



pnb investment services Ltd.

(A wholly owned subsidiary of Punjab National Bank)

12th

ANNUAL REPORT

2020-21

BOARD OF DIRECTORS



SHRI. CH. S. S. MALLIKARJUNA RAO
NON EXECUTIVE CHAIRMAN



SHRI SANJAY KUMAR
DIRECTOR



SHRI VIMLESH KUMAR
DIRECTOR



SHRI ANANT UPADHYAY
INDEPENDENT DIRECTOR



SHRI. ARVIND KUMAR JAIN
INDEPENDENT DIRECTOR



SHRI SANJAY BAJAJ
MD & CEO

Regd. Office:

10, Rakesh Deep Building, Yusuf Sarai Commercial Complex,
Gulmohar Enclave, New Delhi 110049 Tel: 011-41032929
Fax : 011-41035057 E-Mail: delhi_corporate@pnbisl.com
GST No - 07AAECP9801F1ZG

Managing Director & CEO's Address to the Shareholders

Dear Shareholders,

It is my privilege to place before you the Annual Report of your company for the Financial Year 2020-21 and share highlights of Company's performance during the year. I would like to express my heartfelt gratitude for your continued support and faith bestowed upon PNB Investment Services Limited and its management team.

At the outset I must mention that first half of the year was under the cloud of uncertainty due to the unprecedented pandemic of COVID-19, which forced the entire world into a lockdown never heard or experienced. The extraordinary scenario altered the way we approach business and prompted us to adapt to new ways of working to navigate the challenges. Although the first quarter GDP was severely impacted, the Government and Reserve Bank of India took series of measures to minimise the impact of the pandemic and to kickstart the economy. These decisive steps allowed the economy to recover in the second half of the FY 2020-21. Gradually, after the government eased covid related restrictions on mobility, economic activity has started improving and we closed the year with Q4FY2021 real GDP growth of 1.6%, which was the strongest quarter of the year. As a result, our business has also registered growth in 2nd half and shows further signs of improvement from hereon. Structural reforms and pro-growth policies of the Government have the potential to extend the growth momentum for India beyond CY2021.

Performance Review

I am pleased to say that your Company posted a much-improved performance results for FY 2020-21, despite the uncertain and challenging economic scenario in which it operated. The company's performance for FY 2020-21 is tabled below for reference.

(Rs. In Lakh)

| Particulars | FY 2019-20 (12 M) | FY 2020-21 (12M) | Change (YOY) |
|-------------------------------|----------------------|---------------------|-----------------|
| REVENUE | | | |
| - Corporate Advisory Services | 276.65 | 214.90 | -22% |
| - Trusteeship Services | 189.19 | 237.42 | 25% |
| - Merchant Banking | - | 80.63 | 100% |
| Total Operating Revenue | 465.84 | 532.95 | 14% |
| Other Income | 280.80 | 268.84 | -4% |
| Total Revenue | 746.64 | 801.79 | 7% |
| EXPENDITURE | | | |
| - Employee Benefit Expenses | 495.76 | 508.58 | 3% |
| - Finance Cost | 0.84 | 0.32 | -62% |
| - Depreciation & Amortization | 6.23 | 6.79 | 9% |
| - Other Expenses | 162.17 | 98.98 | -39% |
| Total Expenses | 664.99 | 614.67 | -8% |
| Operating Profit/(Loss) | -198.31 | -81.40 | -59% |
| Profit Before Tax | 81.64 | 187.12 | 129% |
| Profit after Tax | 56.69 | 140.18 | 147% |

HIGHLIGHTS OF FINANCIAL PERFORMANCE

- Total Operating Revenue at Rs. 533 lakh up by 14%
- Total Expenses at Rs. 615 lakh down by 8%
- EBIDTA Margins Increase from 11.9% to 24.2%
- PAT at Rs. 140 lakh up by 147%
- Operational Loss down by 59%

With a strong performance by the Company in FY 2020-21, I am pleased to inform that Board of Directors has decided to declare a dividend @6.5% amounting to Rs. 1.30 crore.

Looking Ahead

Your company is well placed to tap the benefits of the broader market trend of reviving capex cycle. With strong deal pipeline, Debt syndication business is at the cusp of achieving high growth and earn significant fee income for the company. This business has the potential to create value for the promoter organisation PNB, by bringing new well rated and high-quality clients to the outstanding lending portfolio. To build the next level of deals traction, we have a clearly devised strategy to approach key capex sectors like Chemical industries, automobile, road construction, green energy and other infrastructure projects and also wider sectors where Govt. intervention is likely to revive the demand. Given the positive sentiments prevailing in the stock market going forward, it is expected that government will launch Offer for Sale in General Insurance Corporation of India (GIC), New India Assurance Company Ltd (NIA) in coming few months where PNBISL has a mandate to act as one of the lead managers. Further, Post amalgamation with a strengthened organization structure of PNB, it is expected that corporate loans will witness much higher volumes going forward. In such a scenario of growth momentum now visible across various economic segments and investment cycle also picking up, your Company is keenly looking at the affiliated opportunities to offer Security Trustee services across the spectrum of lenders and investment funds. In Security Trustee services to expand the product suite, your company is exploring the market in Alternative Investment Funds (AIF).

We are also planning to take steps towards a joint bidding strategy for the equity capital markets business, given our lack of directly owned sales and distribution set up.

I take this opportunity to thank the entire Board of Directors and shareholders for their overwhelming support and encouragement. The dedication and commitment of the employees and officers at all levels continues to be the major strength for the company. We shall make continuous efforts to build on the strengths to face future challenges and sustain the momentum for profitable growth.

Yours Sincerely,

Sd/-

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

NOTICE



(A wholly owned subsidiary of Punjab National Bank)

10, Rakesh Deep Building,
Yusuf Sarai Comercial Complex,
Gulmohar Enclave, New Delhi-110049

NOTICE OF TWELFTH (12th) ANNUAL GENERAL MEETING

Notice is hereby given that the Twelfth Annual General Meeting of the members of PNB Investment Services Limited will be held on 28th September, 2021 at 11:45 a.m. at Punjab National Bank, 5th Floor, Syndicate Room No. 1, Plot No. 4, Sector- 10 Dwarka, New Delhi - 110075 to transact the following businesses:

Ordinary Business

- 1. To receive, consider and adopt the Audited Financial Statements of the Company comprising Balance Sheet as at March 31, 2021 and the Profit and Loss Account for the year ended on that date together with the Report of the Director's and Statutory Auditors thereon, including the comments of the Comptroller and Auditor General of India.**

- 2. Declaration of Dividend on equity shares for the F.Y 2020-21**

To consider and if thought fit, to pass with or without modification (s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to provision of Section 123 and other applicable provisions of the Companies Act, 2013, dividend @ 6.5% (i.e. Re. 0.65 per equity share of Rs. 10 each) be and is hereby declared for the Financial Year 2020-21, out of the profits of the Company on the 2,00,00,000 equity shares of Rs. 10 each fully paid up to be paid as per the ownership."

- 3. To appoint Sh. Vimlesh Kumar (DIN: 06774405) as Director, who retires by rotation and, being eligible, offers himself for re-appointment.**

To consider and if thought fit, to pass with or without modification (s), the following resolution as ordinary Resolution:

"RESOLVED THAT Shri Vimlesh Kumar, Director who retires by rotation and who is eligible for re-appointment be and is hereby re-appointed as Director."

- 4. To appoint the Statutory Auditors and to fix their remuneration for FY 2021-22**

The Comptroller and Auditor General of India (CAG), under section 139 (5) of the Companies Act 2013, has re-appointed M/s Sharma Goel & Co., Chartered Accountant firm, as Statutory Auditors of the Company for the FY 2021-22 vide their letter dated 18.08.2021.

Further, in terms of section 142(1) of the Companies Act 2013, the remuneration payable to the Statutory Auditors is to be decided by the Company in the Annual General Meeting or in such manner as the company in General Meeting may determine.

To consider and if thought fit, to pass with or without modification (s), the following resolutions for appointment and fixation of the remuneration for the Statutory Auditors for the financial year 2021-22 as Ordinary Resolution:

“RESOLVED THAT pursuant to Section 139(5) & 142 (1) and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, M/s Sharma Goel & Co., Chartered Accountant firm which has been re-appointed as the statutory auditor of the company for the financial year 2021-22 by the Comptroller and Auditor General vide their letter dated 18.08.2021, be and is hereby confirmed as the Auditors of the company, to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the company, to audit the financial accounts of the company for the Financial Year 2021-22 at an existing remuneration of Rs. 1,97,500/- (Rupees One lakh Ninety-Seven thousand five hundred only), with the break-up given below, and reimbursement of actual expenses that may be incurred by the auditors in the performance of their duty as auditors of the company.

| S. No. | Particulars | Remuneration Proposed for FY 2021-22 (Amount in Rs) |
|---------------|---------------------------------------|--|
| 1. | Audit Fee inclusive of limited review | 1,30,000/- |
| 2. | Tax Audit Fee | 42,500/- |
| 3. | Certifications | 20,000/- |
| 4. | Conveyance | 5,000/- |
| | Total | 1,97,500/- |

RESOLVED FURTHER THAT the Managing Director & CEO/Director/COO cum CFO/ Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary for the purpose of giving effect to this resolution and matters incidental thereto.”

Place: Mumbai

Date: 20.09.2021

**By Order of the Board of Directors
For PNB Investment Services Limited**

**Sd/-
Managing Director & CEO**

Notes:

- A. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A proxy form is enclosed. The instrument appointing a proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
- B. All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the Meeting and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all days except Saturdays, Sundays and public holidays, from the date hereof up to the date of the annual general meeting.
- C. No person shall be entitled to attend or vote at the meeting as a duly authorized representative of any body corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be a true copy, shall have been deposited at the Registered Office of the Company not less than forty eight (48) hours before the scheduled time of the commencement of the meeting.
- D. The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance in the Directors' Report/ in the Explanatory Statement in the notice.
- E. Members/ proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.
- F. Members holding shares in physical form are requested to write their folio number in the attendance slip and hand it over at the entrance of the meeting hall.
- G. The relative Explanatory Statement, pursuant to Section 102(2) of the Companies Act, in respect of the special business under item No. 5 & 6. is annexed hereto.
- H. The communication address of M/s BEETAL Financial & Computer Services Private Limited, Registrar and Share Transfer Agent (RTA) of the company is BEETAL HOUSE, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, and New Delhi 110062.

To: All Shareholders, Directors and Auditors

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Sh. Vimlesh Kumar (DIN: 06774405) as Director, who retires by rotation and, being eligible, offers himself for re-appointment

Shri Vimlesh Kumar does not have any shareholding in the Company and he is not a member / Chairman of Committee of Board in the other Companies.

None of the Directors other than Shri Vimlesh Kumar is interested in the proposal of his own appointment.

The Board recommends the above proposal for approval.

Brief profile

Sh. Vimlesh Kumar is B.E in Electrical Engineering and has joined Punjab National Bank in 1985 as Industry Officer. He has worked on various assignments in the Bank in different capacities and has over 35 years' experience mainly handling Credit Appraisals and Project Financing. He has worked in Credit Administration Division at Head Office of Punjab National Bank as well as in Large Corporate Branches of Punjab National Bank at Delhi and Mumbai the biggest corporate centers of the country. Presently he is working as Chief General Manager at Head Office of Punjab National Bank.

None of the Directors/Key managerial personnel / relatives of the Directors or Key managerial personnel/of the Company except Sh. Vimlesh Kumar may be deemed to be concerned or interested in the said resolution.

