth in the business has also been accompanied by improvements in efficiency parameters.

Your Company's superior credit standards, strong customer relationships and systematic collection efforts ensured best-in-class performance on asset quality.

ii) Profit Before Tax (PBT)

Your Company earned Profit Before Tax (PBT) of Rs. 144.57 Lakhs for the Financial Year 2022-23 as against the profit of Rs. 91.47 Lakhs in the previous Financial Year ending March 31, 2022 resulting a growth of 44.57%. The same is attributable to growth in business operations, efficient mobilization of funds and improvement of collection efficiency. The detailed analysis of income and expenditure and financial ratios is made in the Management Discussions and Analysis Report forming part of this Report.

iii) Profit After Tax (PAT)

The Comprehensive Income for the Financial Year 2022-23 is Rs. 137.31 Lakhs as against 75.80 Lakhs in the previous financial year 2021-22 registering a growth of 81.14%. Your company has ensured to comply conservative policy for managing the operating costs and its ability to raise resources at competitive rates and launching of new products enabled it to maintain its margins at the much reasonable level.

iv) Earnings Per Share

The Company has earned good profits in the financial year under review, hence, the Earnings Per Share (EPS) of the Company is recorded at Rs. 2.08 for the FY 2022-23.

v) Capital to Risk Weighted Assets Ratio (CRAR)

The Company's Capital to Risk Weighted Assets Ratio (CRAR) stood at 32.40% as at the end of the financial year under review as compared to 32.34% as on March 31, 2022 of the aggregate risk weighted assets on balance sheet, which is well above the regulatory minimum of 15%. The CRAR has substantially improved as result of further strengthening of capital through successive issue of fresh Equity shares during the financial year 2022-23 on preferential basis to existing shareholders and various development and diversification plans. The details of the said issue of fresh capital are given under the title Share Capital.

The Tier 1 ratio as on March 31, 2023 improved to 24.23 % as against 20.33% as on March 31, 2022.

The Tier 2 ratio as on March 31, 2023 is 8.17 % as against 12.02% as on March 31, 2022.

1.2 Operational Highlights

i) Branch Expansion

The Company has expanded its presence to many other states including Punjab. Currently, the Company is operating in the states of Haryana, Delhi NCR, Himachal Pradesh, Rajasthan, Uttarakhand, Madhya Pradesh, Uttar Pardesh and Jammu by adding large number of dealers and sub dealers at various locations.

The Company has branches/ offices at Amritsar, Batala, Kapurthala ,Tarn Taran, Ludhiana, Ferozpur, Hoshiarpur, Delhi NCR, Abohar, Muktsar, Malout, Jaipur, Jagraon, Moga, Pathankot. Considering its growth potential, the Company is planning to open its new centres at various other locations and diversify the business in the states of Bihar, Assam, West Bengal, Jharkhand and Chhattisgarh during the year 2023-24. Concurrently, the Company has emphasized on increasing the operational efficiency of the existing branches and other offices.

Employees at all levels were recruited and the strength went up from about 152 employees as on March 31, 2022 to 333 as on March 31, 2023.

ii) Operational Cost

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

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

Particulars	March 31, 2023	March 31, 2022
Branches	15	7
No. of Borrowers	10193	6226
Outstanding Loan Portfolio (Own Book) (Rs. In lakhs)	7955.90	4654.06
Loan Disbursed in FY (Rs. In lakhs)	8594.17	4702.35
Total Assets (Rs. In lakhs)	12026.44	6108.68

2. LENDING OPERATIONS

Disbursements

The overall loan book (Own) grew by 82.76% during the year under review to Rs. 7955.90 lakhs as on 31st March, 2023 with strong growth in disbursement to the retail and SME segment which is our preferred segment. Our Company continues to move towards a more granular portfolio mix, which would lead to reduction in the portfolio average ticket size. We focused our efforts on increasing customer base and diversifying product categories with a strong emphasis on MSME and retail lending through E-Vehicles. Diversification is a significant benefit since it allows the flexibility to choose segments that offer an attractive risk-return trade-off and reduces the risk of a single segment.

3. RECOVERY & STRESSED ASSETS MANAGEMENT

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

On sale of stressed assets, if the sale is at a price below the net book value (i.e., funded outstanding less specific provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year when the sum of cash received by way of initial consideration and / or redemption or transfer of security receipts issued by SC / RC exceeds the net book value of the loan at the time of transfer.

As on March 31, 2023 the Gross NPA stood at Rs. 190.67 lacs as against the previous year's figure of Rs.243.61 lacs. Over all the net NPA of the Company as on March 31, 2023 decreased by 21.79%. The NPAs would further decrease with the increase in portfolio and increased collection efficiency. The Sale of Stressed Assets to ARC was Rs. 5, 64, 11,324 and a sum of Rs. 19,71,026 has been written off on the valuation of assets.

4. SHARE CAPITAL AND DEBENTURES

4.1 Capital Structure

To strengthen the Company's capital base and balance sheet and to augment the long-term resources for meeting funding requirements of its business activities, the Authorized Share Capital of the Company was increased to Rs. 15,00,00,000/ - (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each during the year under review.

During the year under review, the Company has issued 68,86,830 equity shares of Rs.10/- each at a price of Rs.22/- per Share (including premium of Rs.12/-) per share.

4.2 Raising of Funds/Capital

A. Preferential Issue of Equity Shares

During the financial year under review, the Company allotted Equity Shares as follows:

(Amount in Rs.)

Date	Particulars	No. of Equity Shares	Nominal Value	Issue Price	Equity Share Capital	Cumulative Paid up Share Capital
April 01, 2022	Opening Balance	55,00,000	10	-	5,50,00,000	5,50,00,000
March 28, 2023	Preferential Allotment	34,39,530	10	22/- (incl premium of Rs. 12/-)	3,43,95,300	8,93,95,300
March 31, 2023	Preferential Allotment	34,47,300	10	22/- (incl premium of Rs. 12/-)	3,44,73,000	12,38,68,300
March 31, 2023	Closing Balance	1,23,86,830	10	-	12,38,68,300	12,38,68,300

** Out of the proceeds that were raised from the Preferential Issue in the Financial Year 2022-23 Rs. 18860160 remained unutilised as on March 31, 2023.*

B. Private Placement Issues of Non-Convertible Debentures

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

SRNCD/SDB	No. of Debentures	Nominal Amount (Rs.)	Total Amount (Rs.)
SRNCD (Series-I)	20850	1000	2,08,50,000

SRNCD (Series-II)	4275	1000	42,75,000
Total	**25125**		**2,51,25,000**

During the financial year under review, the Company had allotted Subordinate-Debt Bonds (in the nature of Unsecured Redeemable Non-Convertible Debentures) (SDBs) on private placement basis as follows:

SRNCD/SDB	**No. of Debentures**	**Nominal Amount (Rs.)**	**Total Amount (Rs.)**
SDB (Series SD-I)	750	10000	75,00,000

4.3 Banks/FIs

The total Borrowings of the Company stood Rs 8336.41 lacs as on March 31, 2023 as against Rs. 4815.76 lacs in the previous year. The Company borrowed Rs. 3100 lacs as secured term loan from different banks/FIs during the financial year under review. The Company received a term loan of Rs. 15 crores from State Bank of India during the year.

The Company deepened its relationships with the existing bankers in terms of additional working capital and term loan facilities.

5. DIVIDEND

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

6. CREDIT RATING

The securities of the Company are not rated but your Company is planning to apply for the credit rating with different credit rating agencies during the financial year 2023-24.

7. RISK MANAGEMENT

The company aims to operate within an effective risk management framework to actively manage all the material risks faced by the organization and make it resilient to shocks in a rapidly changing environment. It aims to establish consistent approach in management of risks and strive to reach the efficient frontier of risk and return for the organization and its shareholders. The note on implementation of Risk management has been given separately under Management Discussion and Analysis Report.

8. REGULATORY UPDATE

8.1 Compliance with Applicable Laws

The Company being registered as deposit taking NBFC with Reserve Bank of India, has complied with all the relevant guidelines and directions issued by the Reserve Bank of India from time to time and other applicable laws.

The Company confirms that being a listed Company, the disclosures have been made as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial under review. Moreover, the Company has complied with all other SEBI regulations as applicable on the Company.

The Company has filed all the requisite information and forms with the concerned Registrar of Companies (ROC) as required under the Companies Act, 2013 during the financial year under review.

The Company further confirms that being an issuer of various securities, it has complied with applicable provisions, terms and conditions of contracts, agreements executed with stock exchange, debenture trustees, depositories, depositories participants & Registrar & Transfer Agent for the time being in force.

8.2 Compliance with Secretarial Standards

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

9. DETAILS OF SUBSIDIARIES/ ASSOCIATES/JOINT VENTURES

During the Financial Year ended on March 31, 2023, no company became or ceased to be the subsidiary/ associate/ joint venture of the Company.

10. TRANSFER TO GENERAL RESERVES/STATUTORY RESERVES

An amount of Rs. 23.13 Lacs being 20% of the profit after tax (PAT) has been transferred to Statutory Reserve of the Company during the financial year under review pursuant to Section 45-IC of the Reserve Bank of India Act, 1934.

11. INTERNAL CONTROLS

11.1 Internal Financial Controls

Your Company has well-established internal control systems in place which are commensurate with the nature of its business and size and scale and complexity of its operations. Standard operating procedures (SOP) and Risk Control Matrices designed to provide a reasonable assurance are in place and are being continuously monitored and updated. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

Internal audits are undertaken on periodic basis to independently validate the existing controls as per scope and also to evaluate the status of compliance with the Company's guidelines and other statutory requirements in align to the role assigned to Internal Auditors under applicable regulations.

The Internal audit scope under applicable regulation is reviewed by the Audit Committee at the beginning of the year to ensure that the coverage of the areas is adequate.

Internal Audit Reports are regularly reviewed by the Audit Committee and the Board of Directors and corrective action is initiated to strengthen controls and enhance the effectiveness of existing systems. Significant audit observations, if any, are presented to the Audit Committee along with the status of management actions and the progress of implementation of recommendations.

11.2 Internal Control Systems

Pursuant to the introduction of Risk Based Internal Audit (RBIA) system and the RBI guidelines issued by the RBI vide RBI/2021-22/53 DoS.CO. PPG.SEC/ 03/11.01.005/2021-22, the Company has rolled out Risk Based Internal Audit Policy. The primary focus of Risk Based Internal Audit is to provide reasonable assurance to the Board and the Senior Management about the adequacy and effectiveness of the risk management and control framework of the Company. The internal audit Department is headed by Mr. Rajiv Bajaj which broadly assess and contribute to the overall improvement of the organization's governance, risk management, and control processes using a systematic and disciplined approach. Audit will be conducted encompassing all the functional areas of the branch and Head office in such a manner that it serves as an important tool of internal control. The audit will cover the adequacy as well as implementation of various systems and procedures adopted in identification, measurement and mitigation of different risks.

Your Company's internal audit department independently evaluates the adequacy of control measures on a periodic basis and recommends improvements, wherever appropriate to suit the changes in business and control environment. The effectiveness and efficiency of the controls, and the design are regularly measured through process reviews and risk assessment. The Internal Audit team plays a vital role in monitoring the effectiveness of the Standard Operating Procedures and makes extensive use of software and analytical tools which enables effective offsite or remote auditing. A robust process that includes a continuous learning mechanism ensures that the Internal Audit team regularly updates its skills and knowledge base in order to analyse, assess, mitigate and continuously monitor the controls and guard against inadequacies including various risks that could pose a threat to your Company's strategic objectives, as part of key pillar or 3rd line of defence.

Systematic identification of risks, red flags and early warning signals on a proactive basis enables quick decision-making on strengthening and redesigning the controls where required, through agile audit plans.

The internal audit department is staffed by qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures. The Internal Audit reports are periodically reviewed by the Audit Committee.

12. LISTING STATUS OF THE COMPANY

The equity shares of the Company got listed on Metropolitan Stock Exchange of India (MSEI) on May 16, 2018 and admitted for dealings on the MSEI 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, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), if any as applicable on the company. The listing of New Preferential allotment has also been approved by the MSEI.

13. DEPOSITS

The Company is registered with the Reserve Bank of India as Deposit taking NBFC. As the company has yet not obtained the minimum investment grade till date, thus, the Company has neither accepted fresh public deposits since financial year 2015-16 nor renewed the public deposits since financial year 2016-17.

The company has increased the asset size and strengthened its capital base and would 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" before accepting public deposits.

14. ANNUAL RETURN

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

15. LOANS, GUARANTEES OR INVESTMENTS

The loans made, guarantee given or security provided in the ordinary course of business by a NBFC registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such, the particulars of loans and guarantee have not been disclosed in this Report.

16. CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Act are not applicable to the Company, therefore, no disclosure is required under this clause.

17. AUDITS & INSPECTION OF ACCOUNTS

17.1 Statutory Auditors

In accordance with the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India (RBI) vide Notification Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021 ("RBI Guidelines") and pursuant to the provisions of Section 139(8) and other applicable provisions of the Companies Act, 2013 read with rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and upon recommendation of the Audit Committee and Board of Directors**,** the Company in its 29th Annual General Meeting (AGM) held on September 23, 2021 had appointed M/s GSA & Associates LLP, Chartered Accountants, having FRN.: 000257N/N500339, as Statutory Auditors of the Company to hold office for a term of three years until the conclusion of the 32nd Annual General Meeting to be held in the calendar year 2024. The appointment of the Auditors had been ratified during the year under review in the Annual General Meeting held during the year.

17.2 Auditors' Report

M/s GSA & Associates, LLP Chartered Accountants, Statutory Auditors of the Company, have audited the financial statements of the Company for the financial year ended on March 31, 2023. Pursuant to section 143(3) of the Act, the Statutory Auditors have also reported on the adequacy and operating effectiveness of the internal financial controls system over financial reporting, which has been enclosed as 'Annexure to Independent Auditors' Report'. There is no qualification made by the Statutory Auditors in their report.

17.3 Response of the Board to the Auditors' Comment

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

17.4 Internal Audit

In order to ensure that adequate checks and balances are in place and internal control systems are in order, regular and exhaustive Internal Audits are conducted by independent Internal Audit Department which is headed by a qualified and experienced banker Mr. Rajeev Bajaj. They review internal controls, operating systems and procedures. The Audit function also proactively recommends improvement in operational process and service quality to mitigate various risks. The Audit Committee of the Company periodically reviews the significant findings of audits and the compliance of the same, as prescribed in the Companies Act, 2013.

17.5 Secretarial Auditors and Secretarial Audit Report

M/s Harsh Goyal & Associates, Company Secretaries (COP:2802) were appointed by the Board of Directors as the Secretarial Auditors of the Company to carry out the secretarial audit of the Company for the financial year ended on March 31, 2023, as required under Section 204 of the Act and rules framed thereunder.

The Secretarial Audit Report for the financial year ended on March 31, 2023 in Form MR-3 is annexed herewith as an Annexure to this Report and the same is self-explanatory.

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

The Secretarial Audit Report for the FY 2022-23 does not contain any other observations, qualification or adverse remarks.

17.7 Reporting of Frauds by Auditors

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

17.8 Cost Records and Cost Audit

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

18. CORPORATE GOVERNANCE

Your company has always focused on ensuring the highest standards for prudence, ethics and transparency in corporate governance over decades. The Board of Directors serve as stewards of the performance and health of your Company. The Board's mandate is to oversee your Company's strategic direction, monitor company performance, maintain highest ethical standards of governance, assess the adequacy of risk management measures, evaluate internal financial controls, authorise and monitor strategic investments, facilitate and review Board and senior management succession planning and oversee regulatory compliance and corporate social responsibility activities.

The Directors' deep industry knowledge, functional specialization and decades of experience has helped your Company handle complex issues related to macroeconomic uncertainty, regulatory changes, technological & digital developments, market volatility & risk management and information security & cybersecurity threats. Our entire management is actively engaged and provides the Board of Directors with detailed reports on a timely basis for increased transparency and improved monitoring of functions. Maximum thrust on compliance, minimum regulatory interventions is what your Company focuses on.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions that were entered during the financial year under review were in ordinary course of business and on an arm's length basis. Hence, no disclosure in Form AOC-2 is necessary and the same does not form part of this report. For details of the transactions with related party entered in ordinary course of business on an arm's length basis refer to the Note 34 to the financial statements.

As required under the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the policy on materiality of related party transactions and dealing with related party transactions as approved by the Board is uploaded on the Company's website at the web link: https://www.phfleasing.com/

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company except as provided in the notes to the accounts.

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

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

a. Conservation of Energy

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

b. Technology Absorption

The Company is using customized centralized finance software for its operational and financial activities. It is designed to handle large volume of accounts and transactions. It is equipped with customizable modules, menu driven interface that can be easily adapted to the changing business and growth requirements that also safeguards IT investments. However, the company has planned to shift its software to fully integrated LOS and LMS which will help in efficiency and reduction in cost. The Company is following the basic line of digitalisation to blur the line between physical and digital process through the Integration of technology to certain a contactless and seamless ecosystem.

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

c. Foreign Exchange Earnings and Outgo

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

21. DIRECTORS

21.1 BOARD OF DIRECTORS

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

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

The day-to-day management of the affairs of the Company is entrusted with the senior management personnel, who functions under the overall supervision, direction and control of the Board of Directors of the Company. The Board along with its other Committee meetings 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. The Board of Directors of your Company plays the primary role as the trustees to safeguard and enhance stakeholders' value through its effective decisions and supervision.

Committees of the Board handling specific responsibilities mentioned under the applicable laws viz. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee etc. and other committees as required under other laws empower the functioning of the Board through flow of information amongst each other and by delivering a focused approach and expedient resolution of diverse matters.

The Board has sufficient number of independent directors to maintain the independency of the crucial decisions of the Company's operations. The Independent Directors have made disclosures confirming that there are no material, financial and/or commercial transactions between Independent Directors and the Company which could have potential conflict of interest with the Company at large.

