



PHFL HOME LOANS AND SERVICES LIMITED

3RD ANNUAL REPORT

2019-20

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Corporate Information

Board of Directors

- Mr. Kapish Jain
- Mr. Anshul Bhargava
- Ms Deepika Gupta Padhi

Senior Management

- Mr. Pankaj Jain, Chief Operating Officer

Auditors

B. R. Maheswari & Co. LLP, Chartered Accountants
M-118, Connaught Place, New Delhi – 110001

Registered Office:

207 and 209, 02nd Floor, Antriksh Bhawan, 22 K.G. Marg, New Delhi 110001

Website: www.phfl.com



PHFL HOME LOANS NAD SERVICES LIMITED

Directors' Report

Your Directors have pleasure in presenting the Third Directors' Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2020.

Towards the end of Calendar Year 2019, there were news on flow of novel coronavirus (COVID-19) that gradually hit the entire world and termed as pandemic by World Health Organisation (WHO) on March 11, 2020. The rapid spread of the virus has almost halted economic activities across the world. Besides huge loss of human lives, the pandemic has taken its economic toll due to shut down in most parts of the world from quarter 4 onward.

The estimates of the economic loss are still evolving. In April 2020, The International Monetary Fund (IMF) predicted that the global GDP will contract by 3% in 2020 given that the pandemic decelerates towards the end of 2020. The pandemic has similarly impacted India, forcing the Government to announce a complete lockdown of the Country from March 25, 2020 to contain the spread of virus.

Impact was sensed during the last fortnight of the March 2020 and as the pandemic spread, our priority was to safeguard the health and well-being of our employees while continuing to serve our customers' seamlessly. During the lockdown period, we heavily leveraged on our technology to ensure the business activities to be carried out from multiple remote locations and the Company seamlessly continued to perform all the critical activities. The Company has put in place strict monitoring mechanism for safety and precautions in various offices in terms of the guidelines issued by the Government.

The Company will continue to navigate through this challenging environment with a focus on the wellbeing of our workforce and business continuity, while ensuring least impact on the business-related routine activities.

OVERVIEW

PHFL Home Loans and Services Limited ('the Company' or 'PHFL') is a wholly owned subsidiary of PNB Housing Finance Limited ('PNBHFL').

PHFL was incorporated on August 22, 2017 with an object to get engaged in the business of rendering of professional/ consultancy services including sourcing, marketing, promoting, publicizing, advertising, soliciting, distributing any kind of financial instruments or all classes of insurance product or syndicated credit products or investment products or wealth products to various customers.

The Company has already floated as a distribution arm for PNB Housing offering doorstep services to prospective customers.

PHFL offers doorstep services to provide as a distributor of housing loan, property search services and loan against property to individuals & corporate bodies for home purchase, loan for construction repair, upgradation of home, loan for compound space, loan against residence & commercial property etc. Apart from Home loan products & property services, company also provides financial solutions to individuals covering fixed deposits, life insurance and credit card, etc.

Financial Year 2019-20 was the second full year of operations for PHFL. It was a year of muted growth in the mortgage industry and tough external business environment. Considering the liquidity position and slowdown in the real estate industry, the Company created new earning opportunities by concentrating on distribution of high yield products i.e NHL and Unnati and through cross sell of products- PSG, Deposits, Insurance and by extending support to Collection team of PNB Housing Finance Limited.

FINANCIAL RESULTS FOR FINANCIAL YEAR ENDED ON MARCH 31, 2020

The Company has an Authorised Capital of INR 1 crore and paid up capital of INR 25 Lakh. The Company's financial performance for the Financial Year ended March 31, 2020 is summarized below

Particulars	Financial year ended March 31, 2020 (₹In Lakhs)	Financial year ended March 31, 2019 (₹In Lakhs)
Total Revenue	31,974.96	40,439.15
Total Expenditure	22,309.87	21,130.59
Profit before tax	9,665.09	19,308.56
- Current Tax	2,378.95	5,608.45
- Deferred Tax	(8.37)	14.09
- Tax related to earlier years	(93.54)	1.10
Profit after tax	7,388.05	13,684.92
Other Comprehensive Income	39.05	(25.98)
Total Comprehensive Income	7,427.10	13,658.94
Balance carried to Balance Sheet	7,427.10	13,658.94

CHANGE IN NATURE OF BUSINESS

During the year there was no change of business of the Company

DIVIDEND

The Board of the Company do not recommend any dividend for the Financial Year ended March 31, 2020.

