



**Independent Auditor's Report**

To The Members Of

**PNB Investment Services Limited**

**Report on the Financial Statements**

**Opinion**

We have audited the financial statements of **PNB INVESTMENT SERVICES LIMITED** (the "Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profits and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibility of Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134 (5) of the Companies Act, 2013("the Act") with respect to preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, as applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and 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 financial statements that give a true and fair view and are free from material misstatements, 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 intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibility for the Audit of the Financial Statement**

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

#### **Report on other Legal and Regulatory Requirements:**

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors except from Mr. D.K. Jain (DIN : 06822012 ) as on March 31, 2019 taken on record by the Board of Directors, none of the directors from whom the written representation has been received is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of Act. No written declaration has been received from Mr. D.K. Jain (DIN : 06822012).
- 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 'A'.





- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
- i) The company does not have any pending litigations which would impact its financial position.
  - ii) The company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.
  - iii) There are no amounts which are required to be transferred to Investor Education and Protection Fund by the company during the year.
2. As required by the Companies (Auditors Report) Order, 2016 (the Order), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B", a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
3. As required under section 143 (5) of the Act, we enclose herewith as per Annexure 'C' our report for the company on the directions issued by the Comptroller & Auditor General of India.

Place: New Delhi  
Dated: 03<sup>rd</sup> May 2019

For **RAVI RAMESH & ASSOCIATES**  
Chartered Accountants  
FRN No. 004306N  
  
  
**Subhash Bansal**  
Partner  
M.No.085785

## **Annexure "A" To the Independent Auditors' Report**

(Referred to in paragraph 1(f) under Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Re: PNB Investment Services Limited (the "Company")**

**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 the company as at March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial control 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 (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 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 Act.

### **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 Control over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be 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 and both issued by the Institute of Chartered Accountants of India.

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 evidences 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.





We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **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:

- i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii) 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
- iii) 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 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 controls 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, 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 31st March, 2019, based on "the internal financial controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India."

For **RAVI RAMESH & ASSOCIATES**  
Chartered Accountants  
FRN No. 004306N



*Subhash Bansal*  
**Subhash Bansal**  
Partner  
M.No.085785

Place: New Delhi  
Dated: 03<sup>rd</sup> May 2019

## **Annexure "B" To the Independent Auditors' Report**

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

### **Re: PNB Investment Services Limited (the "Company")**

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) There is a regular programme of physical verification of fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The company does not own any immovable property in its own name. Hence, paragraph 3(i) (c) of the Order is not applicable to the company.
- (ii) The Company is a service company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3 (ii) of the Order is not applicable.
- (iii) During the year the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- (v) According to the information and explanation given to us, the Company has not accepted any deposit from public.
- (vi) To the best of our knowledge, the Central Government has not prescribed maintenance of cost record under sub-section (I) of section 148 of the Companies Act, 2013 in respect of services rendered by the company.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, duty of custom, duty of excise, cess and any other statutory dues with the appropriate authorities and there are no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of Income tax, Sales-tax, Service tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to banks and financial institutions. The company has not taken any loans or borrowings from government and has not issued any debentures.





- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). The company has not raised any money during the year by way of term loans from banks and financial institutions.
- (x) To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of Para 3 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 188 and 177 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 financial statement as required by the applicable accounting standard.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under clause (xiv) of Para 3 the Order is not applicable.
- (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 any of its directors or persons connected with him and hence, provisions of clause (xv) of Para 3 of the Order are not applicable to the company.
- (xvi) The Company is not required to be registered under section 45 (IA) of the Reserve Bank of India Act, 1934

For **RAVI RAMESH & ASSOCIATES**  
Chartered Accountants  
FRN No. 004306N



*Subhash Bansal*  
**Subhash Bansal**  
Partner  
M.No.085785

Place: New Delhi  
Dated: 03<sup>rd</sup> May 2019

**Annexure "C" To the Independent Auditors' Report**

(Referred to in paragraph 3 under Report on Other Legal and Regulatory Requirements section of our report of even date)

**Re: PNB Investment Services Limited (the "Company")**

Report on Directions indicating the areas to be examined by the statutory auditors during the course of audit of annual accounts of PNB Investment Services Limited for the year 2018-19 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act 2013

| SN | DIRECTIONS                                                                                                                                                                                                                                                                               | COMMENTS                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The Company is maintaining its accounts on Tally Accounting Software. It was explained by the management that no accounting transactions are processed outside the accounting software and considering the size of the Company and nature of its business, we are of the opinion that the system to process the accounting transactions through IT system is sufficient and there are no material financial implications, if any. |
| 2  | Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender of the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.                                     | There has been no restructuring of any loan or any case of waiver or any write off of debts, loans or interest etc. made by a lender of the company during the year.                                                                                                                                                                                                                                                              |
| 3  | Whether funds received / receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.                                                                                                 | During the year there are no funds received / receivable from Central / State Agencies for any specific scheme by the Company.                                                                                                                                                                                                                                                                                                    |

For **RAVI RAMESH & ASSOCIATES**

Chartered Accountants

FRN No. 004306N



**Subhash Bansal**

Partner

M.No.083833

Place: New Delhi

Dated: 03<sup>rd</sup> May 2019





**Ravi Ramesh & Associates**  
Chartered Accountants

26/36, Basement,  
East Patel Nagar,  
New Delhi-110008

**COMPLIANCE CERTIFICATE**

We have conducted the audit of annual accounts of **PNB Investment Services Limited** for the year ended 31<sup>st</sup> March, 2019 in accordance with the directions / sub- directions issued by the C&AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions issued to us.