Details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company

| Name of Director | Sh. Vimlesh Kumar |
|--|--|
| Date of Birth | 02.09.1961 |
| Qualification | B.E. in Electrical Engineering |
| Expertise in specific functional areas | Sh. Vimlesh Kumar has joined Punjab National Bank in 1985 as Industry Officer. He has worked on various assignments in the Bank in different capacities and has over 35 years' experience mainly handling Credit Appraisals and Project Financing. He has worked in Credit Administration Division at Head Office of Punjab National |

| | |
|---|--|
| | Bank as well as in Large Corporate Branches of Punjab National Bank at Delhi and Mumbai the biggest corporate centers of the country. Presently he is working as Chief General Manager at Head Office of Punjab National Bank. |
| No. Of Equity shares held in the Company | Nil |
| Terms & conditions of reappointment | Director liable to retire by rotation |
| Directorships in public Companies other held Indian limited | Maharashtra Shetkari Sugar Limited- Nominee Director |
| Relationship with Director and Company any KMPs of other inter-se the | None |

Place: Mumbai
Date: 20.09.2021

**By the order of the Board of Directors
For PNB Investment Services Limited**

Sd/-

Managing Director & CEO

Form No. MGT-11
Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:

Name of the company: PNB INVESTMENT SERVICES LIMITED

Registered office: NEW DELHI

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID:

I/We, being the member (s) of shares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature :....., or failing him

2. Name :

Address:

E-mail Id :

Signature:.....,

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at theAnnual general meeting/ Extraordinary general meeting of the company, to be held on the

..... day of..... At..... a.m. / p.m. at..... (Place) and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.

1.....

2.....

3.....

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)

Affix
REVENUE
STAMP

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



**Independent Auditor's Report
To the members of PNB Investment Services Limited**

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying Financial Statements of **PNB Investment Services Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ('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 (financial position) of the Company as at 31 March 2021, and its Profit (financial performance) and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules 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.

Emphasis of Matter

4. Attention is drawn to Note 39 of the financial statements, which outline the fact that we have not received the confirmation of several parties for account balances as of March 31, 2021.

Our opinion is not modified in respect of the above matter.

Other Matter

5. The Financials Statements of the company as on March 31, 2021 were audited under exceptional circumstances due to prevailing lockdown conditions on account of Covid-19 pandemic. The audit was conducted remotely. Documentation and other requirements along with discussion with the management were held telephonically and over emails.





6. Attention is drawn to the fact that the corresponding figures for the year ended 31st March 2020 are based on the previously issued financial statement of the company that were audited by the predecessor auditor who expressed an unmodified opinion on those financial statement on June 12 ,2020.

Our opinion is not modified in respect of above matters.

Information Other than the Financial Statements and Auditor's Report Thereon

7. The Company's Board of Directors are responsible for the preparation of the other information. Other Information does not include the financial statements and our auditor's report thereon
8. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
10. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management's for the Financial Statements

11. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standard specified under section 133 of the Act. 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 misstatement, whether due to fraud or error.
12. In preparing the financial statements, the Board of Directors are 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
13. The Board of Directors is also responsible for overseeing the Company's financial reporting process.





Auditor's Responsibilities for the Audit of the Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.





Report on Other Legal and Regulatory Requirements

18. In our opinion and according to the information and explanation given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provision of section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon us.
19. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
20. As required by section 143(3) of the Act, we report that:
- 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;
 - 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;
 - the financial statements dealt with by this report are in agreement with the books of account;
 - in our opinion, the aforesaid financial statements comply with accounting standards specified under section 133 of the Act;
 - on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date and our report dated 15th June, 2021 as per Annexure B expressed unmodified opinion;
 - with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - the Company, does not have any pending litigation which would impact on its financial position as at 31 March 2021;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
 - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021;





SHARMA GOEL & CO. LLP
CHARTERED ACCOUNTANTS

21. As required by the Directions issued by the office of Comptroller & Auditor General of India under Section 143(5) of the Act, we report that:

- i. As per the information and explanation given to us and based on the verification of books of account, the company is maintaining its books of account in Accounting Software (Tally. ERP 9) and all the transactions are entered into the software.
- ii. As per the information and explanation given to us, there is no case of waiver/write off debts/loans/interest made by a lender to the company during the year.
- iii. As per the information and explanation given to us, the company has not received/receivable for special schemes from central/state agencies.

For Sharma Goel & Co. LLP
Chartered Accountants
FRN: 000643N/N500012



Rachit Mittal
Partner

Membership No.:524105
UDIN: 21524105AAAACL8361

Place: New Delhi
Date: 15th June, 2021



Annexure-A to the Independent Auditor's Report of even date to the members of PNB Investment Services Limited, on the Financial Statements for the year ended March 31, 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The Company does not hold any immovable property. Accordingly, the provisions of Clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us and based on examination of the records of the company, the company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of company's products/services. Accordingly, the provision of clause 3(vi) of the order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, Goods and services tax, duty of customs, and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.





SHARMA GOEL & CO. LLP
CHARTERED ACCOUNTANTS

- (b) There are no dues in respect of income-tax, Goods and services tax, duty of customs that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loan or borrowings to any bank or financial institution or government during the year. The company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the company, 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 act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion and according to the information and explanation given to us, the company is in compliance with Sections 177 and 188 of Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements 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. Accordingly, provisions of clause 3(xiv) of the Order are not applicable
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Sharma Goel & Co. LLP
Chartered Accountants
FRN: 000643N/N500012

Rachit Mittal
Partner

Membership No.:524105
UDIN: 21524105AAAACL8361



Place: New Delhi
Date: 15th June, 2021



Annexure-B to the Independent Auditor's Report of even date to the members of PNB Investment Services Limited, on the Financial Statements for the year ended March 31, 2021

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls with reference to Financial Statements of **PNB Investment Services Limited ("the Company")** as of 31 March 2021, in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2021, 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.

Management's Responsibility for Internal Financial Controls

The Company's Management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the company's 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 IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of





SHARMA GOEL & CO. LLP
CHARTERED ACCOUNTANTS

IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

A company's IFCoFR 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 IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For Sharma Goel & Co. LLP
Chartered Accountants
FRN: 000643N/N500012

Rachit Mittal
Partner

Membership No.:524105
UDIN: 21524105AAAACL8361



Place: New Delhi
Date: 15th June, 2021

PNB INVESTMENT SERVICES LIMITED
CIN: U65191DL2009GOI187146
Statement of Balance Sheet as at 31st March, 2021

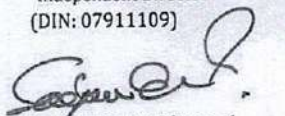
(Amount in ₹)

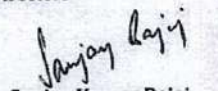
| Particulars | Note No. | As At 31/03/2021 | As At 31/03/2020 |
|------------------------------------|----------|---------------------|---------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 3 | 20,00,00,000 | 20,00,00,000 |
| (b) Reserves and Surplus | 4 | 23,74,44,155 | 22,84,25,809 |
| | | 43,74,44,155 | 42,84,25,809 |
| (2) Non Current Liabilities | | | |
| (a) Long-Term Provisions | 5 | 1,07,02,722 | 88,23,528 |
| | | 1,07,02,722 | 88,23,528 |
| (3) Current Liabilities | | | |
| (a) Short Term Borrowings | 6 | - | 29,71,427 |
| (b) Other Current Liabilities | 7 | 36,47,967 | 30,28,416 |
| (c) Short-Term Provisions | 8 | 17,29,436 | 3,65,581 |
| | | 53,77,403 | 63,65,424 |
| Total | | 45,35,24,280 | 44,36,14,761 |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| Tangible Assets | 9 | 23,16,388 | 28,79,416 |
| (b) Deferred Tax Asset (Net) | 10 | 50,46,400 | 48,90,000 |
| (c) Long Term Loan and Advances | 11 | 80,550 | 1,80,550 |
| (d) Other Non-Current Assets | 12 | 7,29,73,406 | 12,09,85,679 |
| | | 8,04,16,744 | 12,89,35,645 |
| (2) Current Assets | | | |
| (a) Trade Receivables | 13 | 1,63,89,835 | 76,69,651 |
| (b) Cash and Bank Balances | 14 | 35,05,14,944 | 30,09,57,489 |
| (c) Short-Term Loans and Advances | 15 | 62,02,757 | 60,51,976 |
| | | 37,31,07,536 | 31,46,79,116 |
| Total | | 45,35,24,280 | 44,36,14,761 |

See accompanying notes to the Financial Statements

For and on behalf of Board of Directors


Arvind Kumar Jain
Independent Director
(DIN: 07911109)


Sanjeev Kumar Khemani
Chief Operating Officer cum CFO


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


Isha Goel
Company Secretary
(Membership No. 46828)

As per our report of even date

For SHARMA GOEL & CO. LLP
Chartered Accountants
(Firm Regn. No.000643N/N500012)



Rachit Mittal
(Partner)
(Membership No. 524105)

Place: New Delhi
Dated: 15/06/2021

PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

Statement of Profit and Loss for the year ended 31st March, 2021

(Amount in ₹)

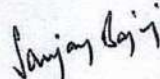
| Particulars | Note No. | Year Ended 31/03/2021 | Year Ended 31/03/2020 |
|--|----------|-----------------------|-----------------------|
| INCOME | | | |
| Revenue from Operations | 16 | 5,32,95,102 | 4,65,83,903 |
| Other Income | 17 | 2,68,84,027 | 2,80,79,669 |
| Total Revenue | | 8,01,79,129 | 7,46,63,572 |
| EXPENSES | | | |
| Employee Benefit Expenses | 18 | 5,08,57,894 | 4,95,75,515 |
| Finance Cost | 19 | 32,277 | 83,867 |
| Depreciation and Amortization Expenses | 20 | 6,79,188 | 6,23,148 |
| Other Expenses | 21 | 98,98,103 | 1,62,16,732 |
| Total Expenses | | 6,14,67,462 | 6,64,99,262 |
| Profit Before Extraordinary & Exceptional Items | | 1,87,11,667 | 81,64,310 |
| Exceptional Items | 22 | - | - |
| Profit Before Tax | | 1,87,11,667 | 81,64,310 |
| Tax Expense: | | | |
| i) Current Tax | 23 | 48,70,000 | 28,40,000 |
| ii) Tax relating to earlier years | 23 | (20,279) | (35,613) |
| iii) Deferred Tax Liability/ (Asset) | | (1,56,400) | (3,09,000) |
| Profit for the year after tax | | 1,40,18,346 | 56,68,923 |
| Earning per Equity Share: | 24 | | |
| (1) Basic | | 0.70 | 0.28 |
| (2) Diluted | | 0.70 | 0.28 |

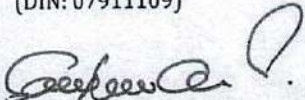
See accompanying notes to the Financial Statements

For and on behalf of Board of Directors

As per our report of even date


Arvind Kumar Jain
 Independent Director
 (DIN: 07911109)


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


Sanjeev Kumar Khemani
 Chief Operating Officer cum CFO


Isha Goel
 Company Secretary
 (Membership No. 46828)

For SHARMA GOEL & CO. LLP
 Chartered Accountants
 (Firm Regn. No.000643N/N500012)



Rachit Mittal
 (Partner)
 (Membership No. 524105)

Place: New Delhi
 Dated: 15/06/2021

PNB INVESTMENT SERVICES LIMITED
CIN: U65191DL2009GOI187146
Statement of Cash Flow for the year ended 31st March, 2021