OPERATIONS

During FY 2019-20, the Company has logged in 76,349 (1,06,440) loan applications for PNB Housing Finance Limited ("PNBHFL")

1. During FY 2019-20, out of total logins, 56,326 (80,643) loans were sanctioned for ₹15,822 crore (23,661 crore) with an approval rate of 74% by PNBHFL. Out of the total sanctions, loans of ₹11,326 crore (16,494) were disbursed by PNBHFL. The product mix of Housing Loan to Non – Housing Loan was 70:30 (77:23).

2. Geographically, West Zone has contributed 39%, North 76%, South 30% of loans disbursed by PNB Housing.

3. During FY 2019-20, the Company's contribution to Unnati segment has been significant. The Unnati yield was 11.15% (10.87%).

4. During FY 2019-20, the Company has sourced deposits of ₹1609 crore (622 crores).

5. During FY 2019-20, property services has generated about 15000 leads with 100 closures worth ₹53 crore (45 crore) through PHFL employees and vendors/brokers across India.

6. During FY 2019-20, the Company has earned an income of ₹206.64 crore (235.55 crore) from display of advertisements on its website.

Figures in brackets denotes corresponding figures of previous financial year i.e 2018-19.

WEBSITE

PHFL website has been integrated with PNBHFL website to display advertisements and information about related & non – competing products and services.

HUMAN RESOURCE

As on March 31, 2020, there were 2498 employees in the Company. During the year, various training sessions were conducted for the employees of the Company to upskill them and enhance their productivity.

During the year, the HR continued to timely onboard experienced resources across all locations, imparted functional and system training to develop productive resources for all the functional teams. The Learning and Development (L&D) team has been continuously endeavouring to identify the current and future skills requirements of the organisation and create flexible learning interventions to meet the diverse needs of the workforce.

There were no employees employed throughout the year, who were in receipt of remuneration of ₹1.02 crore or more per annum.

In terms of the provisions of section 136(1) of the Companies Act, 2013 read with the said rule, the Directors Report is being sent to all the shareholders excluding the annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company.

RELATED PARTY TRANSACTION

The Company has sourced business for its parent Company PNBHFL. All transactions entered into with PNBHFL during the year were in ordinary course of business and on arm's length basis. In terms of Section (134)(3)(h) of the Companies Act, 2013, the details of the contracts/arrangements entered into with related parties are provided in form AOC-2 as an Annexure-B to this report.

STATUTORY AUDITORS

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with The Companies (Audit and Auditors) Rule, 2014, (including any statutory modification(s) or re-enactment thereof), the Shareholders of the Company at their meeting held on July 25, 2018 appointed B. R. Maheswari & Co. LLP, Chartered Accountants, (Firm Registration No.:001035N/N50050), M-118, Connaught Place, New Delhi – 110001, as Statutory Auditors of the Company to hold the office from the conclusion of First Annual General Meeting till the conclusion of Sixth Annual General Meeting of the Company.

The Auditors' Reports for the Financial Year ended March 31, 2020 do not contain any qualification, reservation, adverse remark or disclaimer.

DIRECTORS

During the year under review, Mr. Shaji Varghese resigned from the Directorship effective February 4, 2020. Further, Mr. Kapish Jain and Ms. Deepika Gupta Padhi were appointed as Additional Directors effective July 24, 2019 and February 07, 2020 respectively subject to regularization at the ensuing Annual General Meeting of the Company. **They all are non-executive Directors and are Directors retire by rotation in terms of Section 152(6) of the Companies Act, 2013. The composition of Board Director as on March 31, 2020 is as follows:**

S.no	Name	Designation
1	Mr. Anshul Bhargava	Director
2	Mr. Kapish Jain	Director
3	Mr. Ajay Gupta	Director
4	Ms. Deepika Gupta Padhi	Director

Mr. Ajay Gupta resigned from directorship of the Company w.e.f June 04,2020. The Board also placed on records the significant contribution made by Mr. Shaji Varghese and Mr. Ajay Gupta during their tenure with the Company.