Place: New Delhi  
Dated: 03<sup>rd</sup> May 2019



**For RAVI RAMESH & ASSOCIATES**  
Chartered Accountants  
FRN No. 004306N

*Subhash Bansal*  
**Subhash Bansal**  
Partner  
M.No.085785

**PNB INVESTMENT SERVICES LIMITED**

CIN: U65191DL2009GOI187146

**Balance Sheet as at 31st March, 2019**

| Particulars                        | Note No. | As At 31/03/2019   | As At 31/03/2018   |
|------------------------------------|----------|--------------------|--------------------|
|                                    |          | (Amount in Rs.)    | (Amount in Rs.)    |
| <b>I. EQUITY AND LIABILITIES</b>   |          |                    |                    |
| <b>(1) Shareholders' Funds</b>     |          |                    |                    |
| (a) Share Capital                  | 3        | 200,000,000        | 200,000,000        |
| (b) Reserves and Surplus           | 4        | 239,635,286        | 222,181,172        |
|                                    |          | <b>439,635,286</b> | <b>422,181,172</b> |
| <b>(2) Non Current Liabilities</b> |          |                    |                    |
| (a) Long-Term Provisions           | 5        | 6,882,239          | 4,790,618          |
|                                    |          | <b>6,882,239</b>   | <b>4,790,618</b>   |
| <b>(3) Current Liabilities</b>     |          |                    |                    |
| (a) Short Term Borrowings          | 6        | -                  | -                  |
| (b) Other Current Liabilities      | 7        | 5,741,757          | 1,877,153          |
| (c) Short-Term Provisions          |          | 317,112            | 24,263,478         |
|                                    |          | <b>6,058,869</b>   | <b>26,140,631</b>  |
| <b>Total</b>                       |          | <b>452,576,394</b> | <b>453,112,421</b> |
| <b>II. ASSETS</b>                  |          |                    |                    |
| <b>(1) Non-Current Assets</b>      |          |                    |                    |
| (a) Fixed Assets                   |          |                    |                    |
| Tangible Assets                    | 8        | 2,945,497          | 2,144,978          |
| (b) Deferred Tax Asset (Net)       | 9        | 4,581,000          | 2,880,000          |
| (c) Long Term Loan and Advances    | 10       | 80,550             | 15,000             |
| (d) Other Non-Current Assets       | 11       | 372,567,584        | 24,853,895         |
|                                    |          | <b>380,174,631</b> | <b>29,893,873</b>  |
| <b>(2) Current Assets</b>          |          |                    |                    |
| (a) Trade Receivables              | 12       | 15,693,420         | 10,848,487         |
| (b) Cash and Bank Balances         | 13       | 50,247,066         | 408,119,775        |
| (c) Short-Term Loans and Advances  | 14       | 6,461,276          | 4,250,286          |
|                                    |          | <b>72,401,763</b>  | <b>423,218,548</b> |
| <b>Total</b>                       |          | <b>452,576,394</b> | <b>453,112,421</b> |

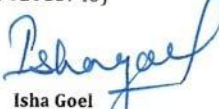
See accompanying notes to the Financial Statements

For and on behalf of Board of Directors

  
**Vikram Sheth**  
 Independent Director  
 (DIN: 03349632)

  
**Sanjay Kumar Bajaj**  
 Managing Director & CEO  
 (DIN: 02018745)

  
**Saurabh Malhotra**  
 Chief Operating Officer cum CFO

  
**Isha Goel**  
 Company Secretary  
 (M. No. 46828)

As per our report of even date  
 For **RAVI RAMESH & ASSOCIATES**  
 Chartered Accountants  
 (Firm Regn. No. 004306N)



  
**Subhash Bansal**  
 (Partner)  
 (M.No. 085785)

Place: New Delhi  
 Dated: 03/05/2019



**PNB INVESTMENT SERVICES LIMITED**

CIN: U65191DL2009GOI187146

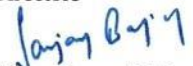
**Profit and Loss Statement for the year ended 31st March, 2019**

| Particulars                                                | Note No. | Year Ended<br>31/03/2019<br>(Amount in Rs.) | Year Ended<br>31/03/2018<br>(Amount in Rs.) |
|------------------------------------------------------------|----------|---------------------------------------------|---------------------------------------------|
| <b>INCOME</b>                                              |          |                                             |                                             |
| Revenue from Operations                                    | 15       | 58,006,861                                  | 60,033,837                                  |
| Other Income                                               | 16       | 29,042,706                                  | 32,048,164                                  |
| <b>Total Revenue</b>                                       |          | <b>87,049,567</b>                           | <b>92,082,001</b>                           |
| <b>EXPENSES</b>                                            |          |                                             |                                             |
| Employee Benefit Expenses                                  | 17       | 43,347,858                                  | 32,752,603                                  |
| Finance Cost                                               | 18       | 62,924                                      | 309,903                                     |
| Depreciation and Amortization Expenses                     | 19       | 570,067                                     | 421,924                                     |
| Other Expenses                                             | 20       | 18,813,910                                  | 19,577,955                                  |
| <b>Total Expenses</b>                                      |          | <b>62,794,758</b>                           | <b>53,062,386</b>                           |
| <b>Profit Before Extraordinary &amp; Exceptional Items</b> |          | <b>24,254,809</b>                           | <b>39,019,615</b>                           |
| Exceptional Items                                          | 21       | 154,360                                     | -                                           |
| <b>Profit Before Tax</b>                                   |          | <b>24,100,449</b>                           | <b>39,019,615</b>                           |
| Tax Expense:                                               |          |                                             |                                             |
| i) Current Tax                                             | 22       | 8,400,000                                   | 10,600,000                                  |
| ii) Tax relating to earlier years                          | 22       | (52,665)                                    | (432,560)                                   |
| iii) Deferred Tax Liability/ (Asset)                       |          | (1,701,000)                                 | (893,000)                                   |
| <b>Profit for the year</b>                                 |          | <b>17,454,114</b>                           | <b>29,745,175</b>                           |
| Earning per Equity Share:                                  | 23       |                                             |                                             |
| (1) Basic                                                  |          | 0.87                                        | 1.49                                        |
| (2) Diluted                                                |          | 0.87                                        | 1.49                                        |

See accompanying notes to the Financial Statements

For and on behalf of Board of Directors

  
**Vikram Sheth**  
 Independent Director  
 (DIN: 03349632)

  
**Sanjay Kumar Bajaj**  
 Managing Director & CEO  
 (DIN: 02018745)

  
**Saurabh Malhotra**  
 Chief Operating Officer cum CFO

  
**Isha Goel**  
 Company Secretary  
 (M. No. 46828)

As per our report of even date  
**For RAVI RAMESH & ASSOCIATES**  
**Chartered Accountants**  
 (Firm Regn. No. 004306N)



