

PHF LEASING LIMITED.

Regd. & Corp. Office : 923, G.T. Road Jalandhar (Pb.) INDIA
Ph. : 0181-4639903-04
email : phf_leasingltd@yahoo.co.in
Website : www.phfleasing.com
CIN No. : L65110PB1992PLC012488



Dividend Distribution Policy

Introduction The Securities and Exchange Board of India vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, introduced Regulation 43A in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top one thousand listed entities based on market capitalisation (calculated as on March 31 of every financial year) to formulate a dividend distribution policy, which shall be disclosed on their websites and a web-link shall also be provided in their Annual Reports.

The Company appears to be amongst top 1000 listed entities based on aforesaid criteria for the year ended March 31, 2022. Hence, it has formulated this policy on dividend distribution with a view to inform the shareholders about how it aims to utilize/ retain/ distribute the extra profits and the parameters that shall be adopted with regard to the dividend on shares.

Objective

The objective of the policy is to specify the external and internal factors including financial parameters that shall be considered while declaring dividend. The Dividend Distribution Policy (“the policy”) establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company, accumulate funds for future to catch opportunities. The policy shall come into force for accounting periods beginning from 1st April, 2022.

The Company has been consistently paying dividend over last many decades to its shareholders. Dividend would continue to be declared on per share basis on the Equity Shares of the Company having face value Rs.10/- each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders equitably, based on their shareholding on the record date.

Dividends will generally be recommended by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders and will be declared by the shareholders in the Annual General Meeting, as per the provisions of the Companies Act. The Board may also consider/ declare interim dividend(s) as per the cash flow situation of the company and as permitted under the Companies Act.

Depending on the long term growth strategy of the Company and the prevailing circumstances, the Board may consider a higher dividend payout ratio, while trying to ensure that sufficient funds are retained for growth of the Company.

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Definitions

- (i) "Act" means the Companies Act, 2013 and Rules made thereunder, including any statutory amendment(s) or modification(s) thereof for the time being in force.
- (ii) "Dividend" includes final and interim dividend.
- (iii) "Dividend Payout ratio" means a fraction of net income a company pays to its shareholders as dividend.
- (iv) "Market capitalisation" means the aggregate value of the company based on its current market price and the total number of outstanding shares of the company.
- (v) "Paid-up Share Capital" means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called.
- (vi) "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, from time to time and as notified by the Securities and Exchange Board of India.

Declaration and payment of Dividend

In compliance with Section 51 of the Act, the Company shall pay dividend proportionately, i.e., in proportion to the amount paid-up on each share. Final Dividend for a financial year shall be paid after the annual financial statements of the Company are finalized and the amount of distributable profits is available. However, the Interim Dividend can be paid on the basis of interim financial results. The declaration and payment of dividend shall be in accordance with the provisions of Sections 123 to 128 of the Act. Pursuant to the provisions of Section 123 of the Act, the Board shall recommend dividend for any financial year subject to the following:

- (a) out of the profits of the Company for that year arrived after providing for depreciation; or
- (b) out of the profits of the Company for any previous financial year(s) arrived at after providing for depreciation and remaining undistributed; or
- (c) out of both (a) and (b)

Parameters for declaration of dividend

The Board shall consider the following various circumstances like current year's profit, accumulated reserves, cash flow situation, future outlook, reinvestment opportunities of the Company, tax benefits, Company's present and future performance for declaration and payment of dividend

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(i) Financial parameters

- (a) Availability of profits;
- (b) Financial feasibility of the Company;
- (c) Debt Equity ratio;
- (d) Debt interest coverage ratio;
- (e) Liquidity position;
- f) Applicable taxes;
- (g) Proposed Business expansions & Capex plans;
- (h) State of economy & capital markets;
- (i) Profit growth;
- (j) Past Dividend trend of the company and the industry

(ii) External Factors

- (a) Shareholders' expectations;
- (b) Uncertain or recessionary economic and business conditions;
- (c) Cost of external financing;
- (d) Restrictions imposed under the Act with regard to declaration of dividend;
- (e) Sectorial performance;
- (f) Industry outlook;
- (g) Future uncertainties and industrial downturn;
- (h) Return on Investments;
- (i) Government policies;
- (j) Inflation rate

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(iii) Internal Factors

- (a) Growth rate of past earnings;
- (b) Growth rate of predicted profits;
- (c) Expansion and modernisation of existing business;
- (d) Working capital requirements;
- (e) Investments in subsidiaries;
- (f) Buyback options;

(iv) Utilisation of retained earnings

The decision of utilisation of retained earnings of the Company shall be based on the following factors: (a) Expansion/ Acquisition/ Diversification of business;

- (b) Long term strategic plan;
- (c) Cost of debt;
- (d) Market or product development;
- (e) Increase in production capacity
- (f) Modernisation Plan;
- (g) Replacement of Capital assets;
- (h) Capitalisation of reserves;
- (i) Any other permitted usage as per the provisions of the Companies Act, 2013.

Publication of Policy

This Policy, as approved by the Board, shall be placed on the website of the Company at www.phfleasing.com and the same / its web-link shall also be disclosed in the Annual Report.

Amendment/ Revision

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The policy may be reviewed by the Board periodically, as and when deemed necessary. Further, in case of any subsequent change in the provisions of the Act or Regulations or Income Tax Act, 1961 or any other regulations which makes any of the provisions of this Policy inconsistent with the Act or such other regulations, then the provisions of the Act or such other regulations would prevail over this Policy and the relevant provisions contained in this Policy would be modified accordingly in due course to make it consistent with applicable laws. Any such amendment/ revision shall be disclosed / communicated to the shareholders through Annual Report / website of the Company.