In terms of Section 152(6)(c) of the Companies Act, 2013, Mr. Anshul Bhargava, Non-executive Director shall retire by rotation in the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

MEETINGS OF THE BOARD

During the Financial Year ended March 31, 2020, five Board meetings were held on May 02, 2019, May 17, 2019, July 24, 2019, October 19, 2019, and January 18, 2020. The attendance of each Director in the Board Meeting is as under:

Name of Director	No. of Board meeting attended
Mr. Shaji Varghese	5
Mr. Ajay Gupta	4
Mr. Anshul Bhargava	5
Mr. Kapish Jain	1
Ms. Deepika Gupta Padhi	-

The maximum interval between any two Board Meetings was well within the maximum period of one hundred twenty days. (Section 173(1) of Companies Act, 2013).

The gap between the Board Meeting held on January 18, 2020 and June 12,2020 exceeded 120 days due the COVID-19 outbreak. As per the circular issued by Ministry of Corporate Affairs dated March 24, 2020, meetings of the Board of the companies within the intervals of 120 days as provided in Section 173 of the Companies Act, 2013 stands extended by a period of 60 days till next two quarters i.e. till September 30, 2020.

MEETING OF THE COMMITTEES

During the Financial Year ended March 31, 2020, two CSR Committee meetings were held on July 24, 2019 and March 12, 2020. The attendance of each Director in the Board Meeting is as under:

Name of the Member	No. of CSR Committee Meetings attended
Shaji Varghese	1
Anshul Bhargava	2
Ajay Gupta	1
Kapish Jain	1

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the provisions of section 135 of the Companies Act, 2013 and rules framed thereunder, the Company has constituted a CSR Committee that reviews the CSR policy, and formulate a monitoring mechanism to ensure Implementation of CSR projects and activities undertaken by the Company.

During the year, the Company's CSR activities were focused on three key sectors – welfare of construction workers, education of children and healthcare.

The Company has worked on skill up-gradation of construction workers by conducting on-site and off-site training programs in partnership with CREDAI CSR Foundation. Day care centers were operated

by Mobile Creches at or near sites for children of construction workers to ensure their holistic development and safety. The Company during these unprecedented times, stood by its nation and solemnly pledged our support towards aiding the ongoing efforts of the Government to control and counter Covid-19 pandemic. The Company allocated around ₹41.69 lacs on Covid-19 relief in the Country.

During the year, the Company has spent a sum of ₹1.95 crores on various CSR activities. The Annual Report on CSR activities undertaken during the year forms part of Annexure – C to the Board's Report.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 the Company has appointed M/s Preeti Pahwa & Associates a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as Annexure - D to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profits of the Company for the year ended March 31, 2020;
- iii) they have taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis;
- v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

a) There is no information to disclose under the head 'Conservation of Energy and Technology Absorption' given in the above rules since the company is engaged in service sector. The particulars of total energy consumption per unit of production are as per Form 'A' is not applicable.

b) **Additional investments & proposals, if any, being implemented for reduction of consumption of energy:**
Not Applicable.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption:**
Not applicable.

(B) Technology absorption-

Since the Company is not engaged in any manufacturing activity, the Directors have nothing to report on the matter.

(C) Foreign exchange earnings and Outgo-

Total foreign exchange earnings and expenditure by the Company during the year under review was Nil.

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace. Members of the Internal Complaints Committee constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints.

The Company on a regular basis sensitises its employees including subsidiary employees on the prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programmes. During the year, one complaint was received by the Committee. The cases were reviewed and actioned upon. Hence, there are no pending complaints with the Committee as at March 31, 2020. During the year, one complaint was received under the said policy. The cases were reviewed and actioned upon. Hence, there are no pending complaints with the committee as at March 31, 2020.

EXTRACTS OF ANNUAL RETURN

Pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return is attached as Annexure- A to this Report. The extract of annual return is also placed on the website of the Company. <https://www.phfl.com/investor-relations/>

PUBLIC DEPOSITS

The Company has neither accepted nor renewed any deposits during year under review, within the meaning of Section 73 of read with Companies (Acceptance of Deposits) Rules, 2014 framed thereunder.

PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES:

The Board has nothing to report under Rule 8(5) Clause (iv) of the Companies (Accounts) Rules, 2014 as there is no subsidiary, joint venture or associate company of the company.