COMPOSITION

Our Company's functional directors are highly experienced professionals possessing specialized expertise in general management spanning the banking, finance, accounts and audit, information technology, consulting and road transport sectors. They provide directions to the management on operational issues, adoption of systems and best practices in management and oversight of compliance of various legal and other requirements. All the members of the Board are eminent persons with considerable expertise and experience The Company is immensely benefited by the range of experience and skills that the Directors bring to the Board. The composition of the Board is in conformity with the listing requirements.

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

The Board of Directors as on March 31, 2023 are given herein below:

DIN	**Name of Directors**	**Designation**	**Qualification**
00307650	Mr. Yaduvendra Mathur	Chairman and Independent Director	**IAS-** Ranks first in the 1986 IAS seniority and was awarded three gold medals during probation. **MBA-** Post-graduation in Management (MBA Finance 1981) **B. Com-** Basic Degree in Economics (1979)
07978240	Mr. Vijay Kumar Sareen	Whole time Director	Post Graduate
00052716	Mr. Vijay Kumar Bhandari	Nominee Director	Chartered Accountant
00670384	Mr. Ashwani Kumar Jindal	Independent Director	Chartered Accountant
06597596	Ms. Aditi Kapur	Woman Independent Director	Law Graduate, Company Secretary
09179500	Mr. Meghal Gupta	Non-Executive Director	B.Tech
01519390	Mr. Chandan Chugh	Non-Executive Director	Graduate

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

21.2 Appointment/ Re-appointment/ Cessation of Directors

During the year 2022-23, following changes took place in the composition of Board of Directors of your Company:

i. Appointment of Directors

During the financial year 2022-23, the following Directors were appointed:

a) Mr. Yaduvendra Mathur (DIN: 00307650) was appointed as the Non- Executive Independent Director of the Company on the board of directors in the board meeting held on August 12, 2022 and, thereafter, shareholders approved his appointment as the Non- Executive Independent Director of the Company in its Annual General Meeting held on September 23, 2022 for the term

b) of 5 consecutive years. He was further appointed as the Chairman of the Company in the Board of Directors meeting held on November 12, 2022.

After the closure of the Financial Year 2022-23, Mr. Kumar Shalya Gupta was appointed as an Additional Director and subsequently the Managing Director of the Company for a term of 5 years with effect from April 18, 2023 subject to the approval of members of the Company.

ii. Re-appointment of Director

During the F.Y. 2022-23, Mr. Vijay Kumar Bhandari (DIN: 00052716) was re-appointed as Director in the Annual General Meeting held on September 23, 2022, who was liable to retire by rotation.

iii. Retire by Rotation

Pursuant to the provisions of the Act and Articles of Association of the Company, Mr. Meghal Gupta (DIN: 09179500) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment as the Director of the Company.

21.3 BOARD MEETINGS AND PROCEDURES

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

During the financial year 2022-23,07 (Seven) meetings of the Board of Directors were held i.e. on April 29, 2022, May 26, 2022, August 12, 2022, November 12, 2022, January 14, 2023, February 3, 2023 and February, 14, 2023. The maximum gap between any two meetings was not more than one hundred and twenty days. The necessary quorum was present for all the meetings.

MINUTES OF BOARD/COMMITTEE MEETINGS

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

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS

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

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

Mr. Vjay Kumar Sareen	Whole time Director	07	07	Yes	NIL	NIL	NIL	-
# Mr. Yaduvendra Mathur	Chairman and Independent Director	04	04	Yes	2	NIL	NIL	-
Mr. Vijay Kumar Bhandari	Nominee Director	07	07	Yes	6	10	4	i. AGI Greenpac Limited-Independent Director ii. Jayant Agro Organics Limited_Independent Diorector iii. Supershakti Metaliks Limited-Independent Director iv. Midland Microfin Ltd (debt listed entity) – (Chairman & Non-Executive Director)
Mr. Ashwani Kumar Jindal	Independent Director	07	07	Yes	NIL	NIL	NIL	v. Midland Microfin Limited (debt listed company)-Independent Director
Ms. Aditi Kapur	Independent Director	07	06	Yes	NIL	NIL	NIL	-
Mr. Meghal Gupta	Non-Executive Director	07	04	Yes	NIL	NIL	NIL	-
Mr. Chandan Chugh	Non-Executive Director	07	03	No	NIL	NIL	NIL	-

\# Mr. Yaduvendra Mathur was appointed as an Independent Director w.e.f. August 12, 2022 and was also appointed as the Chairman of the Company in the Board Meeting held on November 12, 2022.

Notes:

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

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

- *Only Audit Committee and Stakeholders' Relationship Committee are considered for the purpose of reckoning committee positions.*

- *As per declarations received, none of the directors serves as an independent director in more than seven (7) listed companies. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.*

Key Managerial Personnel

Pursuant to the provisions of section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following were the KMPs of the Company as on March 31, 2023.

DIN/PAN	**Name**	**Designation**
07978240	Mr. Vijay Kumar Sareen	Whole-time Director
ADGPB1123N	Mr. Kuldip Bhandari	Chief Financial Officer (CFO)
ADXPN6046R	Ms. Shikha Kapoor	Company Secretary and Compliance Officer

After the closure of the Financial Year 2022-23, Mr Kumar Shalya Gupta was appointed as Managing Director and Chief Executive Officer (CEO) of the Company w.e.f. April 18, 2023.

MEETING OF INDEPENDENT DIRECTORS

A Separate Meeting of Independent Directors was held on 30th March 2023 without the presence of Non-Independent Directors and members of management. All the Independent Directors attended the meeting and:

(i) reviewed the performance of Non-Independent Directors and the Board as a whole;

(ii) reviewed the performance of the Chairman of the company, taking into account the views of Executive Directors and Non-Executive Directors;

(iii) assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Confirmation /Statement/Declaration by Independent Directors

Pursuant to the provisions of Section 149(6) of the Companies Act, 2013, the independent directors have submitted declarations that each of them meets the eligibility criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Companies Act, 2013 and applicable rules thereunder) of all Independent Directors on the Board.

Pursuant to Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

22. FAMILIARISATION PROGRAMME

Pursuant to Regulation 25(7) of the Listing Regulations, the Company has put in place a system to familiarize its Independent Directors about the Company, its financial products, the industry and business model of the Company. In addition, the Company also updates on continuous basis to the Independent Directors about the ongoing events and developments relating to the Company, significant changes in regulatory environment through the Board/Committee meetings and separate familiarization programme(s). During the Financial Year 2022-2023, the Company had conducted 1 programme / meeting and the time spent by Independent Directors was in the range of 1-2 hours. The cumulative programmes / meetings conducted till date were 5 and the time spent by Independent Directors was in the range of 1-2 hours. Pursuant to Regulation 46 of Listing Regulations the details of Familiarization Programme is uploaded on the Company's website at the web link:

https://www.phfleasing.com/wp-content/uploads/2023/02/Familirisation-Programme-_upto-31-03-22.pdf

23. CODE FOR PREVENTION OF INSIDER-TRADING PRACTICES

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

24. STATUTORY COMMITTEES

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

The Company currently has below-stated statutory committees:

i) Audit Committee

ii) Nomination and Remuneration Committee

iii) Stakeholders' Relationship Committee

iv) Risk Management Committee

v) Asset Liability Management Committee

❖ AUDIT COMMITTEE

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

The Audit Committee met four times viz May 25, 2022, August 12, 2022, November 11, 2022 and February 3, 2023 during the year under review and the number of meetings attended by each member during the year ended March 31, 2023 is as follows:

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

❖ TERMS OF REFERENCE OF AUDIT COMMITTEE:

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

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

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

❖ NOMINATION AND REMUNERATION COMMITTEE:

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

The Nomination and Remuneration Committee met twice viz. July 7, 2022 and November 12, 2023 during the year under review and the number of meetings attended by each member during the year ended March 31, 2023 is as follows:

Name of Member	**Designation**	**No of Meetings**	
		Held	**Attended**
Mr. Ashwani Kumar Jindal	Chairman (Independent Director)	02	02
Ms. Aditi Kapur	Member (Independent Director)	02	01
Mr. Vijay Kumar Bhandari	Member (Nominee Director)	02	02

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.

❖ **STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Stakeholders Relationship Committee

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

iii) reviews the compliances with various statutory and regulatory requirements.

The Stakeholders Relationship Committee met 2 (Two) times viz. September 30, 2022 and March 30, 2023 during the year under review and the number of meetings attended by each member during the year ended March 31, 2023 is as follows:

The Stakeholders Relationship Committee comprises as follows:

Name of Member	**Designation**	**No of Meetings**	
		Held	**Attended**
Mr. Chandan Chugh	Chairman (Non-Executive Director)	02	02
Mr. Meghal Gupta	Member (Non-Executive Director)	02	02
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	02	02
Ms. Aditi Kapur	Member (Independent Director)	02	02

Terms of Reference

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

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

The Committee meets as and when required to deal with the matters relating to monitoring and redressal of complaints from Shareholders relating to transfer, non -receipt of Annual Report, etc. No investor complaint was received during the year under review.

THE COMPLAINT STATUS DURING PREVIOUS YEAR IS AS FOLLOWS:

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

❖ RISK MANAGEMENT COMMITTEE

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

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 May 7, 2022, August 6, 2022, October 20, 2022 and March 30, 2023. 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. Ashwani Kumar Jindal	Chairman (Independent Director)	4	4
Mr. Meghal Gupta	Member (Non- Executive Director)	4	4
Mr. Vijay Kumar Sareen	Member (Whole Time Director)	4	4

❖ ASSET LIABILITY MANAGEMENT COMMITTEE

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

The Asset Liability Management Committee met four times in the year under review on May 7, 2022, August 6, 2022, October 20, 2022 and March 30, 2023. During the year under review and the number of meetings attended by each member during the year ended March 31, 2023 is as follows:

Name of Member	Designation	No of Meetings held	No of Meetings attended
Mr. Vijay Kumar Sareen	Chairman (Whole time Director)	4	4
Mr. Meghal Gupta	Member (Non-Executive Director)	4	4
Mr. Kuldip Bhandari	Member (Chief Financial Officer)	4	4
Ms. Priya Goyal	Member, Senior Manager (Finance)	4	4

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

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

The Nomination and Remuneration Policy of the Company as required under Section 178(3) of the Act is available on our website i.e. https://www.phfleasing.com/

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

- To support the organization's strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees;

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

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

Pursuant to the provisions of the Act and Rules made thereunder as amended from time to time, the Board has carried out an annual performance evaluation of its own performance, evaluation of the working of its Committees as well as performance of all the Directors individually (including Independent Directors). The Board of Directors was assisted by the Nomination and Remuneration Committee. Feedback was sought from Directors on various parameters, including feedback of the Independent Directors on their review of the performance of Non-Independent Directors and the Board as a whole and on the performance of the Chairman of the Company and seeking inputs from members of the Committees, as the case may be, inter-alia, degree of fulfilment of key responsibilities towards stakeholders, quality of relationship between Board Members and the Management, adequacy of the composition of the Board and its Committees, areas of responsibility, execution and performance of specific duties, obligations and governance, compliance, etc.

Performance evaluation framework of the Company is as follows:

a. Nomination and Remuneration Committee would approve framework of performance evaluation of the Company and review the performance of the individual directors and the Board as a whole;

b. Board would evaluate the performance of the Independent Directors, Board as a whole and Committees of the Board;

c. Independent Directors would evaluate the performance of the Chairman of the Company after taking views of other directors, Board as a whole and Non-Independent Directors;

d. Self-evaluation of individual Directors;

27. VIGIL MECHANISM/ WHISTLE BLOWER POLICY

As per the provisions of Section 177(9) of the Act, the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns. The Company as part of the 'vigil mechanism' has in place a Board approved 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, actual or suspected fraud or violation of the Company's Code of Conduct, if any. The Whistle Blower Policy has been placed on the website of the Company and the same can be accessed at https://www.phfleasing.com/wp-content/uploads/2022/12/Whistle-Blower-Policy.pdf

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

Name and Address of the Whistle and Ethics Officer:
Mr. Kuldeep Bhandari, CFO
Email: phf_leasinglimited@yahoo.co.in

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

During the year under review, no complaints were received by the Company.

28. DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

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

Your Company is exposed to risks that are particular to its environment within which it operates. The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout your Company. An extensive Risk Management Policy is put in place in the organisation briefing the risks and ways to mitigation and elimination of the same including:

a. A framework for identification of internal and external risks faced by the entity including financial, operational, sectoral, sustainability, information, cyber security risks or any other risk as may be determined by the Committee;

b. Measures for Risk Mitigation including systems and processes for internal control of identified risks;

c. Business Continuity Plan;

29. HUMAN RESOURCE DEVELOPMENT

29.1 Human Resources

The Company has given a detailed not under Management Discussion and Analysis Report.

The Company had 333 permanent employees on its rolls as on March 31, 2023 and targets for more than 422 employees in the financial year 2023-24.

29.2 Particulars of Employees and Related Disclosures

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

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

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

Your Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year 2022-23, information pertaining to Sexual Harassment was received by the Committee is under;-

a. number of complaints filed during the financial year: Nil

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

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

We confirm that the Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2022-23, no complaint pertaining to Sexual Harassment was received by the Committee.

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

Pursuant to Section 67(3) of the Act read with Rule 16(4) of the Companies (Share Capital and Debentures) Rules, 2014, the Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees, thus, the disclosure is not required to be given in the Report.

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

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

32. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF

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

33. STATUTORY DISCLOSURES

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

No material changes and commitments affecting the financial position of the Company have occurred after March 31, 2023 till the date of this report.

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

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

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

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

33.4 Change in the nature of business

There was no change in the nature of business of the Company in the financial year ended on March 31, 2023. The Company is determined to work efficiently for its growth.

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

The Company has not issued any equity shares with differential rights, Sweat Equity, ESOP etc. during the financial year ended on March 31,2023.

33.6 Unclaimed Dividend and shares transferred to Investor Education and Protection Fund Authority ("IEPF")

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividends which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account shall be transferred by the company to the Investor Education and Protection Fund ("IEPF"). Accordingly, the Company has duly transferred the unpaid or unclaimed dividend to the Investor Education and Protection Fund ("IEPF") that was declared upto the Financial Year 2014-2015 and as on date, no unpaid or unclaimed dividend is outstanding to be transferred to IEPF.

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

Pursuant to the provisions of section 124(5) of the Companies Act, 2013, 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.

33.7 Other Disclosures

a) DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON- MANDATORY REQUIREMENTS

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

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

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

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

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

34. ADDRESS FOR INVESTOR'S CORRESPONDENCE

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

Ms. Shikha Kapoor, Company Secretary
PHF LEASING LIMITED
Regd. & Corp. Office: 923, G.T. Road, Jalandhar-144001, Punjab, INDIA,
Ph: 0181-4639903-06;
Email: shikha@phfleasing.com

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

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

36. DISCLOSURES PURSUANT TO RBI MASTER DIRECTIONS

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

37.VOLUNTARY REVISION

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

38. CUSTOMER RELATIONS

38.1 Customer Service

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

38.2 Fair Practices Code

Your Company adhere to a Fair Practices Code (FPC), issued by the Reserve Bank of India, which is applicable for all Non -Banking Financial Companies. These guidelines, inter alia, covers disclosures on the terms and conditions of a loan and mentions adoption of a non-coercive recovery method. As part of the FPC, we also have a Grievances Redressal Mechanism and a Whistle Blower Policy/Vigil Mechanism. While Grievances Redressal Mechanism is aimed at ensuring excellent customer service, Whistle Blower Policy/Vigil Mechanism gives liberty to our employees to raise concerns regarding any violations of the values and Code of Conduct. With respect to this, there were no code of conduct violations reported during FY 2022-23.

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

38.3 Customer Grievance Redressal

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

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

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

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

38.4 Resolution of Grievances

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

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

As the maximum customer base of the Company is in rural areas, the Company has in place the mechanism that directly links customers to the Company, in consideration to the educational, social and economic background of the customers. To the fact, such customers are usually prone to get tricked being misinformed and mis-communicated. Our Company has a Board approved Customer Grievance Redressal Mechanism for expeditious redressal of customer grievances to resolve the queries of the customers efficiently and effectively.

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

39. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

40. CODE OF CONDUCT

The Company periodically reviews the 'Code of Conduct' (COC) of the Company as per the needs for the best interest of the Company. The assessment and compliance is being conducted by proficient Principal Officer of the Company as an 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 http://www.phfleasing.com/coc.html.

41. NON-PERFORMING ASSETS

Your Company has made provisions for NPAs as per guidelines of RBI. The company is making earnest efforts through continuous appraisal, timely recovery and sound policy of write-offs for reducing and controlling the NPAs. A translucent and rational recovery policy has been framed to ensure that there is no let-up in the recovery and upgradation of the over dues. As on March 31, 2023, your Company has a provision of INR 26.31 Lacs as per the norms prescribed by RBI.

42. DIRECTORS RESPONSIBILITY STATEMENT

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

a. that in the preparation of annual accounts for the financial year ended on March 31,2023, the applicable accounting standards have been followed and there are no material departures;

b. that appropriate accounting policies have been selected and applied consistently and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the statement of profit and loss of the Company for the financial year ended on March 31, 2023;

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

d. that the annual accounts of the financial year ended on March 31, 2023 have been prepared on a going concern basis;

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

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

43. ACKNOWLEDGEMENT

The Directors express their sincere gratitude to RBI, Securities and Exchange Board of India, Metropolitan Stock Exchange of India (MSEI), Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions, and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders

and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels, for exhibiting outstanding performance during such challenging times.