(Amount in ₹)

| | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|--|------------------------------|------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before Taxation | 1,87,11,667 | 81,64,310 |
| Adjustments for: | | |
| Interest on Fixed Deposits | (2,50,28,415) | (2,80,46,453) |
| Depreciation | 6,79,188 | 6,23,148 |
| Loss/written off of Fixed Assets/(Profit) | (91,676) | - |
| Interest Paid on Bank Overdraft | 32,277 | 83,867 |
| Provision for Employee Benefits made/(reversed): | | |
| - Gratuity | (10,240) | 8,98,962 |
| - Leave Encashment | 21,47,607 | 20,19,311 |
| Provision for doubtful debts/(Reversed) | (13,34,092) | 10,28,826 |
| Operating Profit/(Loss) before Working Capital Changes | (48,93,684) | (1,52,28,029) |
| Changes in current assets, Loans and Advances | (74,36,873) | 73,04,244 |
| Changes in current Liability/Provisions | (12,46,194) | (6,70,429) |
| Net Cash flow/(used in) from operations | (1,35,76,751) | (85,94,214) |
| Direct Taxes paid (including Interest) | 48,49,721 | 28,04,387 |
| Net Cash Flow/ (used in) operating activities | (1,84,26,472) | (1,13,98,601) |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (1,70,046) | (5,57,067) |
| Sale of Fixed Assets | 1,45,562 | - |
| (Increase)/Decrease in Fixed deposit accounts (having maturity more than 12 months) | 4,80,12,273 | 25,15,81,905 |
| Interest Income | 2,50,28,415 | 2,80,46,453 |
| Net cash flow / (used in) Investing activities | 7,30,16,204 | 27,90,71,291 |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid (including Dividend Distribution Tax) | (50,00,000) | (1,68,78,400) |
| Interest paid on Bank Overdraft | (32,277) | (83,867) |
| Net cash flow / (used in) financing activities | (50,32,277) | (1,69,62,267) |
| Net increase / (decrease) In Cash and Cash equivalents (A+B+C) | 4,95,57,455 | 25,07,10,423 |
| Cash and Cash equivalents as at beginning of the year | 30,09,57,489 | 5,02,47,066 |
| Cash and Cash equivalents as at end of the year | 35,05,14,944 | 30,09,57,489 |
| Note: | As at March 31, 2021 | As at March 31, 2020 |
| 1 Components of Cash and Cash equivalents: | | |
| Cash on Hand | - | - |
| Balances with Banks in | | |
| - Current Accounts | 18,65,376 | 40,356 |
| - Fixed Deposit Account having maturity within 3 months | 7,89,84,183 | 2,95,02,425 |
| | 8,08,49,559 | 2,95,42,781 |
| Add: Other Bank Balances | | |
| Balances with Banks in | | |
| - in Fixed Deposits account with maturity more than 3 months but within 12 months | 26,96,65,385 | 27,14,14,708 |
| | 35,05,14,944 | 30,09,57,489 |

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 as amended from time to time.

3 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

As per our report of even date

Arvind Kumar Jain
Independent Director
(DIN: 07911109)

Sanjay Kumar Baja
Managing Director & CEO
(DIN: 02018745)

Sanjeev Kumar Khemani
Chief Operating Officer cum CFO

Isha Goel
Company Secretary
(Membership No. 46828)

For SHARMA GOEL & CO. LLP
Chartered Accountants
(Firm Regn. No.000643N/N500012)

Rachit Mittal
(Partner)
(Membership No. 524105)

Place: New Delhi
Dated:15/06 /2021

PNB INVESTMENT SERVICES LIMITED
CIN: U65191DL2009GO1187146
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 1: General Information

PNB Investment Services Limited is incorporated under companies Act 1956 [CIN: U65191DL2009GO1187146] 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 Merchant Banking, Corporate Advisory Services and Trusteeship Services etc.

The Registered office of the company is at 10, Rakesh Deep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave New Delhi DL 110049 IN

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

- i) Receivables are stated at original invoiced amount less provisions made for doubtful receivables. The Company regularly evaluates the probability of recovery and makes full provisions on trade receivable whose realisation are considered doubtful. Further, receivables outstanding for more than 24 months from the date of invoice are invariably considered doubtful. When the trade receivables are considered good, Company makes 50% provision on receivables outstanding for period exceeding 12 months and 10% provision on receivables outstanding for period exceeding 6 months but less than 12 months.

When there is reasonable evidence that the Company will not be able to collect amounts due according to original terms of receivables, the same are considered as bad debts and written off in the books.

- ii) The amount retained by parties on account of TDS while making the payment are shown in trade receivable until TDS amount reflects in 26AS of the company.

(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.

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PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(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.

- 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.

(ii) Employee Benefits or Terminal Dues

Company commenced its operations in the year 2009-10, with staff on deputation from its parent company PNB. subsequently the company has recruited its own staff. In case of PNB employees on deputation, provision for terminal benefits etc are payable and provided for by PNB in its own 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 extra-ordinary 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) Diluted Earning Per Share:

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

(n) 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, 2021

| PARTICULARS | As At 31/03/2021 (Amount in Rs.) | As At 31/03/2020 (Amount in Rs.) |
|---|--|--|
| Note 3 : SHARE CAPITAL | | |
| <u>Authorised Capital</u> 3,00,00,000 Equity shares of Rs. 10/- each | 30,00,00,000 | 30,00,00,000 |
| <u>Issued, Subscribed and Paid-up Capital</u> 2,00,00,000 Equity shares of Rs. 10/- each fully paid up | 20,00,00,000 | 20,00,00,000 |
| | 20,00,00,000 | 20,00,00,000 |

Shares held by Holding/Ultime Holding Company And/Or their Subsidiaries/Associates

| Name of the shareholder | As At 31/03/2021 | As At 31/03/2020 |
|---|---------------------|---------------------|
| 1) Punjab National Bank, the Holding Company and its nominees - No. of Shares - % of Total Shareholding | 2,00,00,000 100% | 2,00,00,000 100% |

Details of Shareholders holding more than 5% shares

| Name of the shareholder | As At 31/03/2021 | As At 31/03/2020 |
|---|---------------------|---------------------|
| 1) Punjab National Bank, the Holding Company and its nominees - No. of Shares - % of Total Shareholding | 2,00,00,000 100% | 2,00,00,000 100% |

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

| Particulars | As At 31/03/2021 | As At 31/03/2020 |
|------------------------------------|---------------------|---------------------|
| At the beginning of the year | 2,00,00,000 | 2,00,00,000 |
| Add:- Issued during the year | - | - |
| Outstanding at the end of the year | 2,00,00,000 | 2,00,00,000 |

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.

| Note 4 : RESERVES AND SURPLUS | | |
|--|---------------------|---------------------|
| Surplus In Statement of Profit and Loss | | |
| Opening Balance | 22,84,25,809 | 23,96,35,286 |
| Less: | | |
| Dividend Paid | 50,00,000 | 1,40,00,000 |
| Tax on Dividend | - | 28,78,400 |
| | 22,34,25,809 | 22,27,56,886 |
| Add: | | |
| Profit for the year | 1,40,18,346 | 56,68,923 |
| Closing Balance | 23,74,44,155 | 22,84,25,809 |

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PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| PARTICULARS | As At 31/03/2021 | As At 31/03/2020 |
|---|---------------------|---------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Note 5 : LONG TERM PROVISIONS | | |
| Provision for Employee Benefits: | | |
| - Gratuity | | |
| As per last year | 28,79,526 | 20,70,190 |
| Less: Paid during the year | - | - |
| | 28,79,526 | 20,70,190 |
| Add: Provision made during the year | (14,961) | 8,09,336 |
| Closing Balance | 28,64,565 | 28,79,526 |
| - Leave Encashment | | |
| As per last year | 59,44,002 | 48,12,049 |
| Less: Paid during the year | - | - |
| | 59,44,002 | 48,12,049 |
| Add: Provision made during the year | 18,94,155 | 11,31,953 |
| Closing Balance | 78,38,157 | 59,44,002 |
| | 1,07,02,722 | 88,23,528 |

Note 6 : SHORT TERM BORROWINGS

| | | |
|---|---|-----------|
| (Secured) | | |
| Loan Repayable on demand from a bank (Overdraft)* | - | 29,71,427 |
| | - | 29,71,427 |

*Overdraft facility availed of Rs.2.25 Crore is secured against fixed deposits with maturity less than 12 months (including interest accrued) of Rs. 3,49,54,111.85/- (P.Y. Rs.3,28,54,378/-)

Note 7 : OTHER CURRENT LIABILITIES

| | | |
|---------------------------------|------------------|------------------|
| Duties and Taxes | 25,48,480 | 11,59,792 |
| Advance Received from Customers | 3,61,967 | 1,11,637 |
| Expenses Payable | 7,37,520 | 17,56,987 |
| | 36,47,967 | 30,28,416 |

Note 8 : SHORT TERM PROVISIONS

| | | |
|---|------------------|-----------------|
| Provision for: | | |
| (A) Employee Benefits: | | |
| - Gratuity | | |
| As per last year | 54,639 | 48,371 |
| Less: Paid during the year | - | 83,358 |
| | 54,639 | (34,987) |
| Add: Provision made during the year | 4,721 | 89,626 |
| Closing Balance | 59,360 | 54,639 |
| - Leave Encashment | | |
| As per last year | 3,10,942 | 2,68,741 |
| Less: Paid during the year | 1,87,645 | 8,45,157 |
| | 1,23,297 | -5,76,416 |
| Add: Provision made during the year | 2,53,452 | 8,87,358 |
| Closing Balance | 3,76,749 | 3,10,942 |
| (B) Provision for Income tax (net) | | |
| | 12,93,327 | - |
| | 17,29,336 | 3,65,581 |

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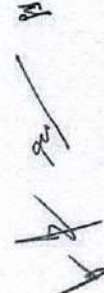


PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GO1187146

| S.No. | Particulars | Gross Block (At Cost) | | | Depreciation | | | Net Block | | | |
|---------------------------|-----------------------|-----------------------|---------------------------|----------------------------|------------------|------------------|-----------------|-----------------------------|------------------|------------------|------------------|
| | | As at 01/04/2020 | Additions During the Year | Deductions During the Year | As at 31/03/2021 | Upto 01/04/2020 | For the year | Adjustments During the Year | As at 31/03/2021 | As at 31/03/2020 | |
| | | | | | | | | | | | |
| I. Tangible Assets | | | | | | | | | | | |
| a) | Furniture & Fixtures | 22,32,171 | 44,800 | - | 22,76,971 | 11,21,157 | 2,15,293 | - | 13,36,450 | 9,40,521 | 11,11,014 |
| b) | Vehicles | 14,19,940 | - | 7,74,386 | 6,45,554 | 13,48,943 | - | 7,35,667 | 6,13,276 | 32,278 | 70,997 |
| c) | Office Equipments | 5,84,478 | - | 91,700 | 4,92,778 | 3,46,962 | 67,556 | 88,493 | 3,26,026 | 1,66,752 | 2,37,517 |
| d) | Computers | 29,64,887 | 1,25,246 | 9,94,593 | 20,95,539 | 22,70,839 | 2,96,919 | 9,82,634 | 15,85,124 | 5,10,415 | 6,94,048 |
| e) | Leasehold Improvement | 9,40,362 | - | - | 9,40,362 | 1,74,521 | 99,420 | - | 2,73,941 | 6,66,421 | 7,65,841 |
| | Total | 81,41,837 | 1,70,046 | 18,60,679 | 64,51,204 | 52,62,422 | 6,79,188 | 18,06,794 | 41,34,817 | 23,16,388 | 28,79,416 |
| | Previous Year | 75,84,771 | 5,57,066 | - | 81,41,837 | 46,39,274 | 6,23,148 | - | 52,62,422 | 28,79,416 | |