LOANS, GUARANTEES AND INVESTMENTS

During the year, no loan, investments and guarantee was given by the Company which are required to be disclosed under Section 186 of the Companies Act, 2013(Act). The current investment of the Company in liquid funds is ₹2,766.88 Lakhs as on March 31, 2020.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and date of this report.

RISK MANAGEMENT

The Company actively identifies evolving risks keeping in view its nature of operations and takes timely action to address and manage risks.

DISCLOSURE OF REMUNERATION OR COMMISSION RECEIVED BY A MANAGING OR WHOLE-TIME DIRECTOR FROM THE COMPANY'S HOLDING OR SUBSIDIARY COMPANY:

During the year, there were no instances of Remuneration payable to Whole-time Director or Managing Director from the Subsidiary Company. Further, during the year, none of the Directors have received remuneration and Commission from the Holding Company.

ORDERS PASSED BY COURTS/ REGULATORS

No significant or material order has been passed by the regulators or courts or tribunals impacting the going concern status of the Company or its future operations.

INTERNAL FINANCIAL CONTROL

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control commensurate with the size and nature of the Company's business.

These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with Company's policies.

SECRETARIAL STANDARDS OF ICSI

The revised Secretarial Standard on meetings of Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) came into effect from 01st October, 2017. The Company is in compliance with the same.

It is also stated that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme.

ACKNOWLEDGMENTS

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Government authorities. Finally, the Directors express their appreciation for the dedication and commitment with which the employees of the Company at all levels have worked during the period.

For and on behalf of the Board of
PHFL Home Loans and Services Limited


Chairman

Date: 12/06/2020
Place: Delhi

Form MGT 9
Extracts of Annual return
As on 31st March 2020

(Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies Management and Administration Rules, 2014)

1. Registration and other details:

CIN	U67200DL2017PLC322468
Registration Date	August 22, 2017
Name of the Company	PHFL Home Loans and Services Limited
Category/Sub Category of the Company	Financial Services
Address of the registered office and contact details	Flat No 207 & 209, 2nd Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg New Delhi 110001 Phone: 011-23445200
Whether Listed Company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

2. Principal Business Activities of the Company:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

S. No.	Name and description of main products/services	NIC code of the product/service	% of the total turnover of the Company
1	Financial Services	Division 64 and 65	100%

3. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	PNB Housing Finance Limited 9 th Floor, Antriksh Bhawan, 22, K G Marg, New Delhi-110001, Tel: 011-23445200	L65922DL1988PLC033856	Holding	100%	2(46)

4. Shareholding pattern (Equity share capital break up as percentage of total equity)

i)

S. No.	Name of Shareholders	No. of shares subscribed
1.	PNB Housing Finance Limited	2,49,994
2.	Mr. Nitant Desai – Nominee of PNB Housing Finance Limited	1
3.	Mr. Ajay Gupta - Nominee of PNB Housing Finance Limited	1
4.	Mr. Shaji Varghese - Nominee of PNB Housing Finance Limited	1
5.	Mr. Anshul Bhargava - Nominee of PNB Housing Finance Limited	1
6.	Mr. Kapish Jain - Nominee of PNB Housing Finance Limited	1
7.	Mr. Sanjay Jain - Nominee of PNB Housing Finance Limited	1
	TOTAL	2,50,000

Note: All equity shares are held in demat mode.

ii) Shareholding of promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			No. of shares held at the end of the year (D. mat.)			% change in holding during the year
		No. of shares	% of total shares of the Co.	% of total shares encumbered/pledged to total shares	No. of shares	% of total shares of the Co.	% of total shares encumbered/pledged	
1	PNB Housing Finance Limited	2,50,000#	100%	NA	2,50,000#	100%	-	-

#Six shares are held by nominee shareholders of PNB Housing Finance Limited.

iii. Change in Promoters' shareholding

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Date wise Increase / decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat)		Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)		
		No. of shares	% of total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1	PNB Housing Finance Limited	2,50,000	100%	-	-	-	2,50,000	100%

iv. Shareholding of Directors and Key Management Personnel:

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase / decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat)			Cumulative shareholding during the year (April 1, 2019 to March 31, 2020)	
		No. of shares	% of the total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of the total shares of the Company
1.	Mr. Shaji Varghese, Director	1	0.00%	-	1	Held as a Nominee shareholder	1	0.00%
2.	Mr. Ajay Gupta, Director	1	0.00%	-	-	Held as a Nominee shareholder	1	0.00%
3.	Mr. Anshul Bhargava, Director	1	0.00%	-	-	Held as a Nominee shareholder	1	0.00%
4.	Mr. Kapish Jain	1	0.00%	-	-	Held as a Nominee shareholder	1	0.00%
5.	Ms. Deepika Gupta Padhi	0	0.00%	-	-	-	0	0.00%

*Mr. Shaji Varghese ceased to be a director w.e.f 04.02.2020.