For & On Behalf of the Board of Directors

PHF LEASING LIMITED

			Sd/-
	Sd/-	**Sd/-**	**Vijay Kumar Sareen**
	Yaduvendra Mathur	**Kumar Shalya Gupta**	**(Whole Time Director)**
Place: Jalandhar	**Chairman**	**(Managing Director)**	**DIN: 07978240**
Date: 13th May, 2023	**DIN: 00307650**	**DIN: 07553217**	

Annexure-A

DETAILS OF REMUNERATION

Statement under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for year ended March 31, 2023

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

Annexure-B

DETAILS OF REMUNERATION

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

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2022- 2023, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2022- 2023 are as under:

S. No.	Name Director/ KMP	Designation	Remuneration Director/ KMP for the Financial Year 2022- 23 (in Rs.)	Remuneration of Director/ KMP for the Financial Year 2021- 22 (in Rs.)	% increase in Remuneration in the Financial Year 2022- 23	% increase in Remuneration in the Financial Year 2020- 21	Ratio of Remuneration of each Director to median remuneration	Directors Sitting Fees/ Professional Fees for the Financial Year 2022-23
1.	Yaduvendra Mathur	Chairman and Independent Director	-	-	-	-	-	59,500
2.	Vijay Kumar Sareen	Whole Time Director	9,60,000	5,43,000	-	-	-	-
3.	Vijay Kumar Bhandari	Nominee Director	-	-	-	-	-	38,000
4.	Ashwani Kumar Jindal	Independent Director	-	-	-	-	-	46,000
5.	Aditi Kapur	Independent Director	-	-	-	-	-	38,000
6.	Meghal Gupta	Non-Executive Director	-	6,78,000	-	-	-	7,20,000

7.	Chandan Chugh	Non-Executive Director	1,38,000	-	-	-	-	-
8.	Kuldip Bhandari	Chief Financial Officer	6,80,790	5,40,000			-	-
9.	Shikha Kapoor	Company Secretary	4,28,650	88,000	N.A.	-	-	-

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

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

The median remuneration of employees of the Company during the Financial Year was Rs. 1,73,089 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table.

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

In the Financial Year, there was an increase of 52.75% in remuneration of directors, Chief Financial Officer, Company Secretary in the financial year

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

In the Financial Year, there was an increase of 5.10 % in the median remuneration of employees.

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

There were 333 permanent employees on the rolls of the Company as on 31st March, 2023.

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

Particulars	**FY. 2022-23**	**F.Y. 2021-22**
Increase in Salary of employees other than managerial personnel	11.7%	93.49%
Increase in Managerial Remuneration	52.75%	(18.34)%

II. Affirmation that the remuneration is as per the remuneration policy of the company

It is hereby affirmed that remuneration to Key Managerial Personnel and Employees of the Company are in line with the Remuneration Policy of the Company.

SECRETARIAL AUDIT REPORT

To,

The Members,

PHF Leasing LimitedJalandhar

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

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluatingthe corporate conducts, statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filedand other records maintained by the Company and also the information provided by theCompany, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2023 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) to the extent applicable: -

(a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing withclient;

(b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading)Regulations, 2015;

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

(e) The Securities and Exchange Board of India (Issue of Capital and DisclosureRequirements) Regulations, 2018.

(vi) The following regulations and guidelines of SEBI are not applicable to the Companyduring the period under review i.e. financial year ending 31.03.2023

(a) Securities and Exchange Board of India (Share Based Employee Benefits and SweatEquity) Regulations, 2021;

(b) The Securities and Exchange Board of India (Delisting of Equity Shares)Regulations, 2009;

(c) The Securities and Exchange Board of India (Buyback of Securities) Regulations,2018;

(d) The Securities and Exchange Board of India (Issue and Listing of Non-ConvertibleSecurities) Regulations, 2021.

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

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

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

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

(b) Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 including Scale Based Regulations with effect from 01.10.2022

We further report that:

(a) The Board of Directors of the Company is duly constituted with proper balance ofExecutive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place duringthe period under review were carried out in compliance with the provisions of the Act.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

(c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes, wherever applicable.

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

For Harsh Goyal & Associates
Company Secretaries

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

Place: Ludhiana

Date: 13.05.2023

UDIN: F003314E000301920

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

'ANNEXURE A'

To
The Members,
PHF Leasing Limited
Jalandhar

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Harsh Goyal & Associates
Company Secretaries

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

Place: Ludhiana

Date: 13.05.2023

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

Report on the Audit of the Financial Statements

OPINION

We have audited the accompanying financial statements of **PHF LEASING LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit / (loss), total comprehensive income / (loss), changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

OTHER MATTERS

The company has defaulted in repayment of loans or other borrowing or in the payment of interest thereon to one of the Director and its relatives (details as mentioned below). Based on the information and explanation provided by the management, the Company has asked the legal heirs to provide will or order from court containing details of legal heir, so that the dues can be paid. Although, the deposit can be transferred to the nominee as per the application form, but as per the information from Mr Chandan Chugh, one of the legal heirs of Late Mr. S D Chugh and also a Director of the Company, all the movable and immovable properties of Late Mr. S D Chugh are still under the process of settlement and nothing has been divided between the legal heirs. Accordingly, Company has freezed the deposit till Company receives orders of repayment from the appropriate authority to avoid any future claim/ liability from the legal heirs.

Nature of Borrowings	Name of Lender	Amount not paid on due date	Whether Principal or Interest	No. of days delay or unpaid
Deposits from Director	Late Sh. Shiv Dayal Chugh (including HUF)	Rs. 81.55 Lakhs	Principal & Interest	755 Days

Our opinion is not modified with respect to this matter.

KEY AUDIT MATTERS

S.No.	Key Audit Matter	Auditor's Response
1	**Impairment of loans and advances to customers** **Net charge – INR 39.53 Lakhs for the year ended 31st March, 2023** **Provision – INR 67.52 Lakhs as at 31st March, 2023** Recognition and measurement of impairment of loans and advances involve significant management judgement. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss ("ECL") estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECL are: • **Data inputs –** The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. • **Model estimations –** Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • **Economic scenarios –** Ind AS 109 requires the Company to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them, including changes to methodology. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, has a high degree of estimation uncertainty, with a potential range of	**Our key audit procedures included:** **Design / controls** We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. Key aspects of our controls testing involved the following: • Evaluating the appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our business understanding. • Understanding management's updated processes, systems and controls implemented in relation to impairment allowance process. • Testing the controls over validation, implementation, and model monitoring in line with the RBI guidance. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. • Testing the design and operating effectiveness of the key controls over the application of the staging criteria. • Testing the design and operating effectiveness of the key controls over modification of assets including identification/staging of the modified asset. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs or data used in assessment and identification of Significant Increase in

	reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. Management has made disclosures regarding ECL approach in the credit risk section of the Financial Statements *(Note 38(b))*. **Disclosures** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus.	Credit Risk ('SICR') and staging of the assets. • Testing management's controls on compliance with Ind AS 109 disclosures related to ECL. • Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations. **Substantive Tests** Key aspects of our testing included: • Assessing appropriate application of accounting principles (including criteria for SICR), validating completeness and accuracy of the data and reasonableness of assumptions used in the ECL model / calculations. • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied. • Performing test of details over calculation of ECL, in relation to the completeness, accuracy and relevance of data. • Test of details of post model adjustments, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The company's management and board of directors are responsible for the other information. The other information comprises the information included in Management Discussion and Analysis and Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit report of the financial statements, our responsibility is to read the other information identified above, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our work we have performed, we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

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

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

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

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

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

AUDITORS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL STATEMENTS

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

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

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

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, as applicable, read with relevant rules issued thereunder.
   e) On the basis of the written representation received from the Directors as on March 31, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2023 from being appointed as a Directors in terms of section 164(2) of the Act
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
   g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company does not have any pending litigations which would impact its financial position. Refer Note 40 to the Financial Statements.

      ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 5 to the financial statements. Further, Company is not having any derivative contracts.

      iii) There is no amount outstanding in the Company which is required to be transferred to the Investor Education and Protection Fund by the Company.

      iv) a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 53 to the Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

         b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 53 to the Financial Statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) Since, the Company has neither paid or declared any dividend during the year nor proposed any dividend for the year, hence, reporting requirement of clause (f) of rule 11 of the Companies (Audit and Auditors) Rules, 2014 are not applicable on the Company.

vi) As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

h) As required by section 197(16) of the Act, we report that the company has paid remuneration to its directors during the year in accordance with the provisions and limits laid down under section 197 read with schedule V to the act.

UDIN – 23529619BGTYAC5276

For GSA & Associates LLP
Chartered Accountants
Firm's Reg. No: 000257N/N500339

Tanuj Chugh
(Partner)
M. No.: - 529619

Place: New Delhi
Date: 13th May, 2023

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 of 'Report on Other Legal and Regulatory Requirements' section of our report of even date of **PHF LEASING LIMITED**)

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

i) In respect of its property, plant and equipment and intangible assets:

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

The Company has maintained proper records showing full particulars of intangible assets.

b) The property, plant and equipment and right-of-use assets were physically verified, other than assets lying with third parties, during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all such items at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and the records examined by us, the Company does not own any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee). Hence, reporting requirement of Clause 3(i)(c) of the Order is not applicable.

d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii) In respect of clause 3(ii), we state that:-

a) The Company is a financing company, primarily in the business of providing loans to its customers. Accordingly, it does not hold any physical inventories. Thus, the provision of Clause 3(ii)(a) of the Order is not applicable to the Company.

b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under Clause 3(ii)(b) of the Order is not applicable.

iii) The company has granted secured and unsecured loans to other parties during the year, in respect of which:-

a) Since the principal business of the Company is to give loans, hence, reporting requirements of Clause 3(iii)(a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms of all loans provided are not prejudicial to the company's interest.

c) According to the information and explanations given to us and based on the audit procedures performed by us, the schedule of repayment of principal and payment of interest has been stipulated by the Company for all the loans. Further, except for the instances where there are defaults in repayment of principal and/or interest in respect of which the Company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards "Ind AS" and the guidelines issued by the Reserve Bank of India "RBI" for Income Recognition and Asset Classification norms, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest. As of 31st March, 2023, overdue amount is INR 35.59 Lakhs which pertains to 333 borrowers.

d) According to the information and explanations given to us and based on the audit procedures performed by us, the Company has taken reasonable steps for recovery of principal and interest in all cases wherein amount is overdue. As of 31st March, 2023, overdue amount for more than 90 days is INR 22.64 Lakhs which pertains to 37 borrowers.

e) Since the principal business of the Company is to give loans, hence, reporting requirements of Clause 3(iii)(e) of the Order is not applicable.

f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under Clause 3(iii)(f) of the Order is not applicable.

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

iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transaction in respect of loan, guarantees and securities covered under section 185 of the Act. The Company has not made any investment as referred in section 186 (1) of the Act, accordingly other requirements relating to section 186 of the Act do not apply to the Company.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company. Hence, reporting under Clause 3(v) of the Order is not applicable.

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, and other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.

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

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

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

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

Nature of Borrowings	**Name of Lender**	**Amount not paid on due date**	**Whether Principal or Interest**	**No. of days delay or unpaid**
Deposits from Director	Shiv Dayal Chugh (including HUF)	Rs. 81.55 Lakhs	Principal & Interest	755 Days

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

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

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

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

x) With respect to Clause 3(x), we state that:-

a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under Clause 3(x)(a) of the Order is not applicable.

b) According to the information and explanations given to us, the Company has not made any private placement of shares or convertible debentures (fully or partly or optionally) whereas the Company has made preferential allotment of shares during the year & the requirements of Section 62 of the Companies Act, 2013 has been duly complied with.

In our opinion and according to the information and explanations given to us, the company has utilized funds raised by way of preferential allotment of shares for the purposes for which they were raised, except for the below mentioned sums which are received against allotment of shares on 31st March, 2023:

Nature of Securities	**Purpose for which funds are raised**	**Total Amount raised**	**Amount utilized for the other purpose**	**Unutilized balance as at balance sheet date***	**Remarks**
Equity Shares	For onward lending	Rs 758.41 Lakhs	Nil	Rs 758.41 Lakhs	Nil

*Funds amounting Rs. 569.81 have been temporarily invested in fixed deposits as on 31st March, 2023

xi) With respect to clause 3(xi), we state that:-

a) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c) In our opinion and according to the information and explanations given to us, no whistle blower complaints has been received by the Company during the year (and upto the date of this report).

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

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

xiv) With respect to Clause 3(xiv), we state that:-

a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

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

xvi) With respect to Clause 3(xvi), we state that:-

a) The Company is required to, and has been registered under section 45-IA of the Reserve Bank of India Act, 1934 as Non -Banking Financial Company vide registration No. 06.00124 dated 19th June 2007.

b) The Company is not a Housing Finance Company as defined in the regulations made by the Reserve Bank of India. Hence, reporting under this clause of the order are not applicable.

c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) and (d) of the order are not applicable.

xvii) The Company has neither incurred cash losses during the financial year & nor in the preceding financial year.

xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx) Since, the Company is not meeting threshold specified in section 135(1) of the Act, reporting requirements of Clause 3(xx)(a) and (b) of the Order with respect to Corporate Social Responsibility are not applicable on the Company.

UDIN – 23529619BGTYAC5276

For GSA & Associates LLP
Chartered Accountants
Firm’s Reg. No: 000257N/N500339

Tanuj Chugh
(Partner)
M. No.: - 529619

Place: New Delhi
Date: 13th May, 2023

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in clause (f) of paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **PHF LEASING LIMITED** as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

UDIN – 23529619BGTYAC5276

For GSA & Associates LLP
Chartered Accountants
Firm’s Reg. No: 000257N/N500339

Tanuj Chugh
(Partner)
M. No.: - 529619

Place: New Delhi
Date: 13th May, 2023

PHF Leasing Limited

Balance Sheet as at 31st March 2023

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

	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
	ASSETS			
(1)	**Financial Assets**			
(a)	Cash and Cash Equivalents	3	2240.06	869.39
(b)	Bank Balance other than cash and cash equivalent	4	7.00	-
(b)	Loans	5	7,888.38	4654.06
(c)	Investments	6	756.87	55.08
(d)	Other Financial Assets	7	658.90	294.00
(2)	**Non- Financial Assets**			
(a)	Current tax assets (Net)	8	9.85	3.90
(b)	Deferred tax assets (Net)	9	-	5.73
(c)	Property, Plant and Equipment	10	161.63	95.56
(d)	Right of Use assets	11	233.45	107.96
(e)	Other non-financial assets	12	70.29	23.00
	Total Assets		**12,026.44**	**6,108.68**
	LIABILITIES AND EQUITY			
	LIABILITIES			
(1)	**Financial Liabilities**			
(a)	Payables	13		
	(I) Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		134.58	31.97
	(II) Other Payables			
	(i) total outstanding dues of micro enterprises and small enterprises		8.01	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		100.39	44.23
(b)	Debt Securities	14	1678.53	1380.74
(c)	Borrowings (Other than Debt Securities)	15	3870.01	1990.23
(d)	Subordinated Liabilites	16	675.01	581.13
(e)	Deposits	17	2112.87	863.67
(f)	Lease Liabilities		253.20	115.90
(g)	Other financial liabilities	18	390.43	8.86
(2)	**Non- Financial Liabilities**			
(a)	Provisions	19	3.36	1.11
(b)	Deferred tax liablities (Net)	9	39.85	-
(c)	Other non-financial liabilities	20	36.47	15.78
(3)	**EQUITY**			
(a)	Equity Share capital	21	1238.68	550.00
(b)	Other Equity	22	1485.05	525.07
	Total Liabilites and Equity		**12,026.44**	**6108.68**
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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

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

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

Tanuj Chugh
Partner
Membership No: 529619
Place: New Delhi
Date: May 13,2023

Yaduvendra Mathur
Chairman
DIN:00307650
Place: Jaipur
Date: May 13,2023

Kumar Shalya Gupta
Managing Director and Chief Executive Officer
DIN:07553217
Place: Jalandhar
Date: May 13,2023

Vijay Kumar Sareen
Whole Time Director
DIN:07978240
Place: Jalandhar
Date: May 13,2023

Kuldip Bhandari
Chief Finance officer
Place: Jalandhar
Date: May 13,2023

Shikha Kapoor
Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 13,2023

PHF Leasing Limited
Statement of Profit and Loss for the period ended March 31,2023
(All amounts in Rupees in lacs, unless otherwise stated)

	Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
	Revenue from Operations			
(i)	Interest Income	23	1773.58	855.20
(ii)	Dividend Income		0.10	0.07
(I)	**Total Revenue from Operations**		**1773.68**	**855.27**
(II)	Other Income	24	1.06	8.17
(III)	**Total Income**		**1774.74**	**863.44**
	Expenses			
(i)	Finance Costs	25	773.43	424.30
(ii)	Impairment on financial instruments	26	39.53	(22.51)
(iii)	Employee Benefits Expenses	27	414.38	271.10
(iv)	Depreciation, amortization and impairment	28	41.67	21.33
(v)	Others expenses	29	361.16	152.75
(IV)	**Total Expenses**		**1630.18**	**846.97**
(V)	Profit/ (Loss) before exceptional and extraordinary items and tax		144.57	16.47
(VI)	Exceptional items		-	75.00
(VII)	Profit/ (Loss) before tax		144.57	91.47
(VIII)	Tax Expense:			
	(1) Current Tax	8	-	(12.20)
	(2) Deferred Tax credit/(Charge)	9	(39.45)	(8.37)
	(3) Earlier year tax adjusments		10.53	-
(IX)	**Profit/ (Loss) for the period**		**115.65**	**70.90**
(X)	**Other Comprehensive Income**			
	(A) (i) Items that will not be reclassified to profit or loss			-
	Net gain on equity instrument designated at FVTOCI. (Shares in Capital Small Finance Bank)		16.84	5.20
	Income tax relating to items that will not be reclassified to profit or loss		(3.37)	0.24
			13.48	**5.44**
	(B) (i) Items that will be reclassified to profit or loss			
	Re-measurement losses on defined benefit plans		10.94	(0.54)
	Income tax relating to items that will be reclassified to profit or loss		(2.75)	0.00
			8.18	**(0.54)**
	Total Other Comprehensive Income		21.66	**4.90**
(XI)	**Total Comprehensive Income / (Loss) for the period(Comprising Profit (Loss) and other Comprehensive Income for the period)**		**137.31**	**75.80**
(XII)	**Earnings per equity share**	30		
	Basic (Rs.)		2.08	2.04
	Diluted (Rs.)		2.08	2.04
	Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