 9/3

PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| PARTICULARS | As At 31/03/2021 (Amount in Rs.) | As At 31/03/2020 (Amount in Rs.) |
|---|--|--|
| Note 10 : DEFERRED TAX ASSETS (net) | | |
| Deferred Tax Asset/(Liability): | | |
| - Provision for Employee Benefit | 28,02,500 | 23,12,500 |
| - Depreciation and Amortisation of Fixed Assets | 1,35,100 | 1,33,500 |
| - Provision for doubtful debts and advances | 21,08,800 | 24,44,000 |
| | 50,46,400 | 48,90,000 |

| | | |
|---|---------------|-----------------|
| Note 11 : LONG TERM LOANS AND ADVANCES | | |
| (Unsecured , considered good) | | |
| Security Deposits | 80,550 | 1,80,550 |
| | 80,550 | 1,80,550 |

| | | |
|---|--------------------|---------------------|
| Note 12 : OTHER NON-CURRENT ASSETS | | |
| Balance with Banks: | | |
| - in Fixed Deposits account with maturity more than 12 months (including interest accrued) | 7,29,73,406 | 8,81,31,301 |
| - Fixed Deposit pledged as Security against the bank OD facility with maturity more than 12 months (including interest accrued) | - | 3,28,54,378 |
| | 7,29,73,406 | 12,09,85,679 |

| | | |
|--|--------------------|--------------------|
| Note 13 : TRADE RECEIVABLES | | |
| (Unsecured) | | |
| Receivables outstanding for a period exceeding Six Months from the date they are due for payment | | |
| - Considered good | 84,23,529 | 72,19,978 |
| - Considered doubtful | 72,94,033 | 76,03,581 |
| | 1,57,17,562 | 1,48,23,559 |
| Other trade receivables | | |
| - Considered good | 90,53,659 | 25,61,570 |
| | 2,47,71,221 | 1,73,85,129 |
| Less: Provision against trade receivables | | |
| | 83,81,386 | 97,15,478 |
| | 1,63,89,835 | 76,69,651 |

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PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| PARTICULARS | As At 31/03/2021 (Amount in Rs.) | As At 31/03/2020 (Amount in Rs.) |
|---|--|--|
| Note 14 : CASH AND BANK BALANCES | | |
| a) Cash and Cash Equivalents | | |
| Balance with Banks: | | |
| - in Current Accounts | 18,65,376 | 40,356 |
| - in Fixed Deposits account with maturity less than 3 months (including interest accrued) | 7,89,84,183 | 2,95,02,425 |
| - Fixed Deposit pledged as Security against the bank OD facility with maturity less than 3 months (including interest accrued) | - | - |
| | 8,08,49,559 | 2,95,42,781 |
| b) Other Bank Balances | | |
| Balance with Banks: | | |
| - in Fixed Deposits account with maturity more than 3 months but within 12 months (including interest accrued) | 23,47,11,267 | 27,14,14,708 |
| - Fixed Deposit pledged as Security against the bank OD facility with maturity more than 3 months but within 12 months (including interest accrued) | 3,49,54,118 | - |
| | 26,96,65,385 | 27,14,14,708 |
| | 35,05,14,944 | 30,09,57,489 |

| | | |
|---|-----------|-----------|
| Note 15 : SHORT TERM LOANS AND ADVANCES | | |
| A. (Unsecured, considered good) | | |
| - Input Tax Credit of GST | - | 5,40,409 |
| - Imprest | 2,741 | 5,962 |
| - Prepaid Expenses | 21,07,277 | 8,23,774 |
| - Income Tax Refund (earlier years) | 35,39,280 | 15,31,333 |
| - Income Tax Refund (current year) | - | 27,70,573 |
| - Amount recoverable in cash or in kind or for the value to be received | 5,53,459 | 3,79,925 |
| | 62,02,757 | 60,51,976 |
| | 62,02,757 | 60,51,976 |

Handwritten initials/signature



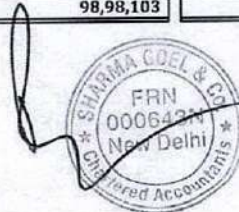
PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009GOI187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| PARTICULARS | Year Ended 31/03/2021 | Year Ended 31/03/2020 |
|--|--------------------------|--------------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Note 16 : REVENUE FROM OPERATIONS | | |
| Sale of services | | |
| Merchant Banking Fee | 80,63,015 | - |
| Corporate Advisory Fee | 2,14,90,000 | 2,76,65,000 |
| Trusteeship fee | 2,37,42,087 | 1,89,18,903 |
| | 5,32,95,102 | 4,65,83,903 |
| Note 17 : OTHER INCOME | | |
| Interest on Fixed Deposits | 2,50,28,415 | 2,80,46,453 |
| Excess Provision written back for Doubtful debts | 13,34,092 | - |
| Other Misc. Income | 5,21,520 | 33,216 |
| | 2,68,84,027 | 2,80,79,669 |
| Note 18 : EMPLOYEE BENEFIT EXPENSES | | |
| Salary, Allowances and Other Benefits | 5,03,08,221 | 4,89,26,911 |
| Contribution to Statutory & Other funds | 2,46,399 | 2,39,333 |
| Staff Welfare | 3,03,274 | 4,09,271 |
| | 5,08,57,894 | 4,95,75,515 |
| Note 19 : FINANCE COSTS | | |
| Interest paid on borrowings | 32,277 | 83,867 |
| | 32,277 | 83,867 |
| Note 20 : DEPRECIATION AND AMORTIZATION | | |
| Depreciation on tangible assets | 6,79,188 | 6,23,148 |
| | 6,79,188 | 6,23,148 |
| Note 21 : OTHER EXPENSES | | |
| Rent | 30,06,626 | 29,91,372 |
| Water & Electricity Expenses | 3,06,074 | 5,00,452 |
| Printing and Stationery | 82,535 | 1,97,088 |
| Postage, Telephone and Internet | 3,70,234 | 3,05,230 |
| Legal and Professional | 21,06,941 | 24,79,319 |
| Auditors Remuneration | 2,27,500 | 1,92,500 |
| Secretarial Audit fee | 1,00,000 | 1,00,000 |
| Conveyance, Tour and Travel | 1,71,262 | 15,04,970 |
| Repairs and Maintenance-others | 1,49,837 | 2,45,226 |
| Insurance | 15,881 | 13,722 |
| Fees and Subscription | 21,77,161 | 19,92,805 |
| Directors Sitting Fees | 5,15,000 | 6,80,000 |
| Board Meeting & AGM Expenses | 56,324 | 2,07,798 |
| Rates and Taxes | 22,700 | 53,604 |
| Miscellaneous Expenses | 5,74,586 | 9,21,895 |
| Bad Debts Written Off | - | 27,58,536 |
| Provision for doubtful debts | - | 10,28,826 |
| Business Promotion expenses | 15,443 | 43,389 |
| | 98,98,103 | 1,62,16,732 |

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PNB INVESTMENT SERVICES LIMITED

CIN: U65191DL2009G01187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| PARTICULARS | Year Ended 31/03/2021 | Year Ended 31/03/2020 |
|--|--------------------------|--------------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Note 22 : Extraordinary and Exceptional Items | | |
| Loss/Written off Assets | - | - |

| Note 23 : CURRENT TAX | | |
|---|------------------|------------------|
| Provision for Income Tax for Current Year | 48,70,000 | 28,40,000 |
| Taxes paid/ (reversed) for Earlier years | (20279) | (35613) |
| | 48,49,721 | 28,04,387 |

| Note 24 : Earnings Per Share (EPS) | | |
|--|--------------------------|--------------------------|
| PARTICULARS | Year Ended 31/03/2021 | Year Ended 31/03/2020 |
| Net Profit as per Statement of Profit and Loss used as numerator for calculating EPS | 1,40,18,346 | 56,68,923 |
| Number of Equity Shares at the beginning of the year | 2,00,00,000 | 2,00,00,000 |
| Number of Equity Shares issued during the year | - | - |
| Total number of Equity Shares outstanding at the end of the year | 2,00,00,000 | 2,00,00,000 |
| Weighted average number of Equity Shares outstanding during the year used as denominator for calculating EPS | 2,00,00,000 | 2,00,00,000 |
| Nominal Value of Equity Shares | 10 | 10 |
| Basic and Diluted Earnings per Share (Rs) | 0.70 | 0.28 |

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PNB INVESTMENT SERVICES LIMITED
CIN: U65191DL2009GO1187146
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Note 25:

- (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 26:

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

| Particulars | 2020-21 | 2019-20 |
|---------------------------------------|--------------------|--------------------|
| | Amount (Rs.) | Amount (Rs.) |
| - Statutory audit under Companies Act | 1,30,000.00 | 1,25,000.00 |
| - Tax audit under Income-tax Act | 42,500.00 | 42,500.00 |
| - Certification Fees | 20,000.00 | 20,000.00 |
| - Reimbursement of Expenses | 5,000.00 | 5,000.00 |
| - Payment to Previous Auditor | 30,000.00 | - |
| Total | 2,27,500.00 | 1,92,500.00 |

Note 27: Corporate Social Responsibility

Company is not required to spend on CSR activity during the FY 2020-21 (FY 2019-20 Rs. NIL) as the company does not fulfil the condition/required under the definition of CSR u/s 135 of companies Act 2013 since FY 2018-19.

Note 28: Dividend

Company has recommended a Dividend of Rs. 1,20,00,000/- (P.Y. Rs. 50,00,000/-) being 5% of the paid up Share Capital, that is, Re. 16/- per share on 2,00,00,000 Equity shares of Rs. 10 each fully paid up outstanding as on 31st March 2021 during the financial year 2020-21.

Note 29: Provision For Doubtful Debts

Trade receivables amounting to Rs. 72,94,032.68/-, including Rs. 33,57,306/- pertains to clients who have been referred to NCLT, are considered as doubtful of recovery and full provision for doubtful trade receivables has been made. In respect of other trade receivables, which are considered good and fully recoverable and outstanding for a period exceeding six months, a provision is made as per the company policy as explained in (g) of Note 2 of Significant Accounting Policies just as a matter of abundant precaution.