  
**Subhash Bansal**  
 (Partner)  
 (M.No. 085785)

Place: New Delhi

Dated: 03/05/ 2019

**PNB INVESTMENT SERVICES LIMITED**

CIN: U65191DL2009GOI187146

**Cash Flow Statement for the year ended 31st March, 2019**

|                                                                                        |               | Year Ended<br>March 31, 2019    | Year Ended<br>March 31, 2018    |
|----------------------------------------------------------------------------------------|---------------|---------------------------------|---------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                          |               |                                 |                                 |
| Net Profit before Taxation                                                             |               | 24,100,449                      | 39,019,615                      |
| Adjustments for:                                                                       |               |                                 |                                 |
| Interest on Fixed Deposits                                                             | (28,782,747)  |                                 | (31,951,750)                    |
| Depreciation                                                                           | 570,067       |                                 | 421,924                         |
| Loss/written off of Fixed Assets                                                       | 154,360       |                                 |                                 |
| Interest Paid                                                                          | 62,924        |                                 | 311,702                         |
| Provision for Employee Benefits made/(reversed):                                       | -             |                                 | -                               |
| - Gratuity                                                                             | 633,607       |                                 | (143,499)                       |
| - Leave Encashment                                                                     | 1,657,849     |                                 | 298,807                         |
| Provision for doubtful debts                                                           | 3,625,609     | (22,078,331)                    | (1,593,710)                     |
| <b>Operating Profit before Working Capital Changes</b>                                 |               | <b>2,022,118</b>                | <b>6,363,090</b>                |
| Changes in current assets, Loans and Advances                                          | (10,747,083)  |                                 | 10,563,578                      |
| Changes in current Liability/Provisions                                                | 3,789,933     | (6,957,150)                     | (5,696,222)                     |
| <b>Net Cash flow from operations</b>                                                   |               | <b>(4,935,033)</b>              | <b>11,230,446</b>               |
| Direct Taxes paid (including Interest)                                                 | 8,347,335     | 8,347,335                       | 10,167,440                      |
| <b>Net Cash Flow used in operating activities</b>                                      |               | <b>(13,282,368)</b>             | <b>1,063,006</b>                |
| <b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>                                        |               |                                 |                                 |
| Purchase of Fixed Assets                                                               | (1,524,947)   |                                 | (508,528)                       |
| Sale of Fixed Assets                                                                   | -             |                                 | 63,413                          |
| (Increase)/Decrease in Fixed deposit accounts<br>(having maturity more than 12 months) | (347,713,689) |                                 | 289,433,886                     |
| Interest Income                                                                        | 28,782,747    |                                 | 31,951,750                      |
| <b>Net cash flow from investment activities</b>                                        |               | <b>(320,455,888)</b>            | <b>320,940,521</b>              |
| <b>C. CASH FLOWS FROM FINANCE ACTIVITIES</b>                                           |               |                                 |                                 |
| Dividend paid (including Dividend Distribution Tax)                                    | (24,071,530)  |                                 | (24,071,530)                    |
| Interest on borrowings from Banks                                                      | (62,924)      |                                 | (311,702)                       |
| <b>Net cash flow from finance activities</b>                                           |               | <b>(24,134,454)</b>             | <b>(24,383,232)</b>             |
| <b>Net increase/(decrease) in Cash and Cash equivalents (A+B+C)</b>                    |               | <b>(357,872,710)</b>            | <b>297,620,295</b>              |
| <b>Cash and Cash equivalents as at beginning of the year</b>                           |               | <b>408,119,775</b>              | <b>110,499,480</b>              |
| <b>Cash and Cash equivalents as at end of the year</b>                                 |               | <b>50,247,066</b>               | <b>408,119,775</b>              |
| <b>Note:</b>                                                                           |               | <b>As at<br/>March 31, 2019</b> | <b>As at<br/>March 31, 2018</b> |
| <b>1 Components of Cash and Cash equivalents:</b>                                      |               |                                 |                                 |
| Cash on Hand                                                                           |               | -                               | 707                             |
| Balances with Banks in                                                                 |               |                                 |                                 |
| - Current Accounts                                                                     |               | 216,226                         | 2,747,325                       |
| - Bank Overdraft                                                                       |               | -                               | -                               |
| - Fixed Deposit Account having maturity within 3 months                                |               | -                               | 116,690,830                     |
|                                                                                        |               | 216,226                         | 119,438,862                     |
| <b>Add: Other Bank Balances</b>                                                        |               |                                 |                                 |
| Balances with Banks in                                                                 |               |                                 |                                 |
| - in Fixed Deposits account with maturity more than<br>3 months but within 12 months   |               | 50,030,840                      | 288,680,913                     |
|                                                                                        |               | <b>50,247,066</b>               | <b>408,119,775</b>              |

2 The above cash flow statement has been prepared under the "Indirect Method" as set out in the "Accounting Standard -3" on cash flow statement notified under the Companies (Accounting Standard) Rules, 2006

3 Figures in the bracket represents cash outflow from respective activities.

4 Previous years figures have been regrouped / rearranged wherever found necessary to make them comparable with the current year figures.

For and on behalf of Board of Directors

*Vikram Sheth*  
Vikram Sheth  
Independent Director  
(DIN: 03349632)

*Sanjay Kumar Bajaj*  
Sanjay Kumar Bajaj  
Managing Director & CEO  
(DIN: 02018745)

*Saurabh Malhotra*  
Saurabh Malhotra  
Chief Operating Officer cum CFO

*Isha Goel*  
Isha Goel  
Company Secretary  
(M. No. 46828)

Place: New Delhi  
Dated: 03/05/2019

As per our report of even date

For RAVI RAMESH & ASSOCIATES  
Chartered Accountants  
(Firm Regn. No. 004306N)



*Subhash Bansal*  
Subhash Bansal  
(Partner)  
(M.No. 085785)



**PNB INVESTMENT SERVICES LIMITED**  
CIN: U65191DL2009GOI187146  
**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Note 1 : General Information**

PNB Investment Services Limited, incorporated on February 2, 2009 as a wholly owned subsidiary of Punjab National Bank, registered with SEBI as a Category I Merchant Banker. The Company commenced its operations on June 8, 2009. The Company is presently engaged, in providing Investment Banking Services like Capital Market, Corporate Advisory, Stressed Asset Resolution, Merger & Acquisition and Trusteeship Services etc.

**Note 2: Significant Accounting Policies**

**(a) Basis of Preparation of Financial Statements**

The financial statements have been prepared and presented under the historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles in India (GAAP), applicable statutory provisions, circulars and guidelines issued by various Regulatory Authorities and comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 as amended upto date and the relevant provisions of Companies Act, 2013 to the extent applicable. All amounts are stated in Indian Rupees except as otherwise stated.

**(b) Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements.

**(c) Fixed Assets**

Fixed assets are stated at cost of acquisition less accumulated depreciation.

**(d) Depreciation**

Depreciation on fixed assets is provided as follows:-

- i) Assets for Own Use/Leased Assets: At Straight Line Method on pro rata basis.
- ii) All the assets are depreciated as per the useful life specified in Schedule II to the Companies Act, 2013 according to their respective balance useful life.

**(e) Impairment of Assets**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**(f) Revenue Recognition**

Revenue is recognized based on the nature of activity, when consideration can be reasonably measured and there exists a reasonable certainty of its recovery

- i) The revenue in respect of activities of Issue Management & Merchant Banking Services, Underwriting, Placement of Debt / Equity issues, Project Appraisal, Loan Syndication, Trusteeship Business and Corporate Advisory Services are accrued on the basis of stage of completion of assignment, in accordance with the terms of contracts entered into between the Company and the counterparty.
- ii) Interest income on Short term Deposits/ Fixed Deposits with banks is recognized on accrual basis.

**(g) Receivables**

Receivables are stated at original invoiced amount less provisions made for doubtful receivables. The Company regularly evaluates the probability of recovery and provides for doubtful receivables when there are reasonable evidences that the Company will not be able to collect amounts due according to original terms of receivables. Bad debts are written off when identified.

**(h) Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss.

**(i) Taxes on Income**

- i) Tax expense comprises both current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income that originates in one period and is capable of reversal in one or more subsequent periods.



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**PNB INVESTMENT SERVICES LIMITED**

CIN: U65191DL2009GOI187146

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

- ii) Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

**(j) Employee Benefits or Terminal Dues**

Company commenced its operations in the year 2009-10, with staff on deputation from its parent company PNB. After that the company has also employed its own staff. In case of PNB employees, provision for terminal benefits etc are payable and provided by PNB in its books of accounts.