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

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

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

Tanuj Chugh
Partner
Membership No: 529619
Place: New Delhi
Date: May 13,2023

Yaduvendra Mathur
Chairman
DIN:00307650
Place: Jaipur
Date: May 13,2023

Kumar Shalya Gupta
Managing Director and Chief Executive Officer
DIN:07553217
Place: Jalandhar
Date: May 13,2023

Vijay Kumar Sareen
Whole Time Director
DIN:07978240
Place: Jalandhar
Date: May 13,2023

Kuldip Bhandari
Chief Finance officer
Place: Jalandhar
Date: May 13,2023

Shikha Kapoor
Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 13,2023

PHF Leasing Limited
Statement of changes in equity for the year ended March 31, 2023
(All amounts in Rupees in lacs, unless otherwise stated)

(A) Equity share capital

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Equity shares of [Rs.10] each subscribed and fully paid				
Opening	5500000	550.00	2987800	298.78
Add: issued & subscribed during the year	6886830	688.68	2512200	251.22
Closing	**12386830**	**1238.68**	**5500000**	**550.00**

(B) Other equity

April 1, 2022 to March 31, 2023

Particulars	Reserve and surplus					Items of OCI		Total
	General Reserve	Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	Other Reserves (shares forefeited)	Other Reserves (investment reserve)	Retained Earnings	FVTOCI Reserve	Share Premium	
Balance at the beginning of the reporting period	29.38	133.14	-	-	92.49	23.96	246.10	**525.07**
Profit/Loss for the year	-	-	-	-	115.65	-	-	**115.65**
Other comprehensive income	-	-	-	-	-	21.66	-	**21.66**
Transfer to Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	-	23.13	-	-	(23.13)	-	-	**-**
Total other comprehensive income for the year	**-**	**23.13**	**-**	**-**	**92.52**	**21.66**	-	**137.31**
Addition during the year	-	-	-	-	-	-	826.42	**826.42**
Less: Expenses during the year	-	-	-	-	-	-	(3.75)	**(3.75)**
Balance at the end of the reporting period	**29.38**	**156.27**	**-**	**-**	**185.02**	**45.62**	**1068.76**	**1485.05**

April 1, 2021 to March 31, 2022

Particulars	Reserve and surplus					Items of OCI		Total
	General Reserve	Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	Other Reserves (shares forefeited)	Other Reserves (investment reserve)	Retained Earnings	FVTOCI Reserve	Share Premium	
Balance at the beginning of the reporting period	29.38	118.96	0.00	0.00	35.77	19.06	-	**203.17**
Profit/Loss for the year					70.90	-	-	**70.90**
Other comprehensive income	-	-	-	-	-	4.90	-	**4.90**
Transfer to Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)	-	14.18	-	-	(14.18)	-	-	**-**
Total other comprehensive income for the year	**-**	14.18	**-**	**-**	**56.72**	**4.90**	-	**75.80**
Addition during the year							251.22	**251.22**
Less: Expenses during the year							(5.13)	**(5.13)**
Balance at the end of the reporting period	**29.38**	**133.14**	**0.00**	**0.00**	**92.49**	**23.96**	**246.10**	**525.07**

The accompanying notes are an integral part of the financial statements

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

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

Tanuj Chugh
Partner

Membership No: 529619

Place: New Delhi
Date: May 13,2023

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

Yaduvendra Mathur
Chairman
DIN:00307650
Place: Jaipur
Date: May 13,2023

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Chief Finance officer
Place: Jalandhar
Date: May 13,2023

Shikha Kapoor
Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 13,2023

PHF Leasing Limited

Statement of cash flows for the year ended 31st March 2023

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from operating activities		
Profit/(Loss) before tax	144.57	16.47
Adjustments for:		
Depreciation and amortization expenses	41.67	21.33
Impairment on financial instruments	39.53	(22.51)
Loss/ (Profit) on sale of assets	-	-
Finance cost	773.43	424.30
Dividend income	(0.10)	(0.07)
Gain/(Loss) on Lease Modification	-	(2.46)
Interest income	(1773.58)	(855.20)
	(774.48)	**(418.13)**
Operating Loss before working capital changes and adjustments for interest received, interest paid and dividend received		
Changes in working capital		
Increase/(Decrease) in trade payables	123.31	20.07
Increase/(Decrease) in other payables	64.17	16.44
Increase in other financial liabilities	381.57	5.25
Increase in loans	(3,234.32)	(2,015.40)
Increase in other non-financial assets	(47.29)	(2.96)
(Increase)/ Decrease in other financial assets	(364.89)	(176.32)
Cash used in operations before adjustments for interest received, interest paid and dividend received	**(3,851.94)**	**(2,571.06)**
Interest paid	(794.24)	(396.71)
Interest received	1795.92	855.20
Dividend received	0.10	0.07
Cash used in operations	**(2,850.15)**	**(2,112.50)**
Income tax paid	(9.85)	(16.11)
Net cash flows (used in)/ from operating activities (A)	**(2,860.00)**	**(2,128.61)**
Extraordinary Item	**-**	**75.00**
Net cash flows (used in)/ from operating activities (A)	**(2,860.00)**	**(2,053.61)**
Cash flow from Investing activities		
Payment for property, plant and equipment	(79.76)	(87.36)
Investment in government securities/FDR	(701.80)	(5.00)
Deletion of ROU	-	-
Net proceeds from fixed assets	-	-
Interest received	-	-
Net cash flow used in investing activities (B)	**(781.56)**	**(92.36)**
Cash flow from Financing activities		
Proceeds from Issue of Equity	1515.10	497.32
Proceeds/(repayment) from issue of debt securities	297.79	372.06
	1879.78	1028.85
Proceeds/(repayment) from Borrowings other than debt securities issued		
Proceeds from Subordinated Liabilites	93.87	581.13
Proceeds from issue of deposits	1249.20	328.67
Payment of lease liabilities	(16.52)	(10.03)
Net cash flow from financing activities (C)	**5,019.23**	**2,798.01**
Net increase in cash and cash equivalents (A+B+C)	1377.66	652.04
Cash and cash equivalents at the beginning of the year	869.39	217.34
Cash and cash equivalents at the end of the year	**2247.06**	**869.39**

PHF Leasing Limited
Statement of cash flows for the year ended 31st March 2023
(All amounts in Rupees in lacs, unless otherwise stated)

Cash and cash equivalents comprise (Refer note 3)

Cash on hand	20.44	18.01
Balances with banks	948.25	52.12
Deposits with original maturity of less than three months	1271.37	799.26
Bank Balance other than cash and cash equivalent	7.00	-
Total cash and bank balances at end of the year	**2247.06**	**869.39**

Notes:

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

For the year ended March 31, 2023

Particulars	**Debt securities**	**Borrowings (other than debt securities)**	**Deposits**	**Lease liabilities**
Opening balance as at April 1, 2022	1380.74	1990.23	863.67	115.90
Cash flows during the year	297.79	1879.78	1249.20	(16.52)
Non-cash changes due to				
- Acquisitions under finance lease	-	-	-	153.82
- Deletions under finance lease	-	-	-	-
Closing balance as at March 31, 2023	**1678.53**	**3870.01**	**2112.86**	**253.19**

For the year ended March 31, 2022

Particulars	**Debt securities**	**Borrowings (other than debt securities)**	**Deposits**	**Lease liabilities**
Opening balance as at April 1, 2021	1008.67	961.37	535.00	98.49
Cash flows during the year	372.06	1028.85	328.67	(10.03)
Non-cash changes due to				
- Acquisitions under finance lease	-	-	-	38.83
- Interest on debt securities/ Borrowings/ deposits / lease liabilities	-	-	-	(11.39)
Closing balance as at March 31, 2022	**1380.74**	**1990.23**	**863.67**	**115.90**

The accompanying notes are an integral part of the financial statements

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

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

Tanuj Chugh
Partner
Membership No: 529619

Place: New Delhi
Date: May 13,2023

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

Yaduvendra Mathur
Chairman
DIN:00307650
Place: Jaipur
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Date: May 13,2023

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Company Secretary
Membership No: A19146
Place: Jalandhar
Date: May 13,2023

1 General Information

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

The financial statements of the Company for the year ended March 31, 2023 were approved for issue in accordance with the resolution of the Board of Directors on May 13, 2023.

2 Significant accounting policies

Significant accounting policies adopted by the company are as under:

2.1 Basis of Preparation of Financial Statements

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

(a) **Statement of Compliance with Ind AS**

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

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

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

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

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

(b) **Basis of measurement**

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

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

(c) Use of estimates

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

2.2 Property, plant and equipment

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

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

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

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

Depreciation methods, estimated useful lives

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

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

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

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

2.3 Foreign Currency Transactions

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

2.4 Leases

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

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

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

Company as a lessee

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

i)Right-of-use assets

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

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

ii)Lease Liabilities

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

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

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

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

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

2.5 Revenue Recognition

Interest Income

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

The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

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

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

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

Dividend Income

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

Fees & Commission Income

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

Net gain/loss on fair value changes

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

Net gain/loss on derecognition of financial instruments under amortised cost category

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

Other Income

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

2.6 Finance Costs

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

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

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

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

2.7 Taxation

Current income tax

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

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences except:
• When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
• When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

2.8 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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

2.9 Provisions and contingent liabilities

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

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

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

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

2.10 Cash and cash equivalents

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

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

2.11 Financial instruments

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

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

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

Business model assessment

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

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

• How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel

• The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed

• How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)

• The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets goingforward.

The Solely Payments of Principal and Interest (SPPI) test

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

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

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

Financial assets measured at amortised cost

Debt instruments

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

Debt instruments are measured at amortised cost where they have:

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

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

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

Financial assets measured at fair value through other comprehensive income

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

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

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

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

Items at fair value through profit or loss

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

Financial liabilities

Initial recognition and measurement

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

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

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

Financial liabilities at fair value through profit or loss

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

Debt securities and other borrowed funds

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

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

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

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

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

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

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

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

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

Stage 2
All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

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

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

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

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

Write-off
Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the income statement.

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

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

2.12 Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

► Level 1 — Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date

► Level 2 — Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3

► Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Company's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments.

The Company estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself.

2.13 Retirement and other employee benefits

Short term employee benefit

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. These benefits include short term compensated absences such as paid annual leave. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as anexpense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated years mentioned under 'The Payment of Gratuity Act, 1972'. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation, carried out by an independent actuary at each Balance Sheet date, using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, attrition rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The Company fully contributes all ascertained liabilities to The LIC fund.

Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

2.14 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.16 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognize deferred tax assets on the tax losses carried forward except for the unabsorbed depreciation.

(b) Defined benefit plans (gratuity benefits)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis.

Judgements

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test . The Company determines the business model at a level that reflects how Companys of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company’s continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets

(b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

(c) Effective Interest Rate (EIR) method

The Company's EIR methodology, as explained, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

(d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. However, the fair value of collateral affects the calculation of ECLs. To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as vehicles, is valued based on data provided by third parties or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of assets in its portfolio and generally disposes such assets through auction, to settle outstanding debt. The Company generally does not use the assets repossessed for the internal operations.

The underlying loans in respect of which collaterals have been repossessed and not sold for more than 12 months are considered as Stage 3 assets and fully provided for net of estimated realizable value or written off. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet as it does not meet the recognition criteria in other standards and consequently the Company also does not derecognise the underlying financial asset immediately on repossession.

(e) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates

2.17 Operating segments

The Company's main business is financing by way of loans for retail and corporate borrowers in India. The Company's operating segments consist of "Financing Activity" and "Others". All other activities of the Company revolve around the main businesses. This in the context of Ind AS 108 – operating segments reporting are considered to constitute reportable segment. The Chief Operating Decision Maker (CODM) of the Company is the Board of Directors. Operating segment disclosures are consistent with the information reviewed by the CODM.

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the company's other components, and for which discrete financial information is available. Accordingly, all operating segment's operating results of the Company are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance.

The "Financing Activity" segment consists of vehicle financing, term loans (corporate and retail).

Revenue and expense directly attributable to segments are reported under each operating segment. Expenses not directly identifiable to each of the segments have been allocated to each segment on the basis of associated revenues of each segment. All other expenses which are not attributable or allocable to segments have been disclosed as un-allocable expenses.

Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

2.18 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness). Such accounts are classified as stage 3 immediately upon such modification in the terms of the contract.

Not all changes in terms of loans are considered as renegotiation and changes in terms of a class of obligors that are not overdue is not considered as renegotiation and is not subjected to deterioration in staging

3 Cash and Cash Equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Cash in hand	20.44	18.01
Balances with banks	948.25	52.12
Deposits with original maturity of less than three months	1271.37	799.26
	2240.06	**869.39**

4 Bank Balance other than cash and cash equivalent

Particulars	As at March 31, 2023	As at March 31, 2022
Fixed deposits (with original maturity more than twelve months)	7.00	-
Total other bank balances	**7.00**	**-**

Balances with banks earn interest at fixed rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

5 Loans

Particulars	As at March 31, 2023	As at March 31, 2022
(A) (i) Term loans*	82.53	418.40
(ii) Others		
(a) Hypothecation loans	3,527.95	2709.43
(b) Repossessed Vehicles	28.82	65.63
(c) Loan against Property	2796.32	541.80
(d) MSME Loan**	772.20	385.34
(e) Direct Assignment	748.08	581.74
Total (A) -Gross	**7,955.90**	**4,702.35**
Less:Impairment loss allowance	67.52	48.29
Total (A) - Net	**7,888.38**	**4,654.06**
(B) (i) Secured by tangible assets	7,955.90	4702.35
(ii) Unsecured	-	-
Total (B)-Gross	**7,955.90**	**4,702.35**
allowance	67.52	48.29
Total (B)-Net	**7,888.38**	**4,654.06**
(C) (I) Loans in India		
(i) Public Sector	-	-
(ii) Others		
Retail Loans	7,873.37	4,283.95
Corporate Loans	82.53	418.40
Total (C)- Gross	**7,955.90**	**4,702.35**
Less: Impairment loss allowance	67.52	48.29
Total(C) (I)-Net	**7,888.38**	**4,654.06**
(C) (II)Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (C) (II)- Net	-	-
Total C(I) and C(II)	**7,888.38**	**4654.06**

*** This includes the adjustment of First Loss Default Guarantee (FLDG) amounting to INR 21.00 lacs for March 31, 2023 & INR 79.20 Lacs for March 31,2022.**

**** This includes the adjustment of First Loss Default Guarantee (FLDG) amounting to INR 21.00 lacs for March 31, 2022.**

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

6 Investments

Particulars	As at March 31, 2023 Amortised cost	As at March 31, 2023 At Fair value through Other Comprehensive Income	As at March 31, 2023 Total	As at March 31, 2022 Amortised cost	As at March 31, 2022 At Fair value through Other Comprehensive Income	As at March 31, 2022 Total
Government securities	19.08	-	**19.08**	19.08	-	**19.08**
Equity instruments	-	47.84	**47.84**	-	31.00	**31.00**
Investment in Midland Microfin	223.71	-	**223.71**	-	-	
Investment on Securities Receipts with ARC	463.25	-	**463.25**	-	-	
Fixed Deposit with other NBFC	3.00	-	**3.00**	5.00	-	**5.00**
Total - Gross	**709.03**	**47.84**	**756.87**	**24.08**	**31.00**	**55.08**
(i) Investments outside India	-	-	-	-	-	-
(ii) Investments in India	709.03	47.84	**756.87**	24.08	31.00	**55.08**
Total - Gross	**709.03**	**47.84**	**756.87**	**24.08**	**31.00**	**55.08**
Less: Allowance for Impairment loss/ Provision of Depreciation on investments	-	-	-	-	-	-
Total - Net	**709.03**	**47.84**	**756.87**	**24.08**	**31.00**	**55.08**

Foot Notes

i. Details of investments

Particulars	Face Value (in Rs.)	Number of units As at March 31, 2023	Number of units As at March 31, 2022	Amount As at March 31, 2023	Amount As at March 31, 2022
(A) Investments in Government or Trust securities - at cost					
6.01% GOI Securities 2028	100	7,800	7,800	7.79	7.79
6.30% GOI Securities 2023	100	9,400	9,400	9.22	9.22
6.17% GOI Securities 2028	100	2,000	2,000	2.07	2.07
(B) Investment in Equity instruments - at FVTOCI					
(Capital Small Finance Bank Ltd.)					
10,237 equity shares of Rs 467.35 each	10	10,237	10,237	47.84	31.00
		29,437	**29,437**	**66.93**	**44.88**

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

		As at March 31, 2023	As at March 31, 2022
7	**Other financial assets**		
	Advances to Vehicle dealers	469.94	274.36
	Interest accrued on:		
	- Fixed deposits	4.28	4.11
	- MPSEB Bonds	5.35	5.94
	- Bonds & GOI Securities	1.41	0.30
	Security Deposits	9.92	3.35
	Interest strip asset on assignment	150.97	-
	Other financial assets	17.02	5.94
		658.90	**294.00**

		As at March 31, 2023	As at March 31, 2022
8	**Current tax assets**		
	Advance income tax [net of provision]	9.85	3.90
		9.85	**3.90**

		As at March 31, 2023	Charge/(Benefit) during the year	As at March 31, 2022
9	**Deferred tax assets (Net)**			
	Deferred tax relates to the following:			
	Deferred tax assets			
	On property, plant and equipment	(4.00)	2.35	(1.65)
	On lease liabilities (net)	4.97	(3.15)	1.82
	On Impairment on financial instruments	16.99	(5.95)	11.05
	Provision for Leave Encashment	(0.85)	0.59	(0.25)
	Gain on derecognition of financial assets	(45.61)	45.61	0.00
		(28.49)	**39.45**	**10.96**
		-	-	-
	Gross deferred tax assets	**(28.49)**	**39.45**	**10.96**
	Deferred tax liabilities			
	On Items recognised in OCI	11.35	6.12	5.23
	Gross deferred tax liabilities	**11.35**	**6.12**	**5.23**
	Net Deferred tax Asset	**(39.85)**	**45.57**	**5.73**

The components of income tax expense for the year ended March 31, 2023 and March 31, 2022 are:

	Year ended March 31, 2023	Year ended March 31, 2022
Current tax	-	(12.20)
Deferred Tax(Credit)/ Charge relating to origination and reversal of temporary differences	(56.11)	(8.13)
Earlier year tax adjustments	10.53	-
	(45.57)	**(20.33)**

Reconciliation of the total tax charge:

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Indian corporate tax rate.