Note 30: LEASES

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

| Particulars | 2020-21 | 2019-20 |
|---|--------------|--------------|
| | Amount (Rs.) | Amount (Rs.) |
| (a) Lease payments for the year | 30,06,626.00 | 29,59,140.00 |
| Minimum Lease payments: | | |
| (b) Not later than one year | 20,25,020.00 | 13,39,140.00 |
| (c) Later than one year but not later than five years | 15,90,500.03 | 21,28,103.53 |
| (d) Later than five years | 4,47,414.98 | 34,06,554.98 |

Note 31: 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 | 2020-21 | 2019-20 |
|----------------------------------|-----------------|-----------------|
| | Amount (Rs.) | Amount (Rs.) |
| - Contribution to Provident Fund | 2,41,899 | 2,34,833 |
| Total | 2,41,899 | 2,34,833 |

(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 31.03.21 are as follows:

W/A 9/11



PNB INVESTMENT SERVICES LIMITED
CIN: U65191DL2009GO1187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| (i) Net Employees Benefits Expenses Recognized in the Employee Cost | | | | | |
|--|-------------------------------------|------------|----------|------------------|------------|
| S.No. | Particulars | Gratuity | | Leave Encashment | |
| | | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| 1 | Current Service Cost | 4,49,026 | 7,10,832 | 20,61,598 | 17,97,504 |
| 2 | Interest Cost on Benefit Obligation | 1,99,523 | 1,64,824 | 4,25,336 | 3,95,285 |
| 3 | Expected Return on Plan Assets | - | - | - | - |
| 4 | Actuarial Gain/(Loss) | (6,58,789) | 23,306 | (3,39,326) | (1,73,478) |
| 5 | Net Benefit Expenses | (10,240) | 8,98,962 | 21,47,608 | 20,19,311 |

| (ii) Net Liability as shown in Balance Sheet Date | | | | | |
|--|--|-------------|-------------|------------------|-------------|
| S.No. | Particulars | Gratuity | | Leave Encashment | |
| | | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| 1 | Present Value of Defined Benefit Obligation | 29,23,925 | 29,34,165 | 82,14,906 | 62,54,944 |
| 2 | Fair Value of Plan Assets | - | - | - | - |
| 3 | Net Liability/(Assets) recognized in the Balance Sheet | (29,23,925) | (29,34,165) | (82,14,906) | (62,54,944) |

| (iii) Net Liability as shown in Balance Sheet Date under "Short Term/Long Term Provisions" | | | | | |
|---|---|------------|-----------|------------------|------------|
| S.No. | Particulars | Gratuity | | Leave Encashment | |
| | | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| 1 | Opening present value of defined benefit plan | 29,34,165 | 21,18,561 | 62,54,944 | 50,80,790 |
| | -Current | 54,639 | 48,371 | 3,10,942 | 2,68,741 |
| | -Non-Current | 28,79,526 | 20,70,190 | 59,44,002 | 48,12,049 |
| 2 | Interest Cost | 1,99,523 | 1,64,824 | 4,25,336 | 3,95,285 |
| 3 | Current Service Cost | 4,49,026 | 7,10,832 | 20,61,598 | 17,97,504 |
| 4 | Actuarial (Gains)/Losses on Obligation | (6,58,789) | 23,306 | (3,39,326) | (1,73,478) |
| 5 | Benefits Paid | - | (83,358) | (1,87,646) | (8,45,157) |
| 6 | Closing Defined Benefit Plan | 29,23,925 | 29,34,165 | 82,14,906 | 62,54,944 |
| | -Current | 59,360 | 54,639 | 3,76,749 | 3,10,942 |
| | -Non-Current | 28,64,565 | 28,79,526 | 78,38,157 | 59,44,002 |

| (iv) Changes in Fair value and Plan Assets | | | | | |
|---|--|----------|---------|------------------|---------|
| S.No. | Particulars | Gratuity | | Leave Encashment | |
| | | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| 1 | Opening fair value of Plan Assets | - | - | - | - |
| 2 | Expected Return | - | - | - | - |
| 3 | Contribution made by Employer | - | - | - | - |
| 4 | Actuarial (Gains)/Losses on Obligation | - | - | - | - |
| 5 | Benefits Paid | - | - | - | - |
| 6 | Closing fair value of Plan Assets | - | - | - | - |

| (v) Actuarial Assumptions | | | | | |
|----------------------------------|---|----------|---------|------------------|---------|
| S.No. | Particulars | Gratuity | | Leave Encashment | |
| | | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| 1 | Interest and Discount Rate | 6.80% | 6.80% | 6.80% | 6.80% |
| 2 | Estimated Rate of Return on Plan Assets | - | - | - | - |
| 3 | Attrition Rate | - | - | - | - |
| 4 | Retirement Age | 60.00 | 60.00 | 60.00 | 60.00 |
| 5 | Salary Cost Increase Rate | 6.00% | 6.00% | 6.00% | 6.00% |

Note 32: Related party disclosure

(a) Related parties with whom the Company had transactions

- i) Parent Bank/Holding Company : Punjab National Bank
ii) Associate of Parent Bank : PNB Housing Finance Limited
iii) Key Management Personnel : Mr. Sanjay Bajaj, Managing Director & CEO
Mr. Sanjeev Khemani, Chief Operating Officer cum CFO (from 06-12-2019)
Mr. Saurabh Malhotra, Chief Operating Officer cum CFO (upto 9-12-2019)
Ms. Isha Goel, Company Secretary

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PNB INVESTMENT SERVICES LIMITED
CIN: U65191DL2009GO1187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(b) Transactions with related party

| Nature of Transaction | 2020-21 | 2019-20 |
|---|--------------|--------------|
| | Amount (Rs.) | Amount (Rs.) |
| Key Management Personnel | | |
| - Remuneration to Managing Director cum CEO (Mr. Sanjay Bajaj) | 1,66,00,000 | 1,66,00,000 |
| - Remuneration to Chief Operating Officer cum CFO (Mr. Sanjeev Khemani) | 20,57,197 | 6,39,340 |
| - Remuneration to Chief Operating Officer cum CFO (Mr. Saurabh Malhotra) (upto 9-12-2019) | - | 10,53,684 |
| - Remuneration to Company Secretary (Ms. Isha Goel) | 6,30,000 | 6,30,000 |
| Punjab National Bank, Parent Bank/Holding Company | | |
| (a) Expenditure | | |
| - Rent | 26,52,206 | 26,36,952 |
| - Interest on Overdraft facility | 32,277 | 83,867 |
| - Bank Charges | 26,413 | 23,596 |
| - Director Sitting Fees | 2,00,000 | 3,25,000 |
| (b) Income | | |
| - Interest on Fixed Deposits | 2,50,28,415 | 2,80,46,453 |
| - Merchant Banking Fee | 80,63,015 | - |
| - Trusteeship Fee | 5,96,986 | 2,00,000 |
| - Corporate Advisory fee | 70,00,000 | 22,50,000 |
| PNB Housing Finance Limited, Associate of Parent Company | | |
| (a) Income | | |
| - Trusteeship Fee | 2,00,000 | 2,00,000 |

(c) Balance with related parties

| Particulars | Recoverable / (Payable) as at | |
|--|-------------------------------|--------------|
| | 2020-21 | 2019-20 |
| | Amount (Rs.) | Amount (Rs.) |
| Punjab National Bank, Parent Bank/Holding Company | | |
| (a) Receivable | | |
| - Fixed Deposits | 39,41,11,710 | 39,07,23,838 |
| - Accrued Interest on FDR | 2,75,11,265 | 3,11,78,974 |
| - Closing Balances of Current Accounts | 18,65,376 | 40,356 |
| - Sundry Debtors | 92,41,133 | 18,45,095 |
| (b) Payables | | |
| - Loan Repayable on demand (Overdraft) | - | 29,71,427 |
| - Rent Payable | 48,015 | 8,44,293 |
| - Director Sitting fees payable | - | 63,000 |

(d) COO cum CFO of the company - a Key Management Personnel, is on deputation from the Parent Bank - PNB and remuneration of the Key Management Personnel on deputation from PNB is paid in accordance with the service rules of the Parent Bank, which has been charged as expenditure in the books of the company.

Note 33: 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 34:

Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006(MSMED Act):

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year. | Nil | Nil |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year. | Nil | Nil |
| (iii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day. | Nil | Nil |
| (iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year. | Nil | Nil |
| (vi) the amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of Micro, Small and Medium Enterprises Development Act, 2006. | Nil | Nil |

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

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PNB INVESTMENT SERVICES LIMITED
CIN: U65191DL2009G01187146

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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 | 2020-21 | 2019-20 |
|--------------------------|--------------|--------------|
| | Amount (Rs.) | Amount (Rs.) |
| - Contingent Liabilities | Nil | Nil |
| - Capital Commitments | Nil | Nil |
| Total | - | - |

Note 38: Impact of Covid-19 pandemic on the business

The Company has taken into account all the possible impacts of COVID-19 in preparation of these financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets. The Company has carried out this assessment based on available internal and external sources of information upto the date of approval of these financial statements and believes that the impact of COVID-19 is not material to these financial statements and expects to recover the carrying amount of its assets.

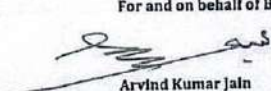
Note 39: Balance Confirmation

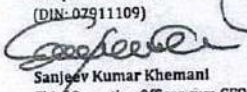
The management of the company have requested to parties for confirmation of their Account balances, however, several parties including PNB (Parent company) have not confirmed their balances. In the opinion of the management of the company these balances are fully recoverable and will be settled in coming months.

Note 40:

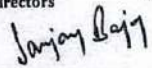
Figures for the previous year have been regrouped / recast / rearranged wherever considered necessary to make them comparable with those of current year.

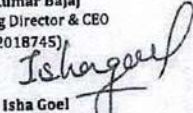
For and on behalf of Board of Directors


Arvind Kumar Jain
Independent Director
(DIN: 02911109)


Sanjeev Kumar Khemani
Chief Operating Officer cum CFO

Place: New Delhi
Dated: 15 / 06 /2021

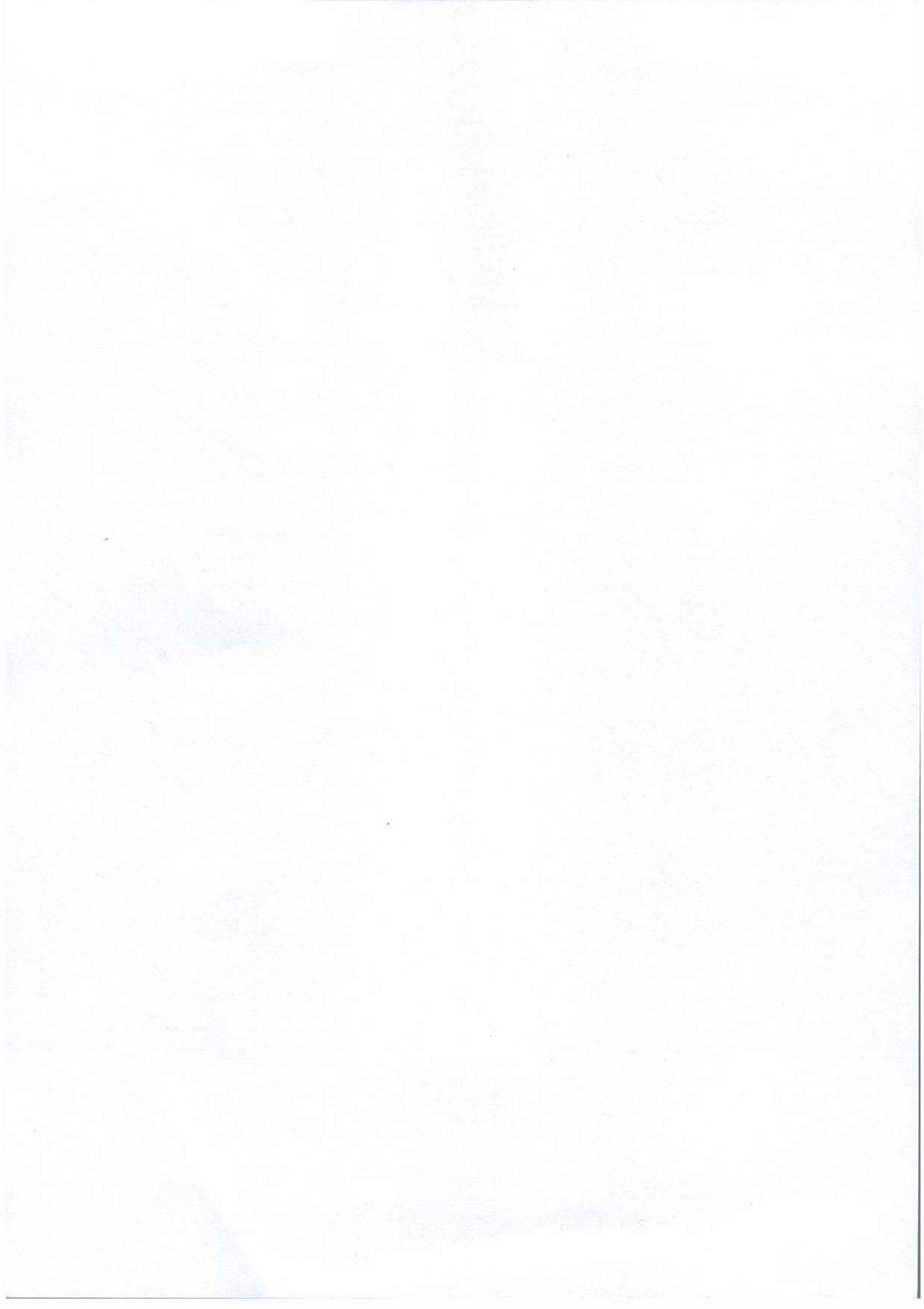

Sanjay Kumar Bajaj
Managing Director & CEO
(DIN: 02018745)