**i) Gratuity:**

Provision for gratuity is made on the basis of actuarial valuation which is done in accordance with Accounting Standard-15 on "Employee Benefits" and as per the provisions of payment of Gratuity Act, 1972.

**ii) Leave Encashment:**

All confirmed employees are eligible for Privilege Leave for maximum 30 days in a calendar year. 1 day for every 15 days worked excluding Privilege Leave and Loss of Pay availed during the year. Maximum accumulation of 120 days is allowed at any given time in the employee's service. The company has made provision of Leave Encashment on the basis of actuarial valuation which is done in accordance with Accounting Standard-15 on "Employee Benefits" based on the un-availed leaves of the company's employees as on Balance Sheet date.

**(k) Provisions, Contingent Liabilities and Contingent Assets**

**i) Provisions :**

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**ii) Contingent Liabilities :**

A contingent liability is disclosed where, as a result of past events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**iii) Contingent Assets :**

Contingent assets are not recognized in the financial statements.

**(l) Earning per share**

In determining basic earning per share, the Company considers the net profit after tax and includes the post-tax effect of any extraordinary items. The number of shares used in computing basic earning per share is weighted average number of shares outstanding during the year adjusted for any increase/decrease in the number of shares without corresponding change in resources.

**(m) Prior Period Items**

Income and expenditure relating to prior periods are disclosed separately in the financial statements subject to consideration of materiality.



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# PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| PARTICULARS                                                                                               | As At<br>31/03/2019<br>(Amount in Rs.) | As At<br>31/03/2018<br>(Amount in Rs.) |
|-----------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Note 3 : SHARE CAPITAL</b>                                                                             |                                        |                                        |
| <u>Authorised Capital</u><br>3,00,00,000 Equity shares of Rs. 10/- each                                   | 300,000,000                            | 300,000,000                            |
| <u>Issued, Subscribed and Paid-up Capital</u><br>2,00,00,000 Equity shares of Rs. 10/- each fully paid up | 200,000,000                            | 200,000,000                            |
|                                                                                                           | <b>200,000,000</b>                     | <b>200,000,000</b>                     |

## Shares held by Holding/Ultimate Holding Company And/Or their Subsidiaries/Associates

| Name of the shareholder                                       | As At<br>31/03/2019 | As At<br>31/03/2018 |
|---------------------------------------------------------------|---------------------|---------------------|
| 1) Punjab National Bank, the Holding Company and its nominees |                     |                     |
| - No. of Shares                                               | 20,000,000          | 20,000,000          |
| - % of Total Shareholding                                     | 100%                | 100%                |

## Details of Shareholders holding more than 5% shares

| Name of the shareholder                                       | As At<br>31/03/2019 | As At<br>31/03/2018 |
|---------------------------------------------------------------|---------------------|---------------------|
| 1) Punjab National Bank, the Holding Company and its nominees |                     |                     |
| - No. of Shares                                               | 20,000,000          | 20,000,000          |
| - % of Total Shareholding                                     | 100%                | 100%                |

## Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

| Particulars                        | As At<br>31/03/2019 | As At<br>31/03/2018 |
|------------------------------------|---------------------|---------------------|
| At the beginning of the year       | 20,000,000          | 20,000,000          |
| Add:- Issued during the year       | -                   | -                   |
| Outstanding at the end of the year | 20,000,000          | 20,000,000          |

## Terms/Rights attached to Equity Shares

The Company has only one class of shares referred to as equity shares with a face value of Rs. 10/- each. Each holder of equity share is entitled to one vote per share.

|                                                |                    |                    |
|------------------------------------------------|--------------------|--------------------|
| <b>Note 4 : RESERVES AND SURPLUS</b>           |                    |                    |
| <b>Surplus in Statement of Profit and Loss</b> |                    |                    |
| Opening Balance                                | 222,181,172        | 216,507,527        |
| <b>Add:</b>                                    |                    |                    |
| Profit for the year                            | 17,454,114         | 29,745,175         |
|                                                | <b>239,635,286</b> | <b>246,252,702</b> |
| <b>Less:</b>                                   |                    |                    |
| Appropriations                                 |                    |                    |
| - Proposed Dividend                            | -                  | 20,000,000         |
| - Tax on Proposed Dividend                     | -                  | 4,071,530          |
| Closing Balance                                | <b>239,635,286</b> | <b>222,181,172</b> |



*[Handwritten signatures]*

# PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| PARTICULARS                             | As At<br>31/03/2019<br>(Amount in Rs.) | As At<br>31/03/2018<br>(Amount in Rs.) |
|-----------------------------------------|----------------------------------------|----------------------------------------|
| <b>Note 5 : LONG TERM PROVISIONS</b>    |                                        |                                        |
| <b>Provision for Employee Benefits:</b> |                                        |                                        |
| - <u>Gratuity</u>                       |                                        |                                        |
| As per last year                        | 1,454,013                              | 1,722,864                              |
| Less: Paid during the year              | -                                      | -                                      |
|                                         | 1,454,013                              | 1,722,864                              |
| Add: Provision made during the year     | 616,177                                | (268,851)                              |
| Closing Balance                         | <b>2,070,190</b>                       | <b>1,454,013</b>                       |
| - <u>Leave Encashment</u>               |                                        |                                        |
| As per last year                        | 3,336,605                              | 2,896,182                              |
| Less: Paid during the year              | -                                      | -                                      |
|                                         | 3,336,605                              | 2,896,182                              |
| Add: Provision made during the year     | 1,475,444                              | 440,423                                |
| Closing Balance                         | <b>4,812,049</b>                       | <b>3,336,605</b>                       |
|                                         | <b>6,882,239</b>                       | <b>4,790,618</b>                       |

|                                           |                  |                  |
|-------------------------------------------|------------------|------------------|
| <b>Note 6 : OTHER CURRENT LIABILITIES</b> |                  |                  |
| Duties and Taxes                          | 2,226,865        | 748,255          |
| Advance Received from Customers           | 195,678          | 6,190            |
| Expenses Payable                          | 3,228,058        | 1,122,708        |
| Security Deposit                          | 91,156           | -                |
|                                           | <b>5,741,757</b> | <b>1,877,153</b> |

|                                                   |                |                   |
|---------------------------------------------------|----------------|-------------------|
| <b>Note 7 : SHORT TERM PROVISIONS</b>             |                |                   |
| Provision for:                                    |                |                   |
| <b>Employee Benefits:</b>                         |                |                   |
| - <u>Gratuity</u>                                 |                |                   |
| As per last year                                  | 30,941         | 169,430           |
| Less: Paid during the year                        | -              | 263,841           |
|                                                   | 30,941         | (94,411)          |
| Add: Provision made during the year               | 17,430         | 125,352           |
| Closing Balance                                   | <b>48,371</b>  | <b>30,941</b>     |
| - <u>Leave Encashment</u>                         |                |                   |
| As per last year                                  | 161,007        | 813,781           |
| Less: Paid during the year                        | 74,671         | 511,158           |
|                                                   | 86,336         | 302,622           |
| Add: Provision made during the year               | 182,405        | (141,616)         |
| Closing Balance                                   | <b>268,741</b> | <b>161,007</b>    |
| <b>Provision for Income tax (net)</b>             | -              | -                 |
| <b>Proposed dividend (Including Dividend Tax)</b> |                |                   |
| As per last year                                  | 24,071,530     | 24,071,530        |
| Less: Paid during the year                        | 24,071,530     | 24,071,530        |
|                                                   | -              | -                 |
| Add: Provision made during the year               | -              | 24,071,530        |
| Closing Balance                                   | -              | <b>24,071,530</b> |
|                                                   | <b>317,112</b> | <b>24,263,478</b> |





# PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| PARTICULARS                                     | As At<br>31/03/2019<br>(Amount in Rs.) | As At<br>31/03/2018<br>(Amount in Rs.) |
|-------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Note 9 : DEFERRED TAX ASSETS (net)</b>       |                                        |                                        |
| Deferred Tax Asset/(Liability):                 |                                        |                                        |
| - Provision for Employee Benefit                | 2,003,000                              | 1,373,000                              |
| - Depreciation and Amortisation of Fixed Assets | 161,000                                | 113,000                                |
| - Provision for doubtful debts and advances     | 2,417,000                              | 1,394,000                              |
|                                                 | <b>4,581,000</b>                       | <b>2,880,000</b>                       |

|                                               |               |               |
|-----------------------------------------------|---------------|---------------|
| <b>Note 10 : LONG TERM LOANS AND ADVANCES</b> |               |               |
| (Unsecured, considered good)                  |               |               |
| Security Deposits                             | 80,550        | 15,000        |
|                                               | <b>80,550</b> | <b>15,000</b> |

|                                                                                                               |                    |                   |
|---------------------------------------------------------------------------------------------------------------|--------------------|-------------------|
| <b>Note 11 : OTHER NON-CURRENT ASSETS</b>                                                                     |                    |                   |
| Balance with Banks:                                                                                           |                    |                   |
| - in Fixed Deposits account with maturity more than 12 months (including interest accrued)                    | 341,635,389        | 24,853,895        |
| - Earmarked balances in Fixed Deposits account with maturity more than 12 months (including interest accrued) | 30,932,195         | -                 |
|                                                                                                               | <b>372,567,584</b> | <b>24,853,895</b> |

|                                                                                                  |                   |                   |
|--------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Note 12 : TRADE RECEIVABLES</b>                                                               |                   |                   |
| (Unsecured)                                                                                      |                   |                   |
| Receivables outstanding for a period exceeding Six Months from the date they are due for payment |                   |                   |
| -Considered good                                                                                 | 7,663,222         | 5,632,847         |
| -Considered doubtful                                                                             | 6,809,987         | 3,203,250         |
|                                                                                                  | <b>14,473,209</b> | <b>8,836,097</b>  |
| Other trade receivables                                                                          |                   |                   |
| -Considered good                                                                                 | 9,906,862         | 7,023,432         |
|                                                                                                  | <b>24,380,071</b> | <b>15,859,529</b> |
| Less: Provision against trade receivables                                                        | 8,686,650         | 5,011,042         |
|                                                                                                  | <b>15,693,420</b> | <b>10,848,487</b> |



# PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| PARTICULARS                                                                                                                       | As At<br>31/03/2019<br>(Amount in Rs.) | As At<br>31/03/2018<br>(Amount in Rs.) |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Note 13 : CASH AND BANK BALANCES</b>                                                                                           |                                        |                                        |
| a) Cash and Cash Equivalents                                                                                                      |                                        |                                        |
| Balance with Banks:                                                                                                               |                                        |                                        |
| - in Current Accounts                                                                                                             | 216,226                                | 2,747,325                              |
| - in Fixed Deposits account with maturity less than 3 months (including interest accrued)                                         | -                                      | 116,690,830                            |
| - Earmarked balances in Fixed Deposits account with maturity less than 3 months (including interest accrued)                      | -                                      | -                                      |
| Cash on Hand                                                                                                                      | -                                      | 707                                    |
|                                                                                                                                   | 216,226                                | 119,438,862                            |
| b) Other Bank Balances                                                                                                            |                                        |                                        |
| Balance with Banks:                                                                                                               |                                        |                                        |
| - in Fixed Deposits account with maturity more than 3 months but within 12 months (including interest accrued)                    | 50,030,840                             | 258,537,074                            |
| - Earmarked balances in Fixed Deposits account with maturity more than 3 months but within 12 months (including interest accrued) | -                                      | 30,143,839                             |
|                                                                                                                                   | 50,030,840                             | 288,680,913                            |
|                                                                                                                                   | 50,247,066                             | 408,119,775                            |

|                                                                         |           |           |
|-------------------------------------------------------------------------|-----------|-----------|
| <b>Note 14 : SHORT TERM LOANS AND ADVANCES</b>                          |           |           |
| A. (Unsecured, considered good)                                         |           |           |
| - Imprest                                                               | 3,707     | -         |
| - Prepaid Expenses                                                      | 2,454,403 | 1,748,786 |
| - Income Tax Refund (earlier year)                                      | -         | -         |
| - Income Tax Refund (current year)                                      | 2,773,365 | 1,947,299 |
| - GST Refund Due                                                        | 675,966   | -         |
| - Amount recoverable in cash or in kind or for the value to be received | -         | 100,338   |
|                                                                         | 553,835   | 453,863   |
|                                                                         | 6,461,276 | 4,250,286 |
| B. (Unsecured, Considered doubtful)                                     |           |           |
| - Advances for Services                                                 | -         | 50,000    |
| Less : Provision for doubtful                                           | -         | (50,000)  |
|                                                                         | -         | -         |
|                                                                         | 6,461,276 | 4,250,286 |



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# PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

| PARTICULARS                              | Year Ended<br>31/03/2019 | Year Ended<br>31/03/2018 |
|------------------------------------------|--------------------------|--------------------------|
|                                          | (Amount in Rs.)          | (Amount in Rs.)          |
| <b>Note 15 : REVENUE FROM OPERATIONS</b> |                          |                          |
| <b>Sale of services</b>                  |                          |                          |
| Merchant Banking Fee                     | 7,942,125                | 18,200,000               |
| Corporate Advisory Fee                   | 20,529,500               | 25,834,958               |
| Trusteeship Fee                          | 29,535,236               | 15,998,879               |
|                                          | <b>58,006,861</b>        | <b>60,033,837</b>        |