A reconciliation between the tax expense and the accounting profit multiplied by India’s domestic tax rate for the year ended March 31, 2023 and year ended March 31, 2022 is, as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax	**144.57**	**91.47**
At India’s statutory income tax rate of 25.168%	(36.38)	(23.02)
Non-deductible expenses		-
Donation not allowable for tax purpose	-	0.00
Interest on delayed payments to MSME	-	0.00
Others	(9.19)	2.69
Income tax expense reported in the statement of profit and loss	**(45.57)**	**(20.33)**

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

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

10 Property, Plant and Equipment-Tangible assets

	Gross block				Depreciation				Net block	
	As at April 01, 2022	Additions	Deductions	Up to March 31, 2023	As at April 01, 2022	For the period	On Deductions	Up to March 31, 2023	As at March 31,2022	As at March 31, 2023
Owned assets										
Leasehold Improvements	43.21	31.46	0.00	74.67	0.36	0.85	0.00	1.21	42.85	73.46
Furniture and fixtures	33.54	15.20	0.00	48.75	3.37	3.67	0.00	7.03	30.18	41.71
Vehicles	7.28	0.35	0.00	7.63	3.57	0.58	0.00	4.15	3.70	3.48
Office equipments	2.15	1.01	0.00	3.17	1.43	0.14	0.00	1.57	0.72	1.60
Electical Equipments	8.85	9.58	0.00	18.43	1.07	1.18	0.00	2.25	7.78	16.18
Computers	14.58	22.15	0.00	36.73	4.27	7.27	0.00	11.54	10.31	25.19
Total	**109.61**	**79.76**	**0.00**	**189.38**	**14.05**	**13.70**	**0.00**	**27.75**	**95.54**	**161.63**

11 Right of Use assets

	Gross block				Amortization				Net block	
	As at April 01, 2022	Additions/ Adjustments	Deductions/ Adjustments	Up to March 31, 2023	As at April 01, 2022	For the year	On Deductions/ Adjustments	Up to March 31, 2023	As at March 31,2022	As at March 31, 2023
Office builidings	136.04	153.47	1.78	287.73	28.09	27.97	1.78	54.28	107.95	233.45
Total	**136.04**	**153.47**	**1.78**	**287.73**	**28.09**	**27.97**	**1.78**	**54.28**	**107.95**	**233.45**

(i) No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
(ii) The Company does not own any immovable property (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee).
(iii) No revaluation made during the year and previous year.

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

12 Other non financial assets

	As at March 31, 2023	As at March 31, 2022
Prepaid Expenses	33.02	11.20
Other non-financial assets	34.35	2.31
Taxes and Duties	2.92	9.50
	70.29	**23.00**

13 Payables

	As at March 31, 2023	As at March 31, 2022
(I) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	134.58	31.97
	134.58	**31.97**
(II) Other payables		
(a) Total outstanding dues of micro enterprises and small enterprises	8.01	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Employee Related Payable	77.97	33.70
- Other Payables	22.42	10.53
	100.39	**44.23**

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

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	-	-
Interest	-	-
Total	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day	-	-
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section	-	-

Trade Payables Ageing schedule

As at 31 March 2023

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

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled Dues	Less than 1 year	1-2 years	2-3 years	More than 3 years	
i. MSME	-	-	-	-	-	-
ii. Others	-	31.97	-	-	-	31.97
iii. Disputed Dues - MSME	-	-	-	-	-	-
iv. Disputed Dues - Others	-	-	-	-	-	-

PHF Leasing Limited
Notes forming part of the Financial Statements for the period ended March 31,2023
(All amounts in Rupees in lacs, unless otherwise stated)

14 Debt Securities

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Debentures	1678.53	1380.74
Debentures Application money pending allotment	-	-
Total (A)	**1678.53**	**1380.74**
Debt securities in India	1678.53	1380.74
Debt securities outside India	-	-
Total (B)	**1678.53**	**1380.74**

Terms and conditions:
Redeemable non-covertible debentures (NCD) -Secured of Rs.1000/- each
Nature of Security: Secured on Book Debts

Terms of repayment as on March 31, 2023

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12.25%	
Over 60 months	-	1161.03	**1161.03**
48-60 months	-	353.70	353.70
36-48 months	-	-	-
24-36 months	4.34	-	4.34
12-24 months	-	-	-
Upto 12 months	-	159.45	159.45
Total	**4.34**	**1674.18**	**1678.53**

Terms of repayment as on March 31, 2022

Repayment terms	Rate of interest		Total
	<10%	>=10%<=12%	
Over 60 months	3.25	1117.94	**1121.19**
48-60 months	-	31.63	**31.63**
36-48 months		79.07	**79.07**
24-36 months	-	-	**-**
12-24 months	148.86	-	**148.86**
Total	152.11	1228.63	**1380.74**

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

15 Borrowing (Other than Debt Securities)

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost (Secured)		
(a)Term loans/Cash Credit limit		
(i)from banks - Over draft	394.45	179.27
(ii)from banks - Term Loan from SBI	1500.00	-
(iii)from corporates -INR	1975.56	1810.96
Total (A)	**3870.01**	**1990.23**
Borrowings in India	3870.01	1990.23
Borrowings outside India	-	-
Total (B)	**3870.01**	**1990.23**

PHF Leasing Limited
Notes forming part of the Financial Statements for the period ended March 31,2023
(All amounts in Rupees in lacs, unless otherwise stated)

As at March 31,2023

A Term loans from banks -secured (INR)

Terms of repayment

Nature	Rate of interest	Repayment details	Amount
Cash Credit	13.50%	On the basis of working capital needs	-
Over Draft	6.75%	On the basis of working capital needs	394.45
Term Loan	10.80%	On the basis of working capital needs	1500.00
Total			**1894.45**

Nature of security

Hypothecation of hire purchase stock of company & book debt arising out of genuine trade transaction not older than 90 days. Additional charge on property situated at Kutbewal, Tehsil : Pillaur

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

B Term loans from corporates -secured (INR)

Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Total
36-48 Months	12% to 15%	To be paid on 05/11/21/25th of every months	39.58
24-36 months	12% to 15%	To be paid on 05/11/21/25th of every months	159.52
12-24 months	12% to 15%	To be paid on 05/11/21/25th of every months	717.58
upto 12 months	12% to 15%	To be paid on 05/11/21/25th of every months	1058.89
Total			**1,975.56**

Nature of security: Exclusive hypothecation of loans receivables.

As at March 31, 2022

A Term loans from banks -secured (INR)

Terms of repayment

Nature	Rate of interest	Repayment details	Amount
Cash Credit	13.50%	On the basis of working capital needs	0.00
Over Draft	6.75%	On the basis of working capital needs	179.27
Total			179.27

Nature of security

Hypothecation of hire purchase stock of company & book debt arising out of genuine trade transaction not older than 90 days. Additional charge on property situated at Kutbewal, Tehsil : Pillaur

B Term loans from corporates -secured (INR)

Terms of repayment

Tenure (from the date of the Balance Sheet)	Rate of interest	Repayment details	Total
36-48 Months	12% to 15%	To be paid on 11/21/25th of every months	6.68
24-36 months	12% to 15%	To be paid on 11/21/25th of every months	108.94
12-24 months	12% to 15%	To be paid on 11/21/25th of every months	777.21
upto 12 months	12% to 15%	To be paid on 11/21/25th of every months	917.93
Total			**1,810.76**

Nature of security: Exclusive hypothecation of loans receivables.

Additional Notes

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

16 Subordinated Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
At amortised cost		
Subordinated Debentures	675.01	581.13
Total (A)	**675.01**	**581.13**

Terms of repayment as on March 31, 2023

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

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

17 Deposits

Particulars	As at March 31, 2023	As at March 31, 2022
At Amortised Cost (Unsecured)		
(i) Public Deposits	-	-
(ii)From Corporates	1898.42	702.67
(iii)From Director and its related party	214.45	161.00
	2112.87	**863.67**

As at March 31, 2023

A Deposits from public - unsecured
Outstanding as on March 31, 2023 : Nil

B Deposits from Corporates - unsecured
Outstanding as on March 31, 2023: INR 1898.42 lacs
Terms of repayment: Repayable on demand
Rate of Interest: 11% p.a~12% p.a

C Deposits from directors and its related parties - unsecured
Outstanding as on March 31, 2023: INR 214.45 lacs
Terms of repayment: Repayable on demand
Rate of Interest: 11% p.a~12% p.a

As at March 31, 2022

A Deposits from public - unsecured
Outstanding as on March 31, 2022 : Nil
Rate of Interest: 11% p.a

B Deposits from directors and its related parties - unsecured
Outstanding as on March 31, 2022 : INR 161.00 lacs
Rate of Interest: 12% p.a

C Deposits from Corporates - unsecured
Outstanding as on March 31, 2022 : 702.67 lacs
Terms of Repayment: Repayable on Demand
Rate of Interest: 11% p.a - 12% p.a.

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

18 Other Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Accrued Interest	12.05	3.76
Unpaid Dividends*	-	0.15
Other financial liabilities	378.38	4.95
	390.43	**8.86**

* As per section 124(5) of the Companies Act, the dividend which remains unpaid / unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred by the Company to Investor Education and Protection Fund. The Company has transferred the amount of INR 14,958 to such fund on Oct.27,2022.

19 Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Employee Benefits	3.36	1.11
Provision for Income Tax	-	-
	3.36	**1.11**

20 Other Non-Financial Liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory Due Payable	36.47	15.78
	36.47	**15.78**

PHF Leasing Limited
Notes forming part of the Financial Statements for the period ended March 31,2023
(All amounts in Rupees in lacs, unless otherwise stated)

21 Equity Share capital

	As at March 31, 2023	As at March 31, 2022
Authorized		
1,50,00,000 (March 31, 2022: 1,00,00,000) equity shares of Rs. 10/- each	1500.00	1000.00
	1500.00	**1000.00**
Issued		
12,401,330 (March 31, 2022: 55,14,500) equity shares of Rs. 10/- each	1240.13	551.45
	1240.13	**551.45**
Subscribed and fully paid-up shares		
12,386,830 (March 31, 2022: 55,00,000) equity shares of Rs. 10/- each	1238.68	550.00
	1238.68	**550.00**

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

	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning of the year	5,500,000	550.00	2,987,800	**298.78**
Add: Issued & subscribed during the year	6,886,830	688.68	2,512,200	251.22
Outstanding at the end of the year	**12,386,830**	**1238.68**	**5,500,000**	**550.00**

(b) **Rights, preferences and restrictions attached to shares**

The PHF leasing Ltd has only one class of equity shares having par value of Rs. 10 per share. Each shareholder is entitled to one vote per share held. The PHF Leasing Ltd declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the PHF Leasing Ltd , the holders of equity shares will be entitled to receive remaining assets of the PHF Leasing Ltd, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) The company has not alloted any equity shares as fully paid up by the way of bonus shares or other than consideration in cash in the last 5 years.

(d) **Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	Number of shares	% of holding in the class	Number of shares	% of holding in the class
Nitika Shikha Chugh	679,980	5.49%	679,980	12.36%
Agile Finserv Pvt.Ltd.	2,188,200	17.67%	1,088,200	19.79%
Hamco Ispat Private Ltd.	950,000	7.67%	450,000	8.18%
Shant kumar Gupta (HUF)	359,770	2.90%	359,770	6.54%
Nalini Rampilla	700,000	5.65%	500,000	9.09%
Kalyana Chakravarthy Pilla	700,000	5.65%	500,000	9.09%
Glosec Sub Broker and Marketing Services	844,600	6.82%	434,700	7.90%
Insta Apphanced Private Limited	725,150	5.85%	57,450	1.04%

(e) **Promoter shareholding**

S.No.	Promoter Name	As at 31st Mar, 2023		As at 31st Mar, 2022		%Change during the year
		No. of Shares	% shareholding	No. of Shares	% shareholding	
1	Chandan Chugh	20,000	0.16%	20,000	0.36%	0.00%
2	Rohin Chugh	-	-	20,000	0.36%	-100.00%
3	Nitika Shikha Chugh	679,980	5.49%	679,980	12.36%	100.00%

S.No.	Promoter Name	As at 31st Mar, 2022		As at 31st Mar, 2021		%Change during the year
		No. of Shares	% shareholding	No. of Shares	% shareholding	
1	Shiv Dyal Chugh	-	-	639,980	21.42%	-100.00%
2	Chandan Chugh	20,000	0.36%	20,000	0.67%	0.00%
3	Rohin Chugh	20,000	0.36%	20,000	0.67%	0.00%
4	Nitika Shikha Chugh	679,980	12.36%	-	-	100.00%

As per records of the PHF Leasing Ltd , including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

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

		As at March 31, 2023	As at March 31, 2022
22	**Other Equity**		
(a)	**General Reserve**		
	Opening balance	29.38	29.38
	Add: Transferred from retained earnings	-	-
	Closing balance	**29.38**	**29.38**
(b)	**Statutory Reserve (Pursuant to Section 45-IC of The RBI Act, 1934)**		
	Opening balance	133.14	118.96
	Add: Transferred from retained earnings	23.13	14.18
	Closing balance	**156.27**	**133.14**
(e)	**Other comprehensive income**		
	Opening balance	23.96	19.06
	Add: Net gain on equity instrument designated at FVOCI	13.48	5.44
	Add: Remeasurement gain/(loss) on defined benefit plan (net of tax)	8.18	(0.54)
	Closing balance	**45.62**	**23.96**
(f)	**Share Premium acount**		
	Opening balance	246.10	0.00
	Add: Shares during the year	826.42	251.22
	Less: Expenses during the year	(3.75)	(5.13)
	Closing balance	**1068.76**	**246.10**
(f)	**Retained earnings**		
	Opening balance	92.49	35.77
	Add: Net Profit/(Net Loss) for the current year	115.65	70.90
	Add /(Less): Appropriations		
	Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(23.13)	(14.18)
	Closing balance	**185.02**	**92.49**
	Total Reserves and surplus	**1485.05**	**525.07**

Nature and purpose of reserves

(a) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

(b) Statutory Reserve (Pursuant to Section 45-IC of The RBI

Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twentyone days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

(c) Investment reserve

From time to time, the company has purchased securities for complying with the SLR requirement as prescribed under section 451B of The Reserve Bank of India Act,1934. Since the purchase of securities are either at premium or at discount, the company has followed policy of discounting the securities at Face Value, the difference so arisen is credited to Profit & Loss account on proportionate basis by taking into account the year of redemption of security. The SLR securities have been remeasured at Purchase value in the Financial Year 2020-21.

(d) Other comprehensive income

The Company is a shareholder of Capital Small finance Bank Ltd. (CSFB) holding 10,237 equity shares of Rs. 10/- each. The Company purchased 9307 shares at Rs. 20/- per share which were recorded at Rs. 186,140/- in the Balance sheet.

Capital Small Finance Bank Ltd. has granted ESOP as per the ESOP Valuation Report dated May 02, 2022. The Fair Valur per Equity Share as on 31.12.2021 as per ESOP Valuation Report is Rs. 467/-. The same value has been taken by the company for recording the shares at Fair value which is as per guidance provided under Ind As 109 as applicable to the company.

Therefore, OCI reserve was created with the differential amount in accordance with Ind AS 109.