Isha Goel
Company Secretary
(Membership No. 46828)

As per our report of even date

For SHARMA GOEL & CO. LLP
Chartered Accountants
(Firm Regn. No.000643N/N500012)





DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present the Twelfth Annual Report of PNB Investment Services Limited ('the Company') along with the audited financial statements for the financial year ended at March 31, 2021.

1. Financial Performance Highlights

Your Company is a SEBI Registered Category-I Merchant Banker offering a range of Merchant Banking and other financial advisory services like Project Appraisal, Debt Syndication, Techno-Economic Viability Studies, Debt Restructuring and Trusteeship services supported by well-qualified and experienced professionals. The company has three business verticals, namely, Corporate Advisory Services, Merchant Banking and Trusteeship services.

The table below summarises the key financials of your Company for FY2021:

Rs. In Lakh

| Particulars | FY 2021 | FY 2020 |
|---|---------------|---------------|
| Total Income | 801.79 | 746.63 |
| <i>Less: Expenses other than Depreciation and Taxes</i> | 607.88 | 658.76 |
| Profit before Depreciation and Taxes | 193.91 | 87.87 |
| <i>Less: Depreciation</i> | 6.79 | 6.23 |
| <i>Less / Add: Extraordinary / Exceptional Item</i> | - | - |
| Profit Before Taxes | 187.12 | 81.64 |
| <i>Less: Provision for Taxes (including deferred tax)</i> | 46.94 | 24.95 |
| Profit after Tax (PAT) | 140.18 | 56.69 |
| Net Profit carried to Balance Sheet | 140.18 | 56.69 |
| Equity Capital | 2,000.00 | 2,000.00 |
| Reserves & Surplus | 2,374.44 | 2,284.26 |
| Net Worth | 4,374.44 | 4,284.26 |
| EPS (In Rs.) | 0.70 | 0.28 |

Revenue:

Your Company registered total income of Rs. 801 lakh for FY2021 as compared to Rs. 746 lakh for FY2020. The operating income for FY 2021 was Rs. 533 lakh as against Rs. 466 lakh registered in the previous year. Increase of 14% in operating income as compared to previous year is mainly due to booking of incremental fees under Merchant Banking and Trusteeship verticals as reported in the segment wise performance below. The Company booked other income of Rs. 268 lakh in FY 2021 as against Rs. 280 lakh during previous financial year. Other income is mainly interest on Fixed Deposits. Decline in other income of (4%) (YoY) is due to fall in interest rates during the year.

Profit after Tax

Profit after tax (PAT) for FY 2021 was Rs. 140 lakh as compared to Rs. 56 lakh for FY 2020.

Segment-wise performance is summarized below:

A. Corporate Advisory Services:

During the period under review, the company booked revenue of Rs. 214 lakh under Corporate advisory services as against corresponding figure of Rs. 276 lakh in the previous year. Under debt syndication business, the Company's endeavor was to target highly rated and credit worthy proposals. During FY 2020-21, PNBISL could showcase proposals from Maharashtra Rail Infrastructure Development Corp. (MRIDC) - a JV between Ministry of Railways and Govt. of Maharashtra and from some of the reputed groups and clients like Ashoka Buildcon, JSW Cement (Siva Cement), Tata Power, Federal Bank, Axis Bank etc. to PNB and other lenders. Further under the RBI Resolution Framework for Covid-19 impacted stressed accounts, the Company has undertaken assignments from M/s Bengal Aerotropolis Projects Ltd. (a Govt of West Bengal company) and from K Raheja Group in Mumbai and Raheja Group in Delhi. Apart from these assignments, the Company has completed its TEV study assignments for Tikaula Sugar, India Glycol and Adhunik Metals.

The strategy adopted by the corporate advisory team has been to focus ideally on new relationships and work in a dedicated manner so as to develop client confidence. This has led to repeat business from clients. The business intends to continue the current approach and deepen its relationships across new corporates.

B. Merchant Banking

During the year the merchant banking division earned a total income of Rs 80 lakhs as against nil income in the previous financial year. The Financial Year 2021 began with the onset of the covid pandemic resulting in volatility in secondary markets, which also caused subdued sentiments in the primary markets till about the end of May 2020 when the process to unlock the country kick started. Post lockdown, as the economic activity began to bounce back, the merchant banking division successfully completed the Tier-2 fund raising for Punjab National Bank (PNB). Continuing its momentum, the merchant banking division assisted PNB to raise two more tranches of Tier-2 bonds amounting to Rs 3,000 crore. The merchant banking division also participated as one of the Lead Managers for the Qualified Institutional Placement (QIP) for PNB. During the same period, the Company was also working closely with the PNB GBMD department as Advisor in the sale of one of the non-core assets of the bank i.e. - Asset Reconstruction Company (India) Limited. (ARCIL). The transaction has reached an advanced stage with financial bid received from buyer.

In January 2021, merchant banking division successfully completed one more fund raising for PNB by assisting in raising Additional Tier 1 (AT1) bonds. In addition to the above-mentioned assignments the merchant banking division is also currently working on the Offer for Sale (OFS) assignments of General Insurance Corporation of India (GIC), New India Assurance Company Ltd (NIA) which has been mandated by DIPAM (Ministry of Finance).

C. Trusteeship

The company earned revenue of Rs. 237 lakh under the Trusteeship segment during the year ended March, 2021, as against Rs. 189 lakh in corresponding period of last year. The company continues to be a trusted partner of lending banks and corporates for trusteeship assignments and there is a consistent growth in revenue generation. The company continues to maintain the revenue for trusteeship services by adding new clients.

Share Capital

The authorised and paid share capital of the Company stood at Rs. 30 Cr (divided into 3 Cr Equity Shares of Rs. 10/- each) and Rs. 20 Cr (divided into 2 Cr Equity Shares of Rs. 10/- each) respectively.

There have been no changes in share capital during the year under review.

Reserves and Surplus

The Reserves of the company were Rs. 2374 lakh (previous Year Rs. 2284 lakh).

2. Dividend

The Board has recommended a final dividend of Rs.0.65 per share (i.e. @ 6.5%) for the year ended March 31, 2021 (previous year Rs. 0.25 per share). Total outflow on account of the said Dividend shall be Rs. 130 lakh. The payment of proposed final dividend would result in dividend payout ratio of 93% of the profits. The final dividend is subject to the approval of the Members at the ensuing Annual General Meeting ('AGM').

3. Material Changes, Commitments and Litigations, if any, affecting financial position of the company

There are no material changes, commitments and litigations affecting the financial position of the Company during the period between the end of the financial year of the Company to which the financial statements relate and the date of the report.

4. Business Outlook

The financial year 2020-21 started under the cloud of uncertainty due to COVID pandemic which engulfed almost the entire world under its influence. The economic activity in India particularly in industrial sector, was impacted due to nationwide strict lockdown enforced by the Central Govt. The first quarter GDP figures reflected the damage to the global economy due to pandemic, with India

also registering a sharp contraction of 24.4 per cent. The economic activity slowly picked up after lifting up of restrictions gradually in the second quarter. The Indian government took series of measures to minimise the impact of the pandemic and to kickstart the economy. The RBI also took decisive steps to ease the monetary policy to help the economy recover. Consequently, the real GDP growth in Q4 FY2021 was 1.6%, which was the strongest quarter of the year. As a result, your business has also registered growth in 2nd half and overall Operating Revenue of the company in FY 2021 has grown by 14%.

The RBI in its Monetary Policy Statement dated 06.08.2021 has observed that domestic economic activity is starting to recover with the ebbing of the second wave of pandemic and the projection for real GDP growth is retained at 9.5 per cent in 2021-22.

With the pick-up in Industrial activity and recently announced Production Linked Incentive (PLI) scheme by the Central Govt. for various sunrise sectors, we expect the business in Corporate Advisory and Trusteeship to grow at a fast pace. We intend to expand our team in the Trusteeship business in the FY 2021-22 to capture new opportunities across the country. At the same time we intend to focus our energies towards developing a joint bidding approach with other market players, for the equity capital market business within our merchant banking division, in order to cover the existing gaps due to lack of own distribution (sales) team.

5. Human Resources

Total number of employees of the Company as on 31.03.2021 was 20 (including 1 employee on deputation from parent Bank). The Company has maintained peaceful and harmonious relations with its employees.

No employee is related to any Director of the Company. Further in terms of section 197 of Companies Act, 2013, other than Managing Director & CEO there is no employee drawing remuneration of Rs. 84 lakh or more per year as the case was during the previous financial year.

6. Board of Directors

During the year under review and up to the date of this report, the following changes took place among the Directors of the Company:

- Sh. Sanjay Kumar, Executive Director of Punjab National Bank has been appointed as an Additional Director on the Board of the Company w.e.f. 21.11.2020 and confirmed as Director in the 2nd Extraordinary General Meeting held on 04.08.2021.
- Sh. Anant Upadhyay and Sh. Arvind Kumar Jain have been appointed as Independent Director of the Company in the Annual General Meeting held on 09.11.2020.

The Board extended a hearty welcome to Directors of the Company.

- Shri Vikram Sheth, ceased as Independent Director on completion of tenure as Independent Director of the Company w.e.f 10.11.2020. Your Board places on record its appreciation for the valuable contribution made by him during his tenure in the company.

7. Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Shri Vimlesh Kumar (DIN:06774405), Director of the Company retires by rotation at the ensuing Annual General Meeting of the Company. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has recommended re-appointment of Shri Vimlesh Kumar as Director of the Company liable to retire by rotation.

8. Appointments / Resignations of the Key Managerial Personnel

Sh. Sanjay Bajaj- Managing Director & CEO, Sh. Sanjeev Kumar Khemani- COO cum CFO and Ms. Isha Goel-Company Secretary are the Key Managerial Personnel in terms of section 2(51) of Companies Act, 2013 as on the date of report.