5. Indebtedness

	Secured loans excluding deposits	Unsecured loans	Deposits (including inter corporate deposits)	Total Indebtedness
At the beginning of the financial year				
I .Principal amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total	-	-	-	-
Change in indebtedness during the financial year	-	-	-	-
At the end of the financial year	-	-	-	-
1. Principal amount	-	-	-	-
2. Interest due but not paid	-	-	-	-
3. Interest accrued but not due	-	-	-	-
Total	-	-	-	-

6. Remuneration of Directors and Key Managerial Personnel

- a. Remuneration to Managing Director, Whole-time Directors and/or Manager: NA
- b. Remuneration to other directors: Nil
- c. Remuneration to key Managerial Personnel other than MD: NA

7. Penalties /Punishment /Compounding of offences: None

**DETAILS OF RELATED PARTY TRANSACTIONS IN FORM AOC- 2
FORM AOC- 2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

1. Details of contracts or arrangements not at Arm's length basis: NA
2. Details of material contracts or arrangements or transactions at Arm's length basis are as under:

Sr. No.	Name of the Party with which the contract is entered into	Nature of Contract/Transaction	Duration of Contract	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval at the meeting of the Board	Amount Incurred during the year (in Lakhs)
1.	PNB Housing Finance Limited	Lease	As per Lease Agreement	Rent	NA	21.97
2.	PNB Housing Finance Limited	Fee Commission & expense	As per Agreement/ PO/other document	Fee and Commission	NA	9406.00
3.	PNB Housing Finance Limited	Commission Income	As per Agreement/ PO/other document	Commission income	NA	11056.36
4.	PNB Housing Finance Limited	Outstanding Balance (payable)	As per Agreement/ PO/other document	Outstanding Balance (payable)	NA	358.01
5.	PNB MetLife India Insurance Company Limited	Insurance Premium	As per Agreement/ PO/other document	Insurance Premium	NA	11.36
6.	Punjab National Bank Limited	Bank Charges	As per Agreement/ PO/other document	Bank Charges	NA	0.01

Annexure- C

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

PHFL a Wholly Owned Subsidiary of PNB Housing Finance Limited, recognizes the importance of good corporate governance and Corporate Social Responsibility. The Company's CSR activities are in the form of well defined programmes or projects, the outcomes of which are measured objectively. The Company's CSR programmes are aligned to Parent Company CSR policies and strategies which are as follows:

- Eradicating hunger, poverty and malnutrition, promoting and preventive health care and sanitation, promotion of sanitation and making available safe drinking water; promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes/hostels for women & orphans; setting up old age homes, day care centres & such other facilities for senior citizens and measures for reducing inequalities faced by socially & economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development.

The CSR Policy of the Company is available on Company's website: <https://www.phfl.com/investor-relations/>. The main CSR activities of the Company are as follows:

- Ensuring holistic care to underprivileged children
- Ensuring education and skilling
- Improving access to health care
- Environment conservation
- Preserving National Heritage, Art and Culture

2. The Composition of the CSR Committee as on March 31, 2020:

1. Mr. Kapish Jain
2. Mr. Anshul Bhargava
3. Mr. Ajay Gupta

3. Average net profit of the Company for the last three financial years:

	2017-18 (In Lacs)	2018-19(In Lacs)
PBT	246.65	19308.56
Total CSR Expenditure of FY 2019-20	195.55	

4. Details of CSR spent during the financial year:

- a) Total amount to be spent during FY 2019-20: ₹195.55 lacs
- b) Total amount spent during FY 2019-20: ₹195.55 lacs
- c) Amount unspent, if any: NIL
- d) Manner in which the amount was spent during the financial year is detailed below:

Thematic Area	Programme	Partner Organization	Approved Annual Budget (INR)	Expenditure (INR)
Day care centres for children of construction workers	Supporting Day-care Centers in Delhi/NCR, Ahmedabad, Bangalore	Mobile Creches	42,75,306	2,75,306
	Supporting Day-care Centers in Udaipur, Rajasthan	Mobile Creches	9,07,104	9,07,104
	To provide additional support for a centre in Faridabad	Savera Society for Social Welfare	12,60,716	12,60,716
Healthcare	Equipment donation	Army Base Hospital/Fairfax Foundation '	47,92,700	47,92,700
	Mental Health	Sanjivini Society for Mental Health	13,22,688	13,22,688
Differently Abled	Vocational skills training (weaving program) for people with special needs	Tender Hearts Education Society	17,49,600	17,49,600

Environmental Care	Solar panels	Ramakrishna Mission Vivekananda Memorial	1,00,000	1,00,000
Disaster Relief-Covid 19	Disaster relief	The PM National Relief Fund (Direct)	21,69,136	21,69,136
	Disaster relief	Delhi CM/LG Relief Fund for Covid Relief	20,00,000	20,00,000
Total Allocated			1,85,77,250	1,85,77,250
Total Budget			1,95,55,000	
Administrative expense			9,77,750.00	
Program Expenditure			1,85,77,250	
Balance			0	

5. In case the Company has failed to spend 2% of the average net profit of the last 3 financial years or any part thereof, the Company shall provide the reasons for not spending the amount:
Not applicable

6. The CSR Committee hereby confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.


Chairman of CSR Committee

Date: 9th June, 2020

**To,
The Members,
PHFL Home Loans and Services Limited,
Flat No 207 & 209, 2nd Floor, Antriksh Bhawan,
22, Kasturba Gandhi Marg, New Delhi-110001**

We have been appointed as Secretarial Auditor of the Company for conducting Secretarial Audit as per the provisions of the Companies Act, 2013 for the Financial Year 2019-20. We would like to inform that our report dated 9th June, 2020 is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and occurrence of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the 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.
7. To the extent possible, we have done the physical verification of the original signed documents and copies thereof, however, due to Covid-19 outbreak and subsequent lockdowns in the jurisdiction of registered office of the Company, in some cases, we have relied upon the soft copies of documents, shared with us by the Company through emails, supported by necessary management representations in this regard

For Preeti Pahwa & Associates

Sd/-

Preeti Pahwa

Practicing Company Secretary
Certificate of Practice No.: 8263
Membership No.: F-5846

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no. 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
PHFL Home Loans and Services Limited,
Flat No 207 & 209, 2nd Floor, Antriksh Bhawan,
22, Kasturba Gandhi Marg, New Delhi-110001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PHFL Home Loans and Services Limited** ("the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts or statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder, wherever and to the extent applicable, 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 (except the provisional or unaudited financial statements for the above mentioned period) maintained by the Company for the above said financial year ended on 31st March, 2020, according to the provisions of-

1. The Companies Act, 2013 ("the Act") and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under; (**Not Applicable**)
3. The Depositories Act, 1996 and the regulations and bye-laws framed there under; and
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under. (**Not Applicable**)

We have further analyzed that the following Regulations and Guidelines prescribed under the SEBI Act are **not applicable** for the period under review:

- i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- iii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- iv. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- vi. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- vii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- viii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- ix. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

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

- (i) The Secretarial Standards on Board meetings (SS-I) and Secretarial Standards on General Meetings (SS-II), as issued by the Institute of Company Secretaries of India; and
- (ii) The Memorandum and Articles of Association of the Company

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above, except that *the Company was required to appoint a Woman Director within six months from 31st March, 2019, pursuant to provisions of Section 149 of the Companies Act, 2013 read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, as the turnover of the Company for financial year ending 31st March, 2019 exceeded the threshold limit of INR 300 Cr., to appoint at least one Woman Director on the Board, however, the appointment happened on 7th February, 2020.*

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

We further report that adequate notices were given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast 7 days in advance, and the system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that the resolutions were passed at all the meetings by the requisite majority and there were no instances of the dissent which were required to be captured and recorded as part of the minutes.

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

We further report that during the audit period, no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above has occurred in the Company other than mentioned above.

For Preeti Pahwa & Associates

Sd/-

Preeti Pahwa

Practicing Company Secretary
Certificate of Practice No. 8263
Membership No. F-5846
UDIN:F005846B000326331

Place: Gurugram
Date: 9th June, 2020