Other comprehensive income also includes Remeasurement gain/(loss) on defined benefit plan: Re-measurement, comprising of actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

(e) Retained earnings

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

PHF Leasing Limited
Notes forming part of the Financial Statements for the period ended March 31,2023
(All amounts in Rupees in lacs, unless otherwise stated)

23 Interest Income

	Year ended March 31, 2023			Year ended March 31, 2022		
Particulars	**Interest Income on Financial Assets classified at fair value through other comprehensive income**	**On Financial Assets measured at Amortised Cost**	**Total**	**Interest Income on Financial Assets classified ay fair value through other comprehensive income**	**On Financial Assets measured at Amortised Cost**	**Total**
Interest on Loans	-	1377.26	**1377.26**	-	796.17	796.17
Interest income from investments	-	2.37	**2.37**	-	1.18	1.18
Interest on deposits with Banks	-	22.56	**22.56**	-	7.51	7.51
Income from loan related and other commission services	-	135.74	**135.74**	-	50.34	50.34
Gain on derecognition of financial assets	-	235.64	**235.64**			
Total	**-**	**1773.58**	**1773.58**	**-**	**855.20**	**855.20**

24 Other Income

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Rent Concession	-	0.72
Profit on sale of repossessed vehicle	-	4.07
Miscelleanous Income	1.06	0.93
Gain on Lease Modification	-	2.46
	1.06	**8.17**

25 Finance Cost

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
On Financial liabilities measured at amortised cost		
- Interest on deposits	11.76	3.58
- Interest on Inter corporate deposits	156.92	61.38
Interest on borrowings (other than debt securities)		
- Loan from corporates	322.66	169.63
Interest on debt securities		
- Debentures	257.95	173.65
Other interest expense		
- Interest On Lease Liability	22.33	11.16
- Bank Interest	1.81	4.91
- Interest on delayed payments to MSME	-	0.00
	773.43	**424.30**

26 Impairment on Financial Instruments

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
On financial instruments measured at amortised cost		
Loans*	19.23	(30.91)
Bad Debt Written off	19.71	8.41
Others	0.59	0.00
	39.53	**(22.51)**

*The table below shows the ECL charges on financial instruments for the year recorded in the statement of profit and loss based on evaluation stage:

Year ended March 31,2023

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

Year ended March 31, 2022

	General approach			
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	(15.90)	(2.16)	(12.85)	**(30.91)**
Total impairment loss	**(15.90)**	**(2.16)**	**(12.85)**	**(30.91)**

27 Employee Benefit Expenses

Particulars	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Salaries and wages	354.51	247.46
Leave Encashment	2.25	1.11
Contribution to provident and other funds	42.47	16.23
Gratuity expenses	4.88	3.57
Staff welfare expenses	10.26	2.73
	414.38	**271.10**

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

28 Depreciation and amortization expense

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of property, plant and equipment	13.70	5.65
Depreciation on Right-of-use assets	27.97	15.68
	41.67	**21.33**

29 Other Expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rent, taxes and energy costs	11.97	8.29
Repairs and maintenance	6.33	3.74
Communication Costs	8.08	4.24
Printing and Stationery	13.81	7.25
Annual Day Expenses	2.91	-
Annual fees	2.09	-
Advertisement and publicity	10.65	1.89
Director’s fees, allowances and expenses	1.61	0.82
Rates and Taxes	23.86	14.18
Rebate & Discount	0.33	-
Payment to auditor (Refer details below)	6.19	9.28
Legal and Professional charges	108.19	45.76
Insurance	5.44	3.02
Tour & Travelling Expenses	56.11	33.17
Entertainment & Festive Expenses	10.27	4.70
Incentive Expenses	14.40	10.68
Loss on sale of repossessed vehicle	32.29	-
Membership Fees & Subcription	5.99	1.22
Software Development Charges	1.31	1.52
Servicer fees	11.34	-
Miscellanous Expenditure	27.99	2.99
	361.16	**152.74**

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

Payment to Auditors (exclusive of applicable taxes):	Year ended March 31, 2023	Year ended March 31, 2022
Statutory Audit fees	5.00	6.50
Out of Pocket Expenses	0.89	0.78
Internal Audit fees	0.00	1.80
Certification	0.30	0.20
	6.19	**9.28**

30 Earnings/ Loss per share

Basic earnings /(loss) per share amounts are calculated by dividing the profit/loss for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted earnings /(loss) per share amounts are calculated by dividing the profit/loss attributable to equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2023	Year ended March 31, 2022
Earning / Loss attributable to equity holders	115.65	70.90
Weighted average number of equity shares for basic EPS	55.47	34.80
Basic Profit/Loss per share (INR)	2.08	2.04
Diluted Profit/loss per share (INR)	2.08	2.04

31 Employee benefits

(A) **Defined Contribution Plans**

During the year, the Company has recognized the following amounts in the Statement of Profit and Loss -

	Year ended March 31, 2023	Year ended March 31, 2022
Employers' Contribution to Provident Fund and Employee State Insurance (Refer note 26)	42.47	16.23

(B) Defined benefit plans

a) Gratuity payable to employees

b) Leave Encashment

i) **Actuarial assumptions**	Gratuity		Leave Encashment	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate (per annum)	7.39%	7.18%	7.39%	7.18%
Rate of increase in Salary	5%	5%	5%	5%
Expected average remaining working lives of employees (years)	25.30	22.27	25.30	22.27
Attrition rate				
Upto 30 years	5%	5%	5%	5%
From 31-44 years	3%	3%	3%	3%
Above 44 years	2%	2%	2%	2%

ii) **Changes in the present value of defined benefit obligation**

	Gratuity		Leave Encashment	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Present value of obligation at the beginning of the year	25.84	20.14	1.11	-
Interest cost	1.86	1.37	0.08	-
Past service cost	-	-	-	0.80
Current service cost	4.77	3.68	1.22	0.32
Curtailments	-	-	-	-
Settlements	-	-	-	-
Benefits paid	-	-	-	-
Actuarial (gain)/ loss on obligations	(10.91)	0.65	0.95	-
Present value of obligation at the end of the year	**21.56**	**25.84**	**3.36**	**1.11**

iii) **Expense recognized in the Statement of Profit and Loss**

	Gratuity		Leave Encashment	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	4.77	3.68	1.22	0.32
Past service cost	-	-	-	0.80
Interest cost	1.86	(0.21)	0.08	-
Expected return on plan assets	-	-	-	-
Actuarial (gain) / loss on obligations	-	-	-	-
Settlements	-	-	-	-
Curtailments	-	-	-	-
Total expenses recognized in the Statement Profit and Loss*	**6.62**	**3.47**	**1.30**	**1.11**

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

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

iv) **Change in plan assets**

	Gratuity		Leave Encashment	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Fair value of plan assets at the beginning of the period	28.15	23.24	-	-
Actual return on plan assets	2.05	1.69	-	-
Employer contribution	3.74	3.22	-	-
Benefits paid	-	-	-	-
Fair value of plan assets at the end of the period	**33.94**	**28.15**	**-**	**-**

v) **Assets and liabilities recognized in the Balance Sheet:**

	Gratuity		Leave Encashment	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Present value of unfunded obligation as at the end of the year	21.56	25.84	3.36	1.11
Fair value of plan assets	33.94	28.15	-	-
Unfunded net asset / (liability) recognized in Balance Sheet	**12.38**	**2.31**	**(3.36)**	**(1.11)**

vi) **Other Comprehensive Income**

	Gratuity	
	Year ended March 31, 2023	Year ended March 31, 2022
a) Net cumulative unrecognized actuarial gain/(loss) opening	-	-
b) Actuarial gain / (loss) for the year on PBO	10.91	(0.65)
c) Actuarial gain /(loss) for the year on Asset	0.03	0.11
d) Unrecognized actuarial gain/(loss) for the year	10.94	(0.54)

vii) **Major categories of plan assets (as percentage of plan assets)**

The Company contributes all ascertained liabilities to The LIC fund. Due to non- availability of information, the management could not disclosed the major categories of plan assets in accordance with requirements of Ind-AS 19 “Employee Benefits”. Management has made due efforts in collating the information but was unable to gather the information. This information is neither available for past periods nor for current year.

	Gratuity		Leave Encashment	
viii) **Expected contribution to the fund in the next year**	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Gratuity/Leave Encashment	7.09	4.88	1.36	0.40

ix) A quantitative sensitivity analysis for significant assumption as at March 31, 2023 is as shown below:

	Gratuity		Leave Encashment	
Impact on defined benefit obligation	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate				
0.5% increase	(1.02)	(0.99)	(0.17)	(0.06)
0.5% decrease	1.11	1.08	0.18	0.06
Rate of increase in salary				
0.5% increase	1.13	1.09	0.19	0.06
0.5% decrease	(1.05)	(1.02)	(0.17)	0.06

	Gratuity		Leave Encashment	
x) Maturity profile of defined benefit obligation	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Year				
Apr 2020- Mar 2021	0.00	-	-	-
Apr 2021- Mar 2022	0.00	3.62	-	0.15
Apr 2022- Mar 2023	3.33	5.07	0.15	0.08
Apr 2023- Mar 2024	0.35	0.41	0.08	0.03
Apr 2024- Mar 2025	0.40	0.43	0.03	0.03
Apr 2025- Mar 2026	1.74	1.81	0.12	0.11
Apr 2026- Mar 2027	0.60	0.41	0.02	0.02
Apr 2027- Mar-2028	0.53	14.08	0.04	0.69
Apr 2028 onwards	14.61	-	0.66	-

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

32 Leases where company is a lessee

(A)(ia) Changes in the carrying value of Right-of-use Assets

Particulars	Asset Class Office Building
Balance as at April 1, 2021	93.74
Additions	38.83
Deletion	(12.51)
Depreciation	(15.68)
Depreciation on deletion	3.57
Balance as at March 31, 2022	**107.95**
Additions	153.47
Deletion	(1.78)
Depreciation	(27.97)
Depreciation on deletion	1.78
Balance as at March 31, 2023	**233.45**

(ib) Changes in the Lease liabilities

Particulars	Asset Class Office Building
Balance as at April 1, 2021	98.49
Additions	38.83
Deletion	(11.39)
Interest	11.16
Lease Payments	(21.19)
Balance as at March 31, 2022	**115.90**
Additions	153.82
Deletion	0.00
Interest	22.33
Lease Payments	(38.85)
Balance as at March 31, 2023	**253.20**

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

Particulars	As at March 31, 2023	As at March 31, 2022
Current Lease Liabilities	49.21	21.28
Non-current Lease Liabilities	203.99	94.62

(iii) Maturity analysis of lease liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	49.21	21.28
One to five years	205.90	86.11
More than five years	120.69	61.40

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

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on Lease Liabilities	22.33	11.16
Depreciation on Right of Use asset	27.97	15.68
Total	**50.30**	**26.84**

(v) Amounts recognised in statement of Cash Flows

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total Cash outflow for leases	16.52	10.03

33 Segment information

The primary reporting of the Company has been performed on the basis of business segment. The Company is primarily engaged in the business of financing. The Chief Operating Decision Maker (CODM) reviews all resources are predominantly used for development of outsourcing business and the entire activities are governed by the same set of risks and returns and hence have been considered as representing a single segment. Hence no separate segment information has been furnished herewith.

34 Expenditure and Earnings in foreign currency

There are no expenditure or earnings in foreign currency for the year ended March 31, 2023 and March 31, 2022.

35 Related party disclosures

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

Relationship	Name of Party
(i) Promoter and Promotor group	Late Sh.Shiv Dyal Chugh (expired on 07.03.2021)
	Mr. Chandan Chugh
(ii) Entities owned or significantly influenced by Key Managerial Personnel or their relatives	---
	---
(iii) Director/Key management personnel or their relatives	Mr. Vijay Kumar Sareen (Whole-Time Director)
	Mr. Yaduvendra Mathur (Chairman & Independent Director)
	Mr. Meghal Gupta (Director)
	Mr. Ashwani Kumar Jindal (Independent Director)
	Mr. Vijay Kumar Bhandari (Nominee Director)
	Ms. Aditi Kapur (Independent Director)
	Ms. Manpreet Kaur (Company Secretary)(till 01st Dec.2021)
	Ms. Shikha Kapoor (Company Secretary)(w.e.f.01st Dec.2021)
	Mr. Kuldip Bhandari (Chief Financial Officer)
	Mr. Manthan Gupta (Director's Brother)
	Mr.Aashim Sareen (Director's Son)
	Mr.Aarish Sareen (Director's Son)
	Ms.Sangeeta Sareen (Director's Wife)
	Ms.Swati Gupta (Director's Daughter in law)
	Mr.Shant Kumar Gupta (Director's Father)
	Ms.Neha Gupta (Director's Mother)
	Ms. Arushi Gupta (Director's wife)
	Ms. Rekha Jindal (Director's wife)
	Ms. Nitika Shikha Chugh (Director's wife)

(b) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Particulars	Promoter and Promoter group		Entities owned or significantly influenced by Key Managerial		Director/Key management personnel or their relatives		Total	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Transactions during the year								
A	Remuneration								
	Mr.Vijay Kumar Sareen	-	-	-	-	9.60	5.43	**9.60**	**5.43**
	Mr. Kuldip Bhandari	-	-	-	-	6.81	5.40	**6.81**	**5.40**
	Ms. Manpreet Kaur	-	-	-	-	-	1.83	**0.00**	**1.83**
	Ms. Shikha Kapoor	-	-	-	-	4.29	0.88	**4.29**	**0.88**
B	Professional Fees								
	Mr. Meghal Gupta	-	-	-	-	7.20	6.78	**7.20**	**6.78**
	Mr. Manthan Gupta	-	-	-	-	-	3.30	**-**	**3.30**
	Mr.Chandan Chugh	**1.38**	-	-	-	-	-	**1.38**	**-**
C	Rent								
	Mr.Chandan Chugh	-	0.60			-	-	**-**	**0.60**
	Ms.Sangeeta Sareen	-	-	-	-	**1.20**	-	**1.20**	**-**
D	Director Meeting Fees								
	Mr. Ashwani Kumar Jindal	-	-	-	-	0.46	0.33	**0.46**	**0.33**
	Mr. Vijay Kumar Bhandari	-	-	-	-	0.38	0.25	**0.38**	**0.25**
	Ms. Aditi Kapur	-	-	-	-	0.38	0.24	**0.38**	**0.24**
	Mr. Yaduvendra Mathur	-	-	-	-	0.60	-	**0.60**	**-**
E	Interest on Deposits/NCD's taken								
	Mr.Vijay Kumar Sareen					3.97	1.62	**3.97**	**1.62**
	Mr.Aashim Sareen	-	-	-	-	7.94	2.46	**7.94**	**2.46**
	Mr.Aarish Sareen	-	-	-	-	0.80	0.40	**0.80**	**0.40**
	Ms.Sangeeta Sareen	-	-	-	-	4.77	1.94	**4.77**	**1.94**
	Ms.Swati Gupta	-	-	-	-	4.48	1.56	**4.48**	**1.56**
	Mr. Meghal Gupta	-	-	-	-	1.28	1.01	**1.28**	**1.01**
	Mr.Manthan Gupta	-	-	-	-	0.69	0.61	**0.69**	**0.61**
	Mr.Shant Kumar Gupta	-	-	-	-	6.17	5.37	**6.17**	**5.37**
	Ms.Neha Gupta	-	-	-	-	2.97	2.52	**2.97**	**2.52**
	Ms. Arushi Gupta	-	-	-	-	0.15	0.02	**0.15**	**0.02**
	Mr. Ashwani Kumar Jindal	-	-	-	-	1.74	1.74	**1.74**	**1.74**
	Ms. Rekha Jindal	-	-	-	-	4.14	3.90	**4.14**	**3.90**
	Ms.Parveen Arora	-	-	-	-	0.84	-	**0.84**	**-**

	Particulars	Promoter and Promoter group		Entities owned or significantly influenced by Key Managerial		Director/Key management personnel or their relatives		Total	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
F	**Shares Issued**								
	Manthan Gupta	-	-	-	-	-	14.80	**-**	**14.80**
	Mr.Aarish Sareen	-	-	-	-	2.20	-	**2.20**	**-**
	Mr.Aashim Sareen	-	-	-	-	2.20	-	**2.20**	**-**
	Mr. Ashwani Kumar Jindal	-	-	-	-	16.50	-	**16.50**	**-**
	Ms.Sangeeta Sareen	-	-	-	-	3.00	-	**3.00**	**-**
	Ms.Swati Gupta	-	-	-	-	2.20	-	**2.20**	**-**
	Mr.Vijay Kumar Sareen	-	-	-	-	5.00	-	**5.00**	**-**
G	**Deposits Taken**								
	Mr. Vijay Kumar Sareen	-	-	-	-	5.50	21.00	**5.50**	**21.00**
	Mr. Aashim Sareen	-	-	-	-	-	40.00	**-**	**40.00**
	Ms. Sangeeta Sareen	-	-	-	-	10.00	10.00	**10.00**	**10.00**
	Ms. Swati Gupta	-	-	-	-	-	10.00	**-**	**10.00**
	Ms.Parveen Arora	-	-	-	-	10.75	-	**10.75**	**0.00**
	Mr.Aarish Sareen	-	-	-	-	10.00	-	**10.00**	**0.00**
	Mr.Shant Kumar Gupta	-	-	-	-	6.00	-	**6.00**	**0.00**
	Ms.Neha Gupta	-	-	-	-	5.00	-	**5.00**	**0.00**
	Mr. Meghal Gupta	-	-	-	-	5.00	-	**5.00**	**0.00**
	Mr.Manthan Gupta	-	-	-	-	0.20	-	**0.20**	**0.00**
	Ms. Arushi Gupta	-	-	-	-	1.00	-	**1.00**	**0.00**
H	**Debentures Issued**								
	Mr. Aashim Sareen	-	-	-	-	-	5.53	**-**	**5.53**
	Ms. Sangeeta Sareen	-	-	-	-	3.25	5.53	**3.25**	**5.53**
	Ms. Swati Gupta	-	-	-	-	-	5.53	**-**	**5.53**
	Mr. Vijay Kumar Sareen	-	-	-	-	5.00	5.53	**5.00**	**5.53**
I	**Subordinated Debts Issued**								
	Ms. Swati Gupta	-	-	-	-	-	20.10	**-**	**20.10**
	Ms. Sangeeta Sareen	-	-	-	-	-	8.00	**-**	**8.00**
	Mr. Aashim Sareen	-	-	-	-	-	20.10	**-**	**20.10**

	Particulars	Promoter and Promoter group		Entities owned or significantly influenced by Key Managerial		Director/Key management personnel or their relatives		Total	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Balance outstanding at the year end								
J	**Oustanding Deposits**								
	Late Sh.Shiv Dayal Chugh	61.15	61.15	-	-	-	-	**61.15**	**61.15**
	Mr. Vijay Kumar Sareen	-	-	-	-	29.11	21.58	**29.11**	**21.58**
	Mr. Aashim Sareen	-	-	-	-	44.30	41.12	**44.30**	**41.12**
	Ms. Sangeeta Sareen	-	-	-	-	20.38	10.00	**20.38**	**10.00**
	Ms. Swati Gupta	-	-	-	-	11.57	10.49	**11.57**	**10.49**
	Ms.Parveen Arora	-	-	-	-	11.48	-	**11.48**	-
	Mr.Aarish Sareen	-	-	-	-	10.23	-	**10.23**	-
	Mr.Shant Kumar Gupta	-	-	-	-	6.18	-	**6.18**	-
	Ms.Neha Gupta	-	-	-	-	5.15	-	**5.15**	-
	Mr. Meghal Gupta	-	-	-	-	5.15	-	**5.15**	-
	Mr.Manthan Gupta	-	-	-	-	0.21	-	**0.21**	-
	Ms. Arushi Gupta	-	-	-	-	1.03	-	**1.03**	-
K	**Outstanding Debentures**								
	Mr. Vijay Kumar Sareen	-	-	-	-	15.12	5.53	**15.12**	**5.53**
	Mr. Aashim Sareen	-	-	-	-	5.00	5.53	**5.00**	**5.53**
	Mr.Aarish Sareen					5.00	5.53	**5.00**	**5.53**
	Ms. Sangeeta Sareen	-	-	-	-	13.32	5.53	**13.32**	**5.53**
	Ms. Swati Gupta	-	-	-	-	5.00	5.53	**5.00**	**5.53**
	Mr.Shant Kumar Gupta					53.88	41.00	**53.88**	**41.00**
	Ms.Neha Gupta					25.57	20.00	**25.57**	**20.00**
	Mr. Meghal Gupta					10.26	8.00	**10.26**	**8.00**
	Mr.Manthan Gupta					6.35	5.00	**6.35**	**5.00**
	Ms. Arushi Gupta					1.13	-	**1.13**	-
L	**Oustanding Subordinated Debts**								
	Ms. Swati Gupta	-	-	-	-	23.39	22.43	**23.39**	**0.00**
	Ms. Sangeeta Sareen	-	-	-	-	8.00	8.00	**8.00**	**0.00**
	Mr. Aashim Sareen	-	-	-	-	23.39	22.43	**23.39**	**0.00**

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables. For the period ended March 31, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

36 Fair values of financial assets and financial liabilities

The fair value of other current financial assets, cash and cash equivalents, trade payables, short-term borrowings and other financial liabilities approximate the carrying amounts because of the short term nature of these financial instruments.