During the year under review and upto the date of this report following changes took place in Key Managerial Personnel:

- Sh. Sanjay Kumar Bajaj re-appointed as Managing Director & CEO of the Company on 04.08.2021 for the period of one year at an annual remuneration of Rs. 1,66,00,000/-.
- **Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo:** The above details as required are to be disclosed under Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are as under:
 - a. The Company is not a manufacturing company thus its operations are not energy intensive. However adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy and technology absorption.
 - b. Foreign Exchange earnings and outgo: The Company does not have any Foreign Exchange Earnings and there was no outgo during the year under review.

9 Details of number of Board meetings and other Committee meetings held along with attendance during the year 2020-21

| | |
|-------------------------------|---|
| Annual General Meeting | Meeting held on 09.11.2020 with requisite quorum of 5 members personally present in the meeting |
|-------------------------------|---|

(A) Details of number of Board meetings held and attendance during the year 2020-21

| Names | Designation | No. of meetings held | No. of meetings attended |
|--------------------------------|-------------|----------------------|--------------------------|
| Shri CH. S.S. Mallikarjuna Rao | Chairman | 4 | 4 |

| | | | |
|--|----------------------|---|---|
| Shri Sanjay Kumar (Appointed as Additional Director on 21.11.2020) | Director | 4 | 2 |
| Dr. Rajesh Kumar Yaduvanshi (Resigned on 09.10.2020) | Director | 4 | 2 |
| Shri Vimlesh Kumar | Director | 4 | 4 |
| Shri Vikram Sheth (Ceased to be an Independent Director w.e.f. 10.11.2020) | Independent Director | 4 | 2 |
| Shri Anant Upadhyay (Appointed as Additional Director on 22.08.2020 and Confirmed as Independent Director on 09.11.2020) | Independent Director | 4 | 3 |
| Shri Arvind Kumar Jain (Appointed as Additional Director on 29.10.2020 and Confirmed as Independent Director on 09.11.2020) | Independent Director | 4 | 2 |
| Shri Sanjay Bajaj | MD & CEO | 4 | 4 |

Dates of Board Meetings held during the year 2020-21

| Meeting No. | Date of Board Meetings |
|-------------|------------------------|
| 1 | 12.06.2020 |
| 2 | 06.10.2020 |
| 3 | 28.12.2020 |
| 4 | 11.03.2021 |

(B) Details of number of meetings of Audit Committee of Board held and attendance during the year 2020-21:

| Names | Designation | No. of meetings held | No. of meetings attended |
|---|------------------|----------------------|--------------------------|
| Shri Vikram Sheth (Ceased to be an Independent Director w.e.f. 10.11.2020) | Chairman/ Member | 4 | 2 |
| Shri Vimlesh Kumar | Director/ Member | 4 | 4 |

| | | | |
|--|-----------------------------|---|---|
| Shri Anant Upadhyay (Appointed as Additional Director on 22.08.2020 and Confirmed as Independent Director on 09.11.2020) | Independent Director/Member | 4 | 3 |
| Shri Arvind Kumar Jain (Appointed as Additional Director on 29.10.2020 and Confirmed as Independent Director on 09.11.2020) | Independent Director/Member | 4 | 2 |

Dates of Meetings of Audit Committee of Board held during the year 2020-21:

| Meeting No. | Date of Audit Committee meetings |
|-------------|----------------------------------|
| 1 | 12.06.2020 |
| 2 | 06.10.2020 |
| 3 | 28.12.2020 |
| 4 | 11.03.2021 |

(C) Details of number of Nomination and Remuneration Committee (NRC) meetings held and attendance during the year 2020-21

| Names | Designation | No. of meetings held | No. of meetings attended |
|---|-----------------------------|----------------------|--------------------------|
| Dr. Rajesh Kumar Yaduvanshi (Resigned on 09.10.2020) | Chairman/Member | 2 | 1 |
| Shri Sanjay Kumar (Appointed as Additional Director on 21.11.2020) | Chairman/Member | 2 | 1 |
| Shri Vimlesh Kumar | Director/Member | 2 | 2 |
| Shri Vikram Sheth (Ceased to be an Independent Director w.e.f. 10.11.2020) | Independent Director/Member | 2 | 1 |
| Shri Anant Upadhyay (Appointed as Additional Director on 22.08.2020 and Confirmed as | Independent Director/Member | 2 | 2 |

| | | | |
|--|-----------------------------|---|---|
| Independent Director on 09.11.2020) | | | |
| Shri Arvind Kumar Jain (Appointed as Additional Director on 29.10.2020 and Confirmed as Independent Director on 09.11.2020) | Independent Director/Member | 2 | 1 |

Dates of Meetings of Nomination and Remuneration Committee held during the year 2020-21

| Meeting No. | Date of NRC Meetings |
|-------------|----------------------|
| 1 | 06.10.2020 |
| 2 | 11.03.2021 |

(D) Details of number of Corporate Social Responsibility Committee meetings held and attendance during the year 2020-21

| Names | Designation | No. of meetings held | No. of meetings attended |
|--|-----------------------------|----------------------|--------------------------|
| Shri Vikram Sheth (Ceased to be an Independent Director w.e.f. 10.11.2020) | Chairman/ Member | 2 | 1 |
| Shri Vimlesh Kumar | Director/ Member | 2 | 2 |
| Shri Anant Upadhyay (Appointed as Additional Director on 22.08.2020 and Confirmed as Independent Director on 09.11.2020) | Independent Director/Member | 2 | 1 |
| Shri Arvind Kumar Jain (Appointed as Additional Director on 29.10.2020 and Confirmed as Independent Director on 09.11.2020) | Independent Director/Member | 2 | 1 |

Dates of Meeting of Corporate Social Responsibility Committee held during the year 2020-21

| Meeting No. | Date of Meetings |
|--------------------|-------------------------|
| 1 | 12.06.2020 |
| 2 | 11.03.2021 |

10 Declaration of Independent Director

In terms of the Companies Act 2013, one third of Board of the Company shall be Independent Directors. Further, the Independent Directors have given the requisite declaration about their eligibility in terms of the spirit of the provision enshrined in section 149 (6) of the Companies Act, 2013. Company being a Wholly Owned Subsidiary of Punjab National Bank, the requirement under Section 149 of the Companies Act 2013, with respect to the Independent directors in the Board, is not applicable to the Company. However, the Board decided to have Independent Directors in the Board as a matter of good Corporate Governance.

11 Remuneration of Directors:

Directors are paid sitting fees for attending board and committee Meetings. The Managing Director & CEO of the Company is paid salary as per the Companies Act, 2013.

12 Directors' Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act 2013, Board of Directors confirms that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, wherever required.
2. Appropriate Accounting Policies have been selected and applied consistently. Judgments and estimates made were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2021 and the Profit and Loss Account for the year ended March 31, 2021.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.
5. Internal financial controls have been laid to be followed by the company and that such internal financial controls are adequate and are operating effectively.
6. Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

13 Corporate Governance:

The Company has inherited the values and corporate governance practices of the parent Bank viz. Punjab National Bank and the management has assigned high priority to Corporate

Governance practices in the Company. The Company is committed to adopt the best practices in Corporate Governance and follow all the guidelines prescribed by SEBI and other Regulators in this regard. The Company has ensured adherence to various applicable regulations and stipulations by various regulatory authorities. The Company's workforce is committed towards the protection of the interest of all the stakeholders including shareholders, creditors, clients etc. It is the Company's endeavour to consistently improve its policies to maximize value of all the stakeholders.

14 Corporate Social Responsibility (CSR) Initiatives

As per Section 135 of the Companies Act, 2013 and the rules framed thereunder, the Company has in place a Corporate Social Responsibility Committee of Directors comprising of Shri Anant Upadhyay- Chairman, Shri Arvind Kumar Jain and Sh. Vimlesh Kumar and has inter alia formulated a Corporate Social Responsibility ("CSR") Policy.

Since Average net profit of Last 3 Financial years is less than Rs. 5 crores and company is not falling in any of the criteria set out in Sub Section 1 of Section 135 of the Companies Act 2013., there is no requirement to contribute in CSR Activities for the FY 2020-21. Hence, the company has not undertaken CSR activities in FY 2020-21.

The Annual Report on CSR activities of the Company is furnished in **Annexure A** enclosed to this report.

15 Auditors:

M/s Sharma Goel & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company for the financial year 2020-21 by the Comptroller & Auditor General of India (CAG) under the provisions of Section 139 (5) of the Companies Act, 2013.

The Auditors Report, as submitted by the Auditors is included in the Annual Report. The Statutory Auditors in their report have not made any qualification, reservation or adverse remark or disclaimer and accordingly no comments are required in the matter.

The Company being a Government Company under section 2(87) of the Companies Act 2013, the Statutory Auditors of the Company for financial year 2020-21 were appointed by CAG.

CAG has re-appointed M/s Sharma Goel & Co., Chartered Accountants for Financial Year 2021-22 vide letter dated 18.08.2021. The remuneration of the Auditors will be fixed by the Company in ensuing Annual General Meeting or in such a manner as the Company in the General Meeting may determine.

The Company has put in place a system of Internal Audit. The Company had re-appointed M/s G.K. Sureka & Co. for Internal Audit of the Company for FY 2020-21. The Report of the Internal Auditor is received on quarterly basis and acted upon for necessary remedial actions.

16 Review of Accounts by Comptroller & Auditor General of India.

CAG vide their letter dated 12.08.2021 forwarded the comments of Comptroller & Auditor General of India on the financial statements of the Company for the year ended 31st March 2021 under section 143 (6) (a) of the act. enclosed as "**Annexure B**" to this report.

17 Secretarial Auditor

The Board of Directors of the Company appointed M/s Ramamurthy Associates, Practicing Company Secretary, to conduct Secretarial Audit for the FY 2020-21. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer and accordingly no comments are required in the matter.

18 Subsidiaries, Joint Ventures and Associate Companies

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

19 Extract of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Act, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return in form MGT-7 as at March 31, 2021 is available on the website of the Company and can be accessed at www.pnbisl.com under "Corporate Disclosure".

20 Nomination and Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Nomination & Remuneration Policy, which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, along with the criteria for determination of remuneration of Directors, KMPs and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013.

The Nomination and Remuneration Policy of the company is enclosed to this report as "**Annexure C**"

21 Details of establishment of vigil mechanism for directors and employees

The provisions of Section 177 (9) of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

22 Particulars of Loan, Guarantees and Investment

During the financial year, the Company has neither given any loan nor issued any Guarantee or provided any Security for raising loan to body corporate or any person. Further, the Company has also not acquired securities of any other body corporate, as envisaged under Section 186 of the Companies Act, 2013.

23 Contracts or Arrangements with Related Party

During the period under review Company has acted as Advisor for proposed fund raising by Punjab National Bank through issuance of Tier 1 & Tier 2 bonds for PNB, Advisor for selection and appointment of Resolution professional of M/s Sintex Industries Limited, Advisory services for Debt Syndication in M/s Ashoka Banwara Bettadahalli Road Pvt. Ltd. and also acted as advisor towards BRLM Fee- Punjab National Bank QIP.

Form AOC-2 forms part of report as **Annexure D**.

24 Public Deposits

During the review period, the Company has not accepted any deposits from the public within the meaning of the provisions of the Non- Banking Financial Companies (Reserve Bank) Directions, 1977 and RBI's notification no. DFC 118DG/ (SPT)-98 dated 31st January 1998.

25 Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace

Your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Work place and an Internal Committee has been constituted there under. The primary objective of the said Policy is to protect the women employees from sexual harassment and the provide right to work with dignity as enshrined under the Constitution of India.