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| <b>Note 16 : OTHER INCOME</b> |                   |                   |
| Interest on Fixed Deposits    | 28,782,747        | 31,951,750        |
| Miscellaneous Income          | 259,959           | 96,414            |
|                               | <b>29,042,706</b> | <b>32,048,164</b> |

|                                            |                   |                   |
|--------------------------------------------|-------------------|-------------------|
| <b>Note 17 : EMPLOYEE BENEFIT EXPENSES</b> |                   |                   |
| Salary, Allowances and Other Benefits      | 42,495,162        | 31,826,315        |
| Contribution to Statutory & Other funds    | 276,414           | 295,071           |
| Staff Welfare                              | 576,281           | 631,217           |
|                                            | <b>43,347,858</b> | <b>32,752,603</b> |

|                                |               |                |
|--------------------------------|---------------|----------------|
| <b>Note 18 : FINANCE COSTS</b> |               |                |
| Interest paid on borrowings    | 62,924        | 309,903        |
|                                | <b>62,924</b> | <b>309,903</b> |

|                                                |                |                |
|------------------------------------------------|----------------|----------------|
| <b>Note 19 : DEPRECIATION AND AMORTIZATION</b> |                |                |
| Depreciation on tangible assets                | 570,067        | 421,924        |
|                                                | <b>570,067</b> | <b>421,924</b> |

|                                         |                   |                   |
|-----------------------------------------|-------------------|-------------------|
| <b>Note 20 : OTHER EXPENSES</b>         |                   |                   |
| Rent                                    | 2,932,302         | 2,643,585         |
| Water & Electricity Expenses            | 568,199           | 356,036           |
| Printing and Stationery                 | 205,818           | 226,434           |
| Postage, Telephone and Internet         | 334,807           | 439,112           |
| Legal and Professional                  | 5,583,863         | 5,195,840         |
| Auditors Remuneration                   | 175,000           | 160,000           |
| Payment to Secretarial Auditor          | 100,000           | 75,000            |
| Conveyance, Tour and Travel             | 1,569,790         | 2,825,352         |
| Repairs and Maintenance-others          | 202,480           | 276,942           |
| Insurance                               | 31,069            | 35,259            |
| Fees and Subscription                   | 1,421,504         | 775,177           |
| Directors Sitting Fees                  | 580,000           | 690,000           |
| Board Meeting & AGM Expenses            | 369,186           | 451,644           |
| Miscellaneous Expenses                  | 989,873           | 911,207           |
| Bad Debts Written Off                   | -                 | 4,056,538         |
| Provision for doubtful debts & advances | 3,625,609         | (1,593,710)       |
| Advertisement and Promotion Expenses    | -                 | 88,800            |
| Business Promotion expenses             | 124,409           | 384,739           |
| CSR Expenditure                         | -                 | 1,580,000         |
|                                         | <b>18,813,910</b> | <b>19,577,955</b> |



**PNB INVESTMENT SERVICES LIMITED**

CIN: U65191DL2009GOI187146

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

| PARTICULARS                                          | Year Ended<br>31/03/2019 | Year Ended<br>31/03/2018 |
|------------------------------------------------------|--------------------------|--------------------------|
|                                                      | (Amount in Rs.)          | (Amount in Rs.)          |
| <b>Note 21 : Extraordinary and Exceptional Items</b> |                          |                          |
| Loss/Written off Assets                              | 154,360                  | -                        |
|                                                      | <b>154,360</b>           | <b>-</b>                 |

|                                           |                  |                   |
|-------------------------------------------|------------------|-------------------|
| <b>Note 22 : CURRENT TAX</b>              |                  |                   |
| Provision for Income Tax for Current Year | 8,400,000        | 10,600,000        |
| Taxes paid/ (reversed) for Earlier years  | (52665)          | (432560)          |
|                                           | <b>8,347,335</b> | <b>10,167,440</b> |

|                                                                                                              |                          |                          |
|--------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Note 23 : Earnings Per Share (EPS)</b>                                                                    |                          |                          |
| PARTICULARS                                                                                                  | Year Ended<br>31/03/2019 | Year Ended<br>31/03/2018 |
| Net Profit as per Statement of Profit and Loss used as numerator for calculating EPS                         | 17,454,114               | 29,745,175               |
| Number of Equity Shares at the beginning of the year                                                         | 20,000,000               | 20,000,000               |
| Number of Equity Shares issued during the year                                                               | -                        | -                        |
| Total number of Equity Shares outstanding at the end of the year                                             | 20,000,000               | 20,000,000               |
| Weighted average number of Equity Shares outstanding during the year used as denominator for calculating EPS | 20,000,000               | 20,000,000               |
| Nominal Value of Equity Shares                                                                               | 10                       | 10                       |
| Basic and Diluted Earnings per Share (Rs)                                                                    | 0.87                     | 1.49                     |



# **PNB INVESTMENT SERVICES LIMITED**

CIN: U65191DL2009GOI187146

## **Note 8 : FIXED ASSETS**

(Amount in Rs.)

| S.No. | Particulars               | Gross Block (At Cost) |                                 |                                  |                     | Depreciation       |                 |                                   |                     | Net Block           |                     |
|-------|---------------------------|-----------------------|---------------------------------|----------------------------------|---------------------|--------------------|-----------------|-----------------------------------|---------------------|---------------------|---------------------|
|       |                           | As at<br>01/04/2018   | Additions<br>During the<br>Year | Deductions<br>During the<br>Year | As at<br>31/03/2019 | Upto<br>01/04/2018 | For the<br>year | Adjustments<br>During the<br>Year | As at<br>31/03/2019 | As at<br>31/03/2019 | As at<br>31/03/2018 |
|       | <b>I. Tangible Assets</b> |                       |                                 |                                  |                     |                    |                 |                                   |                     |                     |                     |
| a)    | Furniture & Fixtures      | 2,364,730             | 67,700                          | 200,259                          | 2,232,171           | 732,238            | 218,329         | 45,899                            | 904,668             | 1,327,503           | 1,632,492           |
| b)    | Vehicles                  | 1,419,940             | -                               | -                                | 1,419,940           | 1,348,943          | -               | -                                 | 1,348,943           | 70,997              | 70,997              |
| c)    | Office Equipments         | 278,561               | 283,973                         | -                                | 562,534             | 206,816            | 68,501          | -                                 | 275,317             | 287,217             | 71,745              |
| d)    | Computers                 | 2,196,852             | 232,913                         | -                                | 2,429,765           | 1,827,109          | 208,136         | -                                 | 2,035,245           | 394,520             | 369,743             |
| e)    | Leasehold Improvement     |                       | 940,362                         | -                                | 940,362             | -                  | 75,101          | -                                 | 75,101              | 865,261             | -                   |
|       | <b>Total</b>              | <b>6,260,083</b>      | <b>1,524,947</b>                | <b>200,259</b>                   | <b>7,584,771</b>    | <b>4,115,106</b>   | <b>570,067</b>  | <b>45,899</b>                     | <b>4,639,274</b>    | <b>2,945,497</b>    | <b>2,144,977</b>    |
|       | <b>Previous Year</b>      | <b>5,819,122</b>      | <b>508,528</b>                  | <b>67,567</b>                    | <b>6,260,083</b>    | <b>3,697,335</b>   | <b>421,924</b>  | <b>4,154</b>                      | <b>4,115,106</b>    | <b>2,144,977</b>    | <b>2,144,978</b>    |





**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Note 24:**

- (a) The Securities and Exchange Board of India has granted the permanent Certificate of Registration in terms of Regulation 8A of SEBI (Merchant Bankers) Regulations, 1992 with effect from January 12, 2015 to carry on the activities as a Merchant Banker (Category I). This certificate has been issued after completion of three years of initial registration and two years of extension of initial registration.
- (b) The Securities and Exchange Board of India has granted the permanent Certificate of Registration in terms of Regulation 9A of SEBI (Debenture Trustee) (Amendment) Regulations, 2011 with effect from February 22, 2015 to carry on the activities as a Debenture Trustee. This certificate has been issued after completion of three years of initial registration and two years of extension of initial registration.