The amortized cost using effective interest rate (EIR) of non-current financial assets consisting of security and term deposits are not significantly different from the carrying amount.

Financial assets that are neither past due nor impaired include cash and cash equivalents, security deposits, term deposits, and other financial assets.

37 Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

•Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
•Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
•Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy of assets and liabilities

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

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
			(Level 1)	**(Level 2)**	**(Level 3)**
Financial assets measured at fair value through OCI:	31-Mar-23				
Investments		**47.84**	47.84	-	-

(b) **Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at March 31, 2022:**

			Fair value measurement using		
Particulars	**Date of valuation**	**Total**	**Quoted prices in active markets**	**Significant observable inputs**	**Significant unobservable inputs**
			(Level 1)	**(Level 2)**	**(Level 3)**
Financial assets measured at fair value through OCI:	31-Mar-22				
Investments		**31.00**	31.00	-	-

The carrying amount of cash and cash equivalents, loans, deposits, trade payables, other payables and short-term borrowings are considered to be the same as their fair values. The fair values of borrowings and security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own and counterparty credit risk.

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

(c) **Categories of Financial Instruments**

Financial Assets

Financial Assets measured at Amortised Costs

	As at 31st March 2023		As at 31st March 2022	
Particulars	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Cash and Cash Equivalents	2240.06	2240.06	869.39	869.39
Bank Balance other than cash and cash equivalent	7.00	7.00	-	-
Loans	7888.38	7888.38	4654.06	4654.06
Investments	22.08	22.08	24.08	24.08
Investment in Midland Microfin	223.71	223.71	-	-
Investment on securities receipts with ARC	463.25	463.25	-	-
Other Financial Assets	658.90	658.90	294.00	294.00
Total Financial Assets measured at amortised costs - (i)	**11503.37**	**11503.37**	**5841.53**	**5841.53**

Financial Assets measured at FVTOCI

	As at 31st March 2023		As at 31st March 2022	
Particulars	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Investments - Equity Instruments	47.84	47.84	31.00	31.00
Total Financial Assets measured at FVTOCI - (ii)	**47.84**	**47.84**	**31.00**	**31.00**
Total Financial Assets (i)+(ii)	**11551.21**	**11551.21**	**5872.53**	**5872.53**

Financial Liabilities

Financial Liabilities measured at amortised costs

	As at 31st March 2023		As at 31st March 2022	
Particulars	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Payables				
(I) Trade Payables	134.58	134.58	31.97	31.97
(II) Other Payables	108.40	108.40	44.23	44.23
Debt Securities	1678.53	1678.53	1380.74	1380.74
Borrowings (Other than Debt Securities)	3870.01	3870.01	1990.23	1990.23
Subordinated Liabilites	675.01	675.01	581.13	581.13
Deposits	2112.87	2112.87	863.67	863.67
Lease Liabilities	253.20	253.20	115.90	115.90
Other financial liabilities	390.43	390.43	8.86	8.86
Total Financial Liabilities	**9223.03**	**9223.03**	**5016.72**	**5016.72**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.

Short-term financial assets and liabilities
For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: other receivables, balances other than cash and cash equivalents and trade payables without a specific maturity.

Loans and advances to customers
The fair values of loans and receivables are estimated by discounted cash flow models based on contractual cash flows using actual yields.

Investment in government securities at amortised cost
The fair values financial assets held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued debt and borrowings
The fair value of issued debt is estimated by a discounted cash flow model incorporating interest rate from marketobservable data such as secondary prices for its traded debt.

Deposits
The fair value of public deposits and deposit from corporates is estimated by discounting the future cash flows considering the interest rate applicable on the reporting date for deposits of similar tenure and scheme (cumulative/non-cumulative). Inter-corporate deposits are estimated at their carrying amounts due to the short-term maturities of these deposits.

38 Financial risk management objectives and policies

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk and market risk. It is also subject to various operating and business risks. The Company does not engage in trading of financial assets for speculative purposes.

(A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to the risk of changes in market interest rates relates primarily to the NBFC's long-term debt obligations with floating interest rates. The Company does not have any borrowings with floating rate.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not involved in foreign currency exposure.

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

(B) Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the credit department of the Company. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit risk consists of line credit managers who are responsible for their business lines and manage specific portfolios and experts who support both the line credit manager, as well as the business with tools like credit risk systems, policies, models and reporting.

The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties.

The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which itis exposed and take corrective actions.

The Company’s internal credit rating grades on days past due(dpd) basis:

Internal rating grade	Internal rating description
Performing	
High grade	0 dpd
Standard grade	1 to 30 dpd
Sub-standard grade	31 to 60 dpd
Past due but not impaired	61 to 90 dpd
Non-performing	90+ dpd

Impairment assessment

The Company’s impairment assessment and measurement approach for all the loan portforlio except Direct Assignment is mentioned below. The Direct Assignment, being secured and new transaction during the year and there are no past trends, industry benchmarking for Group Loans has been applied for the same.

Definition of default

The Company considers a financial instrument defaulted and therefore stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as stage 3 for ECL calculations or whether stage 2 is appropriate. Such events include:

- The borrower requesting emergency funding from the Company.
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.
- A covenant breach not waived by the Company.
- All the facilities of a borrower are treated as stage 3 when one of his facility becomes 90 days past due i.e. credit impaired.

PD estimation process

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL.

For stage 2 and stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Loss Given Default (LGD)

LGD is an estimate of the loss arising in case where a default occurs. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any security.

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

Significant increase in credit risk(SICR)

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

In certain cases, the Company may also consider that events explained in "Definition of default" are a significant increase in credit risk as opposed to a default. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a Company of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Forward looking information

The Company has incorporated forward looking information and macro-economic factors while calculating PD and LGD rate.

Credit risk exposure analysis

Particulars	Stage 1	Stage 2	Stage 3	Total
Credit risk exposure (Other than direct assignment)	29.22	11.99	26.31	67.52
Credit risk exposure (direct assignment)	-	-	-	-
	29.22	**11.99**	**26.31**	**67.52**

(C) **Liquidity risk**

Liquidity risk is the risk that the NBFC will not be able to meet its financial obligations as they become due. The NBFC manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The table below summarizes the maturity profile of the NBFC's financial liabilities:

	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
March 31, 2023					
Trade payables	134.58	-	-	-	134.58
Other payables	100.39	-	-	-	100.39
Debt Securities	-	159.45	358.04	1161.03	1678.53
Borrowing (Other than Debt Securities)	811.59	1125.90	1932.52	-	3,870.01
Lease Liabilities (Based on Undiscounted Value)	11.80	37.42	203.99	-	253.20
Subordinated Debentures	-	-	305.69	369.32	675.01
Deposits	80.00	1786.00	246.87	-	2112.87
Other Financial Liabilities	63.36	155.61	171.46	-	390.43
	1201.73	**3264.37**	**3218.57**	**1530.35**	**9,215.01**
March 31, 2022					
Trade payables	30.25	1.71	-	-	31.97
Other payables	44.23	-	-	-	44.23
Debt Securities	-	148.86	110.69	1121.19	1380.74
Borrowing (Other than Debt Securities)	208.02	889.18	893.02	-	1990.23
Lease Liabilities (Based on Undiscounted Value)	5.15	16.13	94.62	-	115.90
Subordinated Debentures	-	-	-	581.13	581.13
Deposits	80.00	702.67	81.00	-	863.67
Other Financial Liabilities	4.95	0.15	3.76	-	8.86
	372.61	**1758.71**	**1183.11**	**1702.33**	**5016.73**

39 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, borrowings and all other equity reserves attributable to the equity holders.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio (“CRAR”) consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times. Refer note 44.2 for the Company’s Capital ratios.
The primary objectives of the Company’s capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years except those incorporated on account of regulatory amendments. However, they are under constant review by the Board. The Company has complied with the notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards”.
The NBFC has not distributed any dividend to its shareholders. The NBFC monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Convertible Preference Shares and current borrowing from ultimate holding NBFC of the NBFC. The NBFC manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

40 Contingent liabilities and Commitments (to the extent not provided for)

a. Contingent Liability: The Company does not have any pending litigations against the company which would impact its financial position. However, Company has filed certain cases for recovery of certain amounts, as mentioned in Note 47.

b. Commitment: The Company has sanctioned loans which are still to be disbursed amounting to Rs. NIL as on March 31, 2023 (As on March 31, 2022: Rs.NIL).

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

41 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

42 As per section 124(5) of the Companies Act, the dividend which remains unpaid / unclaimed for a period of 7 years from the date of transfer to unpaid dividend account shall be transferred by the Company to Investor Education and Protection Fund. The Company has transferred the amount of INR 14,958 to such fund on Oct.27,2022.

43 Asset Liability Management (ALM)

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Overdue amount	Not sensitive to ALM*	Total
Financial assets											
Cash and Cash Equivalent	968.69	-	1271.37	-	-	-	-	-	-	-	**2240.06**
Bank Balance other than cash and cash equivalent						7.00					**7.00**
Loans	317.46	338.74	332.94	975.84	1804.20	3,390.22	605.84	-	190.67	(67.52)	**7,888.38**
Investments	-	9.22	-	-	271.55	3.00	463.25	9.86	-	-	**756.87**
Other Financial Assets	12.64	4.38	4.58	-	471.06	156.32	-	9.92	-	-	**658.90**
Total	**1298.79**	**352.33**	**1608.89**	**975.84**	**2546.81**	**3,556.54**	**1069.09**	**19.78**	**190.67**	**(67.52)**	**11,551.21**
Financial liabilities											
Payables	-	108.40	-	-	-	-	-	-	-	-	**108.40**
Trade Payables	-	134.58	-	-	-	-	-	-	-	-	**134.58**
Debt Securities	-	-	-	-	159.45	4.34	353.70	1161.03	-	-	**1678.53**
Borrowings (Other than Debt Securities)	137.99	533.50	140.10	426.82	699.08	1627.10	305.42	-	-	-	**3,870.01**
Lease Liabilities (Based on Undiscounted Value)	3.57	4.11	4.11	12.52	24.90	106.76	97.22	-	-	-	**253.20**
Subordinated Liabilites	-	-	-	-	-	-	305.69	369.32	-	-	**675.01**
Deposits	80.00	-	-	-	1786.00	246.87	-	-	-	-	**2112.87**
Other financial liabilities	63.36	-	-	155.61	-	171.46	-	-	-	-	**390.43**
Total	**284.92**	**780.60**	**144.21**	**594.94**	**2669.43**	**2156.54**	**1062.03**	**1530.35**	**0.00**	**-**	**9,223.03**

*represents adjustments on account of EIR/ECL

Maturity pattern of assets and liabilities as on March 31, 2022

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Overdue amount	Not sensitive to ALM*	Total
Financial assets											
Cash and Cash Equivalent	70.13	-	799.26	-	-	-	-	-	-	-	**869.39**
Loans	163.81	201.86	202.93	600.13	945.51	2353.52	-	-	234.61	(48.29)	**4654.06**
Investments	-	-	-	-	31.00	5.00	-	19.08	-	-	**55.08**
Other Financial Assets	-	5.94	-	4.40	274.36	5.94	-	3.35	-	-	**294.00**
Total	**233.94**	**207.80**	**1002.19**	**604.53**	**1250.87**	**2,364.46**	**0.00**	**22.43**	**234.61**	**(48.29)**	**5,872.52**
Financial liabilities											
Payables	-	44.23	-	-	-	-	-	-	-	-	**44.23**
Trade Payables	-	31.97	-	-	-	-	-	-	-	-	**31.97**
Debt Securities	-	-	-	-	148.86	79.07	31.63	1121.19	-	-	**1380.74**
Borrowings (Other than Debt Securities)	57.72	74.70	75.60	407.50	481.68	886.15	6.68	-	-	-	**1990.03**
Lease Liabilities (Based on Undiscounted Value)	1.39	1.98	1.79	5.36	10.77	43.06	51.57	-	-	-	**115.90**
Subordinated Liabilites	-	-	-	-	-	-	-	581.13	-	-	**581.13**
Deposits	-	-	80.00	-	702.67	81.00	-	-	-	-	**863.67**
Other financial liabilities	4.95	-	-	-	0.15	3.76	-	-	-	-	**8.86**
Total	**64.05**	**152.88**	**157.38**	**412.85**	**1344.13**	**1093.03**	**89.88**	**1702.32**	**-**	**-**	**5,016.53**

*represents adjustments on account of EIR/ECL

44 Additional disclosures required by the Reserve Bank of India (RBI)
The additional disclosures required by RBI are prepared under Indian Accounting Standards (Ind AS) issued by MCA unless otherwise stated.

44.1 Ratings assigned by credit rating agencies and migration of ratings during the year

Instruments	Credit rating agency	As on March 31, 2023	As on March 31, 2022
Bank Loan Long-term	NA	-	-
Bank Loan Short-term	NA	-	-
Debentures	NA	-	-
Deposits	NA	-	-

In terms of NBFC Directions on Acceptance of Public Deposits it was mandatory for an NBFC to obtain minimum investment grade credit rating for fixed deposits for acceptance of public deposits and the quantum of public deposit was linked to the level of credit rating from an approved agency for this purpose, with an objective to enable the depositor to make an informed decision. But since the Company has not reached the minimum investment grade credit rating, there are no Ratings assigned by credit rating agencies and migration of ratings during the year

44.2 Capital adequacy ratio

	As on March 31, 2023	As on March 31, 2022
Tier I Capital	2260.68	1051.11
Tier II Capital	761.83	621.51
Total Capital	3022.51	1672.61
Total Risk Weighted Assets	9328.89	5171.22
CRAR (Tier I Capital+Tier II Capital)/ Total Risk Weighted Assets (%)	32.40%	32.34%
CRAR - Tier I capital (Tier I Capital/ Total Risk Weighted Assets)%	24.23%	20.33%
CRAR - Tier II capital (Tier II Capital/ Total Risk Weighted Assets)%	8.17%	12.02%

Capital adequacy ratio is calculated as per RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019- 20 “Implementation of Indian Accounting Standards” issued by RBI on March 13, 2020

“Tier I capital”, “Tier II capital”, “Owned fund” are calculated as defined in Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 “Implementation of Indian Accounting Standards” issued by RBI on March 13, 2020.

44.3 The Company has not entered any Forward rate/ Interest rate swap agreement during the year.

44.4 Securitization/ Assignment during the year:

a. There are no SPVs sponsored by the Company.

b. The Company has transferred stressed loans during the quarter ended & year ended March 31, 2023.

Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)			
(all amounts in Rs. Lakhs)	To ARCs	To	To other transferees
No: of accounts	1,234	-	-
Aggregate principal outstanding of loans transferred	564.11	-	-
Weighted average residual tenor of the loans transferred (in years)	3.31	-	-
Net book value of loans transferred (at the time of transfer)	564.11	-	-
Aggregate consideration	545.00	-	-
Additional consideration realized in respect of accounts transferred	-	-	-

c. The Company has not transferred any Special Mention Account (SMA) and loan not in default.

d. The Company has entered into assignment transaction in which it has transferred the assets to the buyer, during the current year. As per the terms of this deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred by the Company. The table below summarises the carrying amount of the recognised financial assets:

Particulars	As on March 31, 2023	As on March 31, 2022
(i) No. of accounts	4584	-
(ii) Aggregate value (net of provisions) of accounts assigned	2308.55	-
(iii) Aggregate consideration	2308.55	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

e. During the year, the Company has purchased loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the Company, the assets have been recognised in the Company’s Balance Sheet. The table below summarises the carrying amount of the recognised financial assets:

Particulars	As on March 31, 2023	As on March 31, 2022
Direct assignment		
Carrying amount of purchased assets measured at amortised cost	748.08	581.74

f. The company has neither purchased nor sold any non-performing financial assets from/ to any NBFC during the current year as well as previous year.

44.5 Investments

Investments disclosure has been disclosed in Note No. 5

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

44.6 Exposure to real estate sector

a. Exposure to Real Estate Sector

Category	As on March 31, 2023	As on March 31, 2022
(a) Direct exposure		
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	2854.82	902.37
(ii) Commercial real estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	713.70	66.68
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
A Residential,	-	-
B Commercial Real Estate.	-	-
Total Exposure to Real Estate Sector	**3568.52**	**969.05**

44.7 Exposure to capital market

Particulars	As on March 31, 2023	As on March 31, 2022
i. direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	271.55	31.00
ii. advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
iii. advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv. advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
v. secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi. loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii. bridge loans to companies against expected equity flows / issues;	-	-
viii. all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**271.55**	**31.00**

44.8 Details of financing of parent company products

The Company does not have any Parent Company, hence not applicable

44.9 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not exceeded the prudential exposure limits for Single Borrower Limit (SGL) / Group Borrower Limit

44.10 Unsecured advances

The Company has not granted unsecured advances against collateral of intangible securities such as charge over the rights, licenses or authority.