26 Risk Management Policy:

The Statement showing the details regarding the development and implementation of Risk Management Policy of the Company is furnished in **Annexure- E** and attached to this report. The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting.

27 Acknowledgements:

The Board places on record its gratitude to Securities and Exchange Board of India, Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies, Delhi, Punjab National Bank, Statutory Auditors of the Company, Comptroller and Auditor General of India, Secretarial Auditor of the company, Internal Auditor, GST Auditor and all the valued constituents and clients for their sustained support.

The Board also wishes to place on record its appreciation for the valuable contribution of all the staff members and look forward to their continued enthusiasm in meeting the future goals of the Company.

Place: New Delhi

**For and on behalf of the Board of Directors
PNB Investment Services Limited**

Vimlesh Kumar

Sanjay Kumar Bajaj

Sd/-

Sd/-

**Director
(DIN:06774405)**

**Managing Director & CEO
(DIN: 02018745)**

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

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

PNB investment Services Ltd. aims at empowering the economically weaker and underprivileged section of the society by investing in promotion of education, employment enhancing vocational skills, promoting healthy nation.

Company's CSR Policy is broadly based on the Principles of undertaking socially useful programmes for welfare & sustainable development of the community at large. As per the provisions of Companies Act, 2013, the Company is contented to pronounce its Corporate Social Responsibility Policy (CSR Policy). CSR Policy of the Company is available on Company's website ([http://www.pnbisl.com/pdf/CSR Initiative %2020-21.pdf](http://www.pnbisl.com/pdf/CSR_Initiative_%2020-21.pdf))

CSR Budget allocation may be made towards one or more of the following projects/ areas on a year on year basis:

1. Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and differently abled and livelihood enhancement projects.
2. Making contribution to the Swachh Bharat Kosh set-up by the Central Government for Promoting health care including preventive health care and sanitation including undertaking of activities related to Sachh Bharat Abhiyaan programme.
3. Ensuring environmental sustainability (by planting trees & shrubs), protection of flora and fauna, animal welfare, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga fund set up by the Central Government for rejuvenation of river Ganga.
4. Making Contribution to NGOs preferably around the location of work of the company having track record of at least 10 years.
5. Pooling Funds with CSR activities of the Parent Company, to be contributed towards the eligible trust of the parent bank for promoting women & child welfare, women empowerment, enhancing vocational skills and working in field of education for economically weaker sections, etc.
6. Making Contribution to "Prime Minister National Relief Fund", which is utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment, etc of needy and people who cannot afford such expense.

CSR amount as approved by the board on recommendation of CSR Committee shall be contributed in one or more of the above projects within one financial year. However, if the allocation made for the CSR activities is not utilized for the said project, the amount so set aside will be carried forward to the next year for its subsequent utilization and the reasons for non- utilization will have to be reported in the Directors report.

2. The Composition of the CSR Committee

The CSR committee of Board comprises of the following Directors:

- Shri Anant Upadhyay
- Shri Arvind Kumar Jain
- Shri Vimlesh Kumar
- Shri Vikram Sheth*

**Shri Vikram Sheth, Independent Director of the company and Chairman of CSR committee ceased to be an Independent Director from the company w.e.f 10.11.2020 on completion of his tenure as Independent Director.*

3. Average net profit of the company for last three financial years: Rs. 2,37,61,458/-

Prescribed CSR Expenditure (two percent of the amount as in item 3 above): 2% * 2,37,61,458/- i.e. Rs. 4,75,229/- (Since average net profit for the last 3 financial years is less than Rs. 5 crores, the company does not fall in the category of companies required to make CSR contribution as per criteria set out in Sub Section 1 of Section 135 of the Companies Act 2013. Hence, there is no requirement to contribute in CSR Activities for the FY 2020-21.)

4. Details of CSR spent during the financial year.

(a) Total amount spent for the financial year; Nil

(b) Amount unspent, if any; Nil

(c) Manner in which the amount spent during the financial year is detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|------|------------------------------------|--|---|--|---|--|---|
| S.No | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) Project or programs wise | Amount spent on the projects or programs Sub- heads: (1) Direct expenditure on projects or programs. (2) Overheads | Cumulative expenditure upto to the reporting period. | Amount spent: Direct or through implementing agency |
| 1. | Nil | N.A. | N.A. | Nil | Direct expenditure | Nil | Contribution to implementing agency |
| | TOTAL | | | Nil | | Nil | |

5. Responsibility Statement from CSR Committee that the Implementation and Monitoring of CSR Policy is in Compliance with CSR Objectives:

CSR Committee confirms that the implementation and monitoring of CSR Policy as approved by the Board, is in compliance with CSR objectives and Policy of the Company.

| | |
|---|--|
| Sd/- | Sd/- |
| Shri Vimlesh Kumar Member of CSR Committee | Shri Anant Upadhyay Chairman of CSR Committee |



pnb investment services ltd.

(A wholly owned subsidiary of Punjab National Bank)

FY 2021-22

CORPORATE SOCIAL RESPONSIBILITY POLICY

Philosophy

The Company is a corporate citizen, with resources at its command and benefits which it derives from operating in society in general. It therefore owes a solemn duty to the less fortunate and under-privileged members of the same society.

The Companies Act 2013 and the rules made there under specifies the following guidelines to be followed for undertaking CSR activities:

➤ **Where to spend;**

Amount for CSR activity is to be spent on Project/s or Programme/s in the following domains as specified in schedule VII of Companies Act 2013 and as may be prescribed by the regulatory authority:

- a) eradicating extreme hunger and poverty and malnutrition and sanitation (including contribution to the swachh bharat kosh) and making available safe drinking water (including contribution to the clean ganga fund set-up for rejuvenation of river Ganga);
- b) promotion of education, including special education and employment enhancing vocational skills;
- c) promoting gender equality and empowering women;
- d) reducing child mortality and improving maternal health;
- e) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- f) ensuring environmental sustainability;
- g) employment enhancing vocational skills;
- h) social business projects; contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or a State Government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women
- i) Rural development projects
- j) Swachh Bharat Abhiyaan
- k) Clean Ganga Project
- l) Slum area development

The above list is indicative only and will include other areas of CSR initiatives as updated by Ministry of Corporate Affairs, Government of India by amending Companies (Corporate Social Responsibility Policy) Rules 2014 vide notifications issued from time to time. All activities should be environment friendly & socially acceptable to the society.

➤ **How to spend**

The Company may decide to undertake its CSR activities through a Registered Trust or a Registered Society or a Company established by the company (PNBISL) or its Holding or Subsidiary or Associate company under section 8 of the Act (Non-Profit-making company) or otherwise:

The prescribed rules further states that

- a. If such trust, society or company is not established by the spending company or its holding or subsidiary or its associate company, it shall have an established track record of three years in undertaking similar programs or projects.
- b. The spending company has to specify the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.

A company may also collaborate with other companies for undertaking project/s or program/s or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such project/s or program/s.

➤ **What amount to spend;**

The Company has to spend, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years. Average net profit is to be arrived at in accordance with the provision of section 198 of the Companies Act 2013.

➤ **Other Specified directions for spending the Amount**

- a) Preference to the local area and areas around it where the Company operates.
- b) CSR activities do not include the activities undertaken in pursuance of normal course of business of a company or activities that benefit only the employees of the company and their family.

➤ **COMPANIES AMENDMENT ACT, 2019- Unspent amount**

A new concept of fund transfer on non-utilisation of CSR spent is introduced wherein if a company fails to spend CSR amount, then the company shall transfer the unspent amount to a fund under Schedule VII or if a company holds amount for ongoing projects, then such

amount be transferred to Unspent Corporate Social Responsibility A/c within a period of 30 days from the end of financial year and spend the same within 3 years for the project.

If a company fails to spend for ongoing project within a period of 3 years of transfer to unspent CSR A/c, the same be transferred to fund under schedule VII within 30 days of closure of Financial Year.

In case of default, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of such company who is in default, shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Company's Policy

PNB investment Services Ltd. aims at empowering the economically weaker and underprivileged section of the society by investing in promotion of education, employment enhancing vocational skills, promoting healthy nation.

CSR Budget allocation may be made towards one or more of the following projects/ areas on a year on year basis:

1. Promoting education, including special education and employment enhancing vocational skills specially among children, women, elderly and differently abled and livelihood enhancement projects.
2. Making contribution to the Swachh Bharat Kosh set-up by the Central Government for Promoting health care including preventive health care and sanitation including undertaking of activities related to Swachh Bharat Abhiyaan programme.
3. Ensuring environmental sustainability (by planting trees & shrubs), protection of flora and fauna, animal welfare, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga fund set up by the Central Government for rejuvenation of river Ganga.
4. Making Contribution to NGOs preferably around the location of work of the company having track record of at least 10 years.
5. Pooling Funds with CSR activities of the Parent Company, to be contributed towards the eligible trust of the parent bank for promoting women & child welfare, women empowerment, enhancing vocational skills and working in field of education for economically weaker sections, etc.
6. Making Contribution to "Prime Minister national Relief Fund", which is utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment, etc of needy and people who cannot afford such expense.

CSR amount as approved by the board on recommendation of CSR Committee shall be contributed in one or more of the above projects within one financial year. However if the allocation made for the CSR activities is not utilized for the said project, the amount so set aside will be carried forward to the next year for its subsequent utilization and the reasons for non- utilization will have to be reported in the Directors report.

Reporting:

Board of Directors of the company in their annual report have to disclose about the implementation of CSR guidelines, including composition of the CSR Committee and the content of approved CSR policy.

CSR policy, Projects of CSR activity and Spending are also to be displayed in the prescribed format on the Corporate Website of the Company.

Review and Amendment

This Policy shall be reviewed annually and/or may be amended or substituted by the CSR Committee or by the Board as and when required and where there is any statutory changes necessitating the change in the policy

कार्यालय प्रधान निदेशक लेखापरीक्षा,
उद्योग एवं कारपोरेट कार्य
ए.जी.सी.आर. भवन, आई.पी. एस्टेट,
नई दिल्ली-110 002



OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
INDUSTRY AND CORPORATE AFFAIRS
A.G.C.R. BUILDING, I.P. ESTATE
NEW DELHI-110 002

संख्या: ए.जी.सी.आर.-11/2(304)/पीएनबी आर्डीआए/ए
वार्षिक खाता (2020-21)/21-22/139
दिनांक: 12/अगस्त/2021

सेवा में

प्रबन्ध निदेशक एवं मुख्य कार्यकारी अधिकारी,
पीएनबी इन्वेस्टमेंट सर्विसेज लिमिटेड,
10, राकेश दोंप बिल्डिंग, युसूफ सराय कमर्शियल काम्प्लेक्स,
गुलमोहर एन्क्लेव, नई दिल्ली- 110049

विषय : कंपनी अधिनियम 2013 की धारा 143 (6) (b) के अधीन 31 मार्च 2021 को समाप्त वर्ष के लिए पीएनबी इन्वेस्टमेंट सर्विसेज लिमिटेड के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143(6) (b) के अधीन 31 मार्च 2021 को समाप्त वर्ष के लिए पीएनबी इन्वेस्टमेंट सर्विसेज लिमिटेड के वार्षिक लेखों पर उपरोक्त विषय संबंधित संलग्न पत्र अग्रेषित है।

भवदीया,

विधु सिंह
प्रधान निदेशक लेखा परीक्षा
(उद्योग एवं कारपोरेट कार्य)
नई दिल्ली

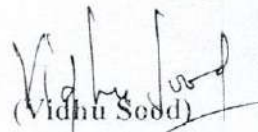