**Note 25:**

Breakup of remuneration paid to the statutory auditors' of the Company:

| Particulars                           | 2018-19      | 2017-18      |
|---------------------------------------|--------------|--------------|
|                                       | Amount (Rs.) | Amount (Rs.) |
| - Statutory audit under Companies Act | 110,000.00   | 100,000.00   |
| - Tax audit under Income-tax Act      | 40,000.00    | 36,300.00    |
| - Certification Fees                  | 20,000.00    | 18,700.00    |
| - Reimbursement of Expenses           | 5,000.00     | 5,000.00     |
| - Payment to Previous Auditor         | -            | -            |
| Total                                 | 175,000.00   | 160,000.00   |

**Note 26: Corporate Social Responsibility**

Company is not required to spend on CSR activity during the FY 2018-19 as during the FY 2018-19 company does not fall under definition of CSR u/s 135 of companies Act 2013. However, the company had spent amount of Rs. 15,80,000/- towards Corporate Social Responsibility during the financial year 2017-18 through a registered Trust, namely, PNB Centenary Rural Development Trust against gross amount required to be spent by the Company during the year Rs. 15,79,732/-.

**Note 27: Dividend**

Company has recommended a Dividend of Rs. 1,40,00,000/- (P.Y. Rs. 2,00,00,000/-) being 7% of the paid up Share Capital, that is, Re. 0.70 per share on 2,00,00,000 Equity shares of Rs. 10 each fully paid up outstanding as on 31st March 2019 during the financial year 2018-19.

**Note 28: Provision For Doubt Doubtful Debts**

Trade receivables amounting to Rs. 68,09,987/- considered as doubtful of recovery and full provision for doubtful trade receivables is made against that. Though all other trade receivables are considered good and fully recoverable, provision for doubtful trade receivables outstanding for a period exceeding six months is made in a staggered manner just as a matter of abundant precaution and in line with the company policy.

**Note 29: LEASES**

The Company has taken Delhi and Mumbai Office Premises on operating lease from the Parent Bank and Ahmedabad office from Indian Cronical Limited. The lease terms are renewable on such terms and conditions as may be mutually agreed between the parties.

| Particulars                                           | 2018-19      | 2017-18      |
|-------------------------------------------------------|--------------|--------------|
|                                                       | Amount (Rs.) | Amount (Rs.) |
| (a) Lease payments for the year                       | 2,932,302.00 | 2,643,585.00 |
| Minimum Lease payments:                               |              |              |
| (b) Not later than one year                           | 1,474,140.00 | 1,470,000.00 |
| (c) Later than one year but not later than five years | 2,702,548.50 | 2,700,000.00 |
| (d) Later than five years                             | 1,296,855.00 | -            |



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**PNB INVESTMENT SERVICES LIMITED**  
CIN: U65191DL2009GOI187146  
**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Note 30: Employee Benefit Obligations**

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:-

**(a) Defined Contribution Plans**

Contribution to Defined Contribution Plan, recognized as 'Employee Benefits Expenses' for the year are as under :-

| Particulars                      | 2018-19      | 2017-18      |
|----------------------------------|--------------|--------------|
|                                  | Amount (Rs.) | Amount (Rs.) |
| - Contribution to Provident Fund | 271,214      | 285,381      |
| Total                            | 271,214      | 285,381      |

**(b) Defined Benefit Plans**

**Gratuity and Leave Encashment**

The Present value obligation of Gratuity and Leave Encashment is determined based on actuarial valuation using projected unit credit method. Disclosure requirement as per Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.19 are as follows:

**(i) Net Employees Benefits Expenses Recognized in the Employee Cost**

| S.No. Particulars                     | Gratuity |           | Leave Encashment |           |
|---------------------------------------|----------|-----------|------------------|-----------|
|                                       | 2018-19  | 2017-18   | 2018-19          | 2017-18   |
| 1 Current Service Cost                | 536,537  | 320,556   | 1,723,010        | 652,803   |
| 2 Interest Cost on Benefit Obligation | 118,351  | 145,517   | 2,78,760         | 285,296   |
| 3 Expected Return on Plan Assets      | Nil      | Nil       | Nil              | Nil       |
| 4 Actuarial Gain/(Loss)               | (21,281) | (609,572) | (343,921)        | (639,292) |
| 5 Net Benefit Expenses                | 633,607  | (143,499) | 1,379,089        | 298,807   |

**(ii) Net Liability as shown in Balance Sheet Date**

| S.No. Particulars                                        | Gratuity    |             | Leave Encashment |             |
|----------------------------------------------------------|-------------|-------------|------------------|-------------|
|                                                          | 2018-19     | 2017-18     | 2018-19          | 2017-18     |
| 1 Present Value of Defined Benefit Obligation            | 2,118,561   | 1,484,954   | 5,080,790        | 3,497,612   |
| 2 Fair Value of Plan Assets                              | Nil         | Nil         | Nil              | Nil         |
| 3 Net Liability/(Assets) recognized in the Balance Sheet | (2,118,561) | (1,484,954) | (5,080,790)      | (3,497,612) |

**(iii) Net Liability as shown in Balance Sheet Date under "Short Term/Long Term Provisions"**

| S.No. Particulars                               | Gratuity  |           | Leave Encashment |           |
|-------------------------------------------------|-----------|-----------|------------------|-----------|
|                                                 | 2018-19   | 2017-18   | 2018-19          | 2017-18   |
| 1 Opening present value of defined benefit plan | 1,484,954 | 18,92,294 | 3,497,612        | 37,09,963 |
| -Current                                        | 30,941    | 1,69,430  | 161,007          | 8,13,781  |
| -Non-Current                                    | 1,454,013 | 17,22,864 | 3,336,605        | 28,96,182 |
| 2 Interest Cost                                 | 118,351   | 145,517   | 2,78,760         | 285,296   |
| 3 Current Service Cost                          | 536,537   | 320,556   | 1,723,010        | 652,803   |
| 4 Actuarial (Gains)/Losses on Obligation        | (21,281)  | (609,572) | (343,921)        | (639,292) |
| 5 Benefits Paid                                 | -         | (263,841) | (74,671)         | (511,158) |
| 6 Closing Defined Benefit Plan                  | 2,118,561 | 1,484,954 | 5,080,790        | 3,497,612 |
| -Current                                        | 48,371    | 30,941    | 2,68,741         | 161,007   |
| -Non-Current                                    | 2,070,190 | 1,454,013 | 48,12,049        | 3,336,605 |