44.11 Provisions and Contingencies

a. Summary of movement in provisions:

Particulars	As at March 31, 2022	Provision made during the Year	Provision Reversed /Adjusted during the	As at March 31, 2023
Gratuity	-	-	-	-
Leave Encashment	1.11	2.25	-	3.36
Provision of Depreciation on investments	-	-	-	-
Provision for income tax	-	-	-	-
Provisions against standard assets	31.87	-	(9.33)	41.20
Provisions against sub standard assets	11.92	-	(14.26)	26.18
Provisions against doubtful assets	4.50	-	4.36	0.13

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

b. Break up of loans and advances and provision thereon

Particulars	**As on March 31, 2023**	**As on March 31, 2022**
Standard Assets		
Total outstanding amount	7765.23	4468.22
Provision made	41.21	31.87
Sub - Standard Assets		
Total outstanding amount	189.56	182.73
Provision made	26.18	11.92
Doubtful Assets		
Total outstanding amount	1.11	51.88
Provision made	0.13	4.50
Total outstanding amount	7955.90	4702.83
Provision made	**67.52**	**48.29**

c. Draw Down from Reserves

During the year, a sum of Rs.23,13,368/-being 20% of Profit after tax has been transferred to Statutory Reserve in accordance with section 45IC of RBI Act,1934 refer Note 20(b)

d. Concentration of Public Deposits, Advances, Exposures and NPAs

i. Concentration of Deposits (for deposit taking NBFCs)

Particulars	**As on March 31, 2023**	**As on March 31, 2022**
Total deposits of twenty largest depositors	1268.21	863.67
Percentage of loans and advances to twenty largest depositors to total deposits of the NBFC	53.89%	44.02%

ii. Concentration of loans and advances -

Particulars	**As on March 31, 2023**	**As on March 31, 2022**
Total loans and advances to twenty largest borrowers	1128.69	1396.78
Percentage of loans and advances to twenty largest borrowers to total Advances of the NBFC	14.31%	30.01%

iii. **Concentration of all exposure** (including off-balance sheet exposure)

Particulars	**As on March 31, 2023**	**As on March 31, 2022**
Total loans and advances to twenty largest borrowers	1128.69	1396.78
Percentage of loans and advances to twenty largest borrowers to total Advances of the HFC	14.31%	30.01%

iv. Concentration of NPAs

Particulars	**As on March 31, 2023**	**As on March 31, 2022**
Total exposure to top ten NPA accounts	75.77	42.03

v. Sector-wise NPAs

Sector	**Percentage of NPAs to Total Advances in that sector**	
	As on March 31, 2023	**As on March 31, 2022**
1 Individuals	2.42%	5.48%
2 Corporates	-	-
3 Others	-	-

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

vi. Movement of NPAs

	Particulars	As on March 31, 2023	As on March 31, 2022
(I)	**Net NPAs to Net Advances (%)**	2.08%	4.69%
(II)	**Movement of NPAs (Gross)**		
a)	Opening balance	234.61	243.80
b)	Additions during the year	161.29	95.13
c)	Reductions during the year	205.23	104.32
d)	Closing balance	**190.67**	**234.61**
(III)	**Movement of NPAs (Net)**		
a)	Opening balance	217.20	214.54
b)	Additions during the year	142.90	87.81
c)	Reductions during the year	196.74	84.15
d)	Closing balance	163.36	**218.20**
(IV)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
a)	Opening balance	16.41	29.26
b)	Additions during the year	18.39	7.32
c)	Reductions during the year	8.49	20.17
d)	Closing balance	**26.31**	**16.41**

44.12 Overseas Assets

The Company does not have overseas assets during March 31, 2023 and March 31, 2022

44.13 The Company do not have any Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) as at March 31, 2023 and March 31, 2022.

44.14 Disclosure of customer complaints

Particulars	As on March 31, 2023	As on March 31, 2022
a) No of complaints pending at the beginning of the year	-	-
b) No of complaints received during the year	-	-
c) No of complaints redressed during the year	-	-
d) No of complaints pending at the end of the year	-	-
	-	-

44.15 Information on instances of fraud

The company has not reported any frauds during the year and in the previous year, based on management reporting to risk committee and to the RBI through prescribed returns.

44.16 Disclosure of Penalties imposed by RBI and other regulator

No penalties have been levied by any regulator on the Company for the year ended March 31, 2023.

44.17 Remuneration of Directors

Remuneration of Directors has been disclosed in Note No. 35.

44.18 Registration obtained from financial sector regulators

a. From RBI – vide registration number - 06.00124
b. From Ministry of Corporate Affairs – L65110PB1992PLC012488
c. From Metropolitian Stock Exchange - INE405N01016
The company has not obtained registration from any other financial sector regulator.

44.19 The Company has not entered into derivatives for risk management purposes. Hence, disclosures on "Risk Exposure in Derivatives" and "Exchange Traded Interest Rate Derivatives" are not applicable.

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

45 Liquidity Coverage Ratio disclosure

Disclosure as per the circular no. RBI/2019-20/88 DOR.NBFC PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 issued by Reserve Bank of India on "Liquidity Coverage Ratio (LCR)"

Liquidity Coverage Ratio (LCR) for the quarter ended March 31, 2023

		March 31, 2023		December 31, 2022	
	Particulars	**Total Unweighted value (average)***	**Total Weighted value (average)#**	**Total Unweighted value (average)***	**Total Weighted value (average)#**
	High Quality Liquid Assets				
a)	Total High Quality Liquid Assets (HQLA)*	2492.84	2492.84	2308.89	2308.89
	Cash Outflows				
a)	Deposits (for deposit taking companies)	-	-	-	-
b)	Unsecured wholesale funding	-	-	-	-
c)	Secured wholesale funding	-	-	-	-
d)	Additional requirements, of which	-	-	-	-
i.	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
ii.	Outflows related to loss of funding on debt products	-	-	-	-
iii.	Credit and liquidity facilities	-	-	-	-
f)	Other contractual funding obligations	934.21	1074.34	311.53	358.26
g)	Other contingent funding obligations	-	-	-	-
	Total Cash Outflows	**934.21**	**1074.34**	**311.53**	**358.26**
	Cash Inflows				
a)	Secured lending	317.46	238.09	315.17	236.38
b)	Inflows from fully performing exposures	-	-	-	-
c)	Other cash inflows	-	-	-	-
	Total Cash Inflows	**317.46**	**238.09**	**315.17**	**236.38**
	TOTAL HQLA		2492.84		2308.89
	Total Net Cash outflows		836.24		121.88
	Liquidity Coverage Ratio (Total HQLA/ Total Net Cash Outflows)		298%		1894%

		September 30 ,2022		June 30,2022	
	Particulars	**Total Unweighted value (average)***	**Total Weighted value (average)#**	**Total Unweighted value (average)***	**Total Weighted value (average)#**
	High Quality Liquid Assets				
a)	Total High Quality Liquid Assets (HQLA)**	1114.78	1114.78	580.58	580.58
	Cash Outflows				
a)	Deposits (for deposit taking companies)	-	-	-	-
b)	Unsecured wholesale funding	-	-	-	-
c)	Secured wholesale funding	-	-	-	-
d)	Additional requirements, of which	-	-	-	-
i.	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
ii.	Outflows related to loss of funding on debt products	-	-	-	-
iii.	Credit and liquidity facilities	-	-	-	-
f)	Other contractual funding obligations	295.29	339.58	424.68	488.38
g)	Other contingent funding obligations	-	-	-	-
	Total Cash Outflows	**295.29**	**339.58**	**424.68**	**488.38**
	Cash Inflows				
a)	Secured lending	284.33	213.25	264.94	198.71
b)	Inflows from fully performing exposures	-	-	-	-
c)	Other cash inflows	-	-	-	-
	Total Cash Inflows	**284.33**	**213.25**	**264.94**	**198.71**
	TOTAL HQLA		1114.78		580.58
	Total Net Cash outflows		126.34		289.68
	Liquidity Coverage Ratio (Total HQLA/ Total Net Cash Outflows)		882%		200%

*Unweighted values calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows)
Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.
****Components of HQLA**

	March 31, 2023	December 31, 2022
Cash & Cash Equivalent	2247.06	2286.81
Government securities	245.78	22.08
Total High Quality Liquid Assets (HQLA)	**2492.84**	**2308.89**

	September 30 ,2022	June 30,2022
Cash & Cash Equivalent	1087.70	556.50
Government securities	27.08	24.08
Total High Quality Liquid Assets (HQLA)	**1114.78**	**580.58**

Qualitative disclosure around Liquidity Coverage Ratio (LCR):

The Reserve Bank of India has prescribed Guidelines on Maintenance of Liquidity Coverage Ratio (LCR). All non-deposit taking NBFCs with asset size of Rs.10,000 crore and above, and all deposit taking NBFCs irrespective of their asset size, is required to maintain a liquidity buffer in terms of LCR which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. The stock of HQLA to be maintained by the NBFCs shall be minimum of 100% of total net cash outflows over the next 30 calendar days.

The LCR requirement was applicable from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching a level upto 60%, 70%, 85% and 100% by December 1, 2021, December 1, 2022, December 1, 2023, December 1, 2024 respectively. Liquidity Coverage Ratio (LCR) ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator.

The Company, during the quarter ended March 31, 2023, had maintained average HQLA (after haircut) of Rs. 2492.84 lacs against Rs.2308.89 lacs for the quarter ended December 31, 2022, Rs.1147.78 lacs for the quater ended September 2021 and Rs.580.58 lacs for the quarter ended June 30,2022. HQLA primarily includes cash on hand, bank balances in current account and demand deposits with Scheduled Commercial Banks and Government securities (such unencumbered approved securities held as per the provisions of section 45 IB of RBI Act, is reckoned as HQLA only to the extent of 80% of the required holding).

The Company has implemented the LCR framework and has maintained LCR well above the regulatory threshold. The average LCR for the quarter ended March 31, 2023 was 298% which is above the regulatory requirement of 50%. For the quarter ended December 31, 2022, September 30, 2022 and June 30, 2022 average LCR stood at 1894%, 882% and 200% respectively.

46 Liquidity risk

Disclosure on Liquidity risk for the quarter ended March 31, 2023 pursuant to RBI circular dated November 04, 2019 on Liquidity risk management framework for Non-Banking Financial Companies and Core Investment Companies

i. Funding concentration based on significant counterparty (both deposits and borrowings)

Number of significant counterparties	Amount	% of Total deposits	% of Total liabilities
13	**5265.55**	**79%**	**57%**

ii. Top 20 large deposits

Particulars	As at March 31, 2023
Total amount of top 20 large deposits	2112.87
Percentage of amount of top 20 large deposits to total deposits	100.00%

iii. Top 10 borrowings

Particulars	As at March 31, 2023
Total amount of top 10 borrowings	3475.56
Percentage of amount of top 10 borrowings to total borrowings	100.00%

iv. Funding concentration based on significant instrument/product

Particulars	Amount	% of Total liabilities
Redeemable non-convertible debentures (secured)	1678.53	18.04%
Term loan from corporates	1975.56	21.24%
Loans repayable on demand from banks (Overdraft from banks)	394.45	4.24%
Deposits from corporates and related parties	2112.87	22.71%
Public deposits	-	0%

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

47 Disclosure pursuant to Reserve Bank of India notification DOR (NBFC).CC.PD.No.109 /22.10.106/2019-20 dated March 13, 2020 pertaining to Asset classification as perRBI Norms:

		For the year ended March 31, 2023					For the year ended March 31, 2022				
Asset Classification as per RBI Norms	**Asset Classification as per Ind AS 109**	**Gross Carrying Amount as per Ind AS**	**Loss Allowance (Provisions) as require under Ind AS**	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**	**Gross Carrying Amount as per Ind AS**	**Loss Allowance (Provisions) as require under Ind AS***	**Net Carrying Amount**	**Provisions required as per IRACP norms**	**Difference between Ind AS 109 provisions and IRACP norms**
Performing assets											
Standard	Stage 1	7110.83	29.22	7,081.62	25.84	3.38	4046.36	25.86	4020.50	17.12	8.74
	Stage 2	654.39	11.99	642.41	2.62	9.37	421.86	6.01	415.85	1.15	4.86
Subtotal		**7765.23**	**41.21**	**7724.03**	**28.45**	**12.75**	**4468.22**	**31.87**	**4436.35**	**18.26**	**13.61**
Non-Performing Assets (NPA)											
Substandard	Stage 3	189.56	26.18	163.38	18.31	7.87	182.73	11.92	170.81	16.08	(4.17)
Doubtful - up to 1 year	Stage 3	1.11	0.13	0.98	0.26	(0.13)	49.40	2.53	46.87	7.24	(4.71)
1 to 3 years	Stage 3	0.00	0.00	0.00	0.00	0.00	2.47	1.96	0.51	5.74	(3.79)
More than 3 years	Stage 3	-	-	-	-	-	-	-	-	-	-
Subtotal for doubtful		**1.11**	**0.13**	**0.98**	**0.26**	**(0.13)**	**51.88**	**4.50**	**47.38**	**12.98**	**(8.49)**
Loss	Stage 3	-	-	-	-	-	-	-	-	-	-
Subtotal for NPA		**190.67**	**26.31**	**164.36**	**18.57**	**7.74**	**234.61**	**16.41**	**218.20**	**29.07**	**(12.66)**
Total*	Stage 1	**7110.83**	**29.22**	**7081.62**	**25.84**	**3.38**	**4046.36**	**25.86**	**4020.50**	**17.12**	**8.74**
	Stage 2	**654.39**	**11.99**	**642.41**	**2.62**	**9.37**	**421.86**	**6.01**	**415.85**	**1.15**	**4.86**
	Stage 3	**190.67**	**26.31**	**164.36**	**18.57**	**7.74**	**234.61**	**16.41**	**218.20**	**29.07**	**(12.66)**
		7955.90	**67.52**	**7888.38**	**47.03**	**20.49**	**4702.84**	**48.29**	**4654.55**	**47.33**	**0.95**

* This does not include the provision made for Covid-19 as per RBI circular

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

48 The Company had purchased 12 Bonds of Madhya Pradesh State Electricity bonds 1999 worth Rs. 1,200,000 on January 13, 2000 whose maturity period expired on 1 January 13, 2007. During the year 2014-15, the Company received Rs. 1,626,786 which pertains to principal sum Rs. 1,200,000 and Rs. 426,786 towards interest calculated @ 7% upto March 31, 2005 and @ 8% for the subsequent period from April 1, 2005 to January 13, 2007 as against contracted rate of 13.70%. The Company has filed recovery Suit against Madhya Pradesh State Electricity Board in Delhi District Court for the recovery of differential interest as per Contract rate and as remitted by the Madhya Pradesh State Electricity Board. The Company has also filed claim of interest for the delayed receipt of principal & interest.

49 The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules there under are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

50 On account of RBI Circulars, RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and RBI/2019-20/244 DOR.No.BP.BC.71/21.04.048/2019-20, the Company has offered moratorium to many of its borrowers and is in process of sharing the addendum letters to borrowers for the revised repayment schedule and other terms, which is just procedural and no significant change is expected by the management.

51 Pursuant to RBI circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated November 12, 2021, on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications, the Company will comply with the Circular from October 01, 2022 as per the extension provided by RBI vide notification dated February 15, 2022.

52 Additional Regulatory Information

(a) The company does not have any subsidiary/ associate / joint venture. Hence, the compliance related to the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable on the Company.

(b) The Company has not applied for any scheme of arrangement in terms of sections 230 to 237 of the Companies Act, 2013.

(c) The Company has not traded or invested in crypto currency or virtual currency during the year.

53 Utilisation of borrowed funds and share premium

The company has not given any loan or invested funds to any persons, entities (intermediaries) with the understanding that inttermidiary shall :
'a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company.
b) provide any guarantee, security or the like to or on behalf of the Company.

The Company has not received any fund from any person, entities (Funding Party) with the understanding that the Company shall:
a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party.
b) provide any guarantee, security or the like on behalf of the Funding Party.

54 Derecognition of financial assets

During the year ended 31 March 2023, the Company has sold 90% of a portion of its term loans through direct assignments, measured at amortised cost, to maintain reasonable leverage. As per regulatory requirement, the Company continues to hold balance 10% of those loans as Minimum Retention Requirement (MRR). The Company transferred substantially all the risks and rewards relating to assets to the buyer and accordingly, sold portion of loans was derecognised.

The following table below sets forth, for the periods indicated, the summary of carrying amounts of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Carrying amount of derecognised financial assets	1784.18	-
Gain on derecognition of financial assets	235.64	-

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition as interest-only strip receivable with a corresponding credit to the statement of profit and loss.

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

Tanuj Chugh
Partner
Membership No: 529619
Place: New Delhi
Date: May 13,2023

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

Yaduvendra Mathur	**Kumar Shalya Gupta**	**Vijay Kumar Sareen**
Chairman	Managing Director and Chief Executive Officer	Whole Time Director
DIN:00307650	DIN:07553217	DIN:07978240
Place: Jaipur	Place: Jalandhar	Place: Jalandhar
Date: May 13,2023	Date: May 13,2023	Date: May 13,2023

Kuldip Bhandari	**Shikha Kapoor**
Chief Finance officer	Company Secretary
	Membership No: A19146
Place: Jalandhar	Place: Jalandhar
Date: May 13,2023	Date: May 13,2023

PHF LEASING

Building Bharat

31 Years of EXCELLENCE

Corporate Office: 87 , Radio Colony Near BMC Chowk , Jalandhar ,Punjab 144001

Registered Office: 923, Grand Trunk Road, Jawahar Nagar, Jalandhar Punjab 144001