**(iv) Changes in Fair value and Plan Assets**

| S.No. Particulars                        | Gratuity |         | Leave Encashment |         |
|------------------------------------------|----------|---------|------------------|---------|
|                                          | 2018-19  | 2017-18 | 2018-19          | 2017-18 |
| 1 Opening fair value of Plan Assets      | Nil      | Nil     | Nil              | Nil     |
| 2 Expected Return                        | Nil      | Nil     | Nil              | Nil     |
| 3 Contribution made by Employer          | Nil      | Nil     | Nil              | Nil     |
| 4 Actuarial (Gains)/Losses on Obligation | Nil      | Nil     | Nil              | Nil     |
| 5 Benefits Paid                          | Nil      | Nil     | Nil              | Nil     |
| 6 Closing fair value of Plan Assets      | Nil      | Nil     | Nil              | Nil     |

**(v) Actuarial Assumptions**

| S.No. Particulars                         | Gratuity |         | Leave Encashment |         |
|-------------------------------------------|----------|---------|------------------|---------|
|                                           | 2018-19  | 2017-18 | 2018-19          | 2017-18 |
| 1 Interest and Discount Rate              | 7.78     | 7.97    | 7.69             | 7.69    |
| 2 Estimated Rate of Return on Plan Assets | Nil      | Nil     | Nil              | Nil     |
| 3 Attrition Rate                          | Nil      | Nil     | Nil              | Nil     |
| 4 Retirement Age                          | 60       | 60      | 60               | 60      |
| 5 Salary Cost Increase Rate               | 6        | 6       | 6                | 6       |



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**PNB INVESTMENT SERVICES LIMITED**  
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**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Note 31: Related party disclosure**

**(a) Related parties with whom the Company had transactions**

- i) **Parent Bank/Holding Company** : Punjab National Bank
- ii) **Key Management Personnel** : Mr. Sanjay Bajaj, Managing Director & CEO (from 16.08.2018)  
Mr. Vinod Kumar, Managing Director & CEO ( upto 15.08.2018)  
Mr. Saurabh Malhotra, Chief Operating Officer cum CFO  
Ms. Isha Goel, Company Secretary

**(b) Transactions with related party**

| Nature of Transaction                                                    | 2018-19<br>Amount (Rs.) | 2017-18<br>Amount (Rs.) |
|--------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Key Management Personnel*</b>                                         |                         |                         |
| - Remuneration to Managing Director (Mr. Sanjay Bajaj)(from 16.08.18)    | 10,397,309              | -                       |
| - Remuneration to Managing Director (Mr. Vinod Kumar)(upto 15.08.18)     | 787,456                 | 1,386,975               |
| - Remuneration to Chief Operating Officer cum CFO (Mr. Saurabh Malhotra) | 1,250,802               | 586,860                 |
| - Remuneration to Company Secretary (Ms. Isha Goel)                      | 621,496.00              | 577,600.00              |
| <b>Parent Bank/Holding Company</b>                                       |                         |                         |
| <b>(a) Expenditure</b>                                                   |                         |                         |
| - Rent                                                                   | 2,932,302               | 2,643,585               |
| - CSR Expenditure (Contribution to a Registered Trust controlled by PNB) | -                       | 1,580,000               |
| - Interest on Overdraft facility                                         | 62,924                  | 309,903                 |
| - Bank Charges                                                           | 22,582                  | 16,192                  |
| - Director Sitting Fees                                                  | 305,000                 | 375,000                 |
| <b>(b) Income</b>                                                        |                         |                         |
| - Interest on Fixed Deposits                                             | 28,782,747              | 31,951,750              |
| - Merchant Banking Fee                                                   | 7,942,125               | 16,750,000              |

**(c) Balance with related parties**

| Particulars                            | Recoverable / (Payable) as at |                         |
|----------------------------------------|-------------------------------|-------------------------|
|                                        | 2018-19<br>Amount (Rs.)       | 2017-18<br>Amount (Rs.) |
| <b>Parent Bank/Holding Company</b>     |                               |                         |
| <b>(a) Receivable</b>                  |                               |                         |
| - Fixed Deposits                       | 404,702,155                   | 394,759,790             |
| - Accrued Interest on FDR              | 17,896,268                    | 35,465,848              |
| - Closing Balances of Current Accounts | 216,226                       | 2,747,325               |
| <b>(b) Payables</b>                    |                               |                         |
| - Loan Repayable on demand (Overdraft) | -                             | -                       |

# All Key Management Personnel except Mr. Sanjay Bajaj, and Mrs. Isha Goel are on deputation from the Parent Bank - PNB and their remuneration is in accordance with the service rules of Parent Bank. Their remuneration have been charged as expenditure in the books of the company.



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**PNB INVESTMENT SERVICES LIMITED**  
CIN: U65191DL2009GOI187146  
**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Note 32: Segment Reporting**

The Company's business activities predominantly relates to providing Merchant Banking and Consultancy Services to Corporate clients including services related to Security Trustee activities. As majority of the income is generated from Consultancy Services, hence segment reporting, as defined in Accounting Standard - 17, is not applicable.

**Note 33:**

As per the information available with the Company no amount is due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, (MSMED Act) as at March 31, 2019.

**Note 34:**

All Party balances are subject to confirmation and reconciliation, if any.

**Note 35: Current Assets**

The value of current assets, loans and advances other than those stated otherwise, if realized in the ordinary course of business, shall at least be equal the amount at which those are stated in the balance sheet.

**Note 36: Current Liabilities**

All known liabilities have been accounted for in the books of Accounts. In the opinion of management, provision for income tax and other expenses/liabilities made in the books of accounts is adequate and is not excessive.

**Note 37: Contingent Liabilities & Capital Commitments**

| Particulars              | 2018-19<br>Amount (Rs.) | 2017-18<br>Amount (Rs.) |
|--------------------------|-------------------------|-------------------------|
| - Contingent Liabilities | Nil                     | Nil                     |
| - Capital Commitments    | Nil                     | Nil                     |
| Total                    | -                       | -                       |

**Note 38:**

Figures for the previous year have been regrouped / recast / rearranged wherever considered necessary to make them comparable with those of current year.

For PNB Investment Services Ltd.

*Vikram Sheth*  
Vikram Sheth

Director

(DIN: 03349432)

*Saurabh Malhotra*  
Saurabh Malhotra

Chief Operating Officer cum CFO

*Sanjay Kumar Bajaj*  
Sanjay Kumar Bajaj  
Managing Director & CEO  
(DIN: 02018745)

*Isha Goel*  
Isha Goel

Company Secretary

M. No. 46828

As per our attached  
report of even date

For Ravi Ramesh & Associates  
Chartered Accountants  
(Firm Regn. No. 004306N)

*Subhash Bansal*  
Subhash Bansal

Partner

(M.No. 085785)



Place : New Delhi  
Date : 03/05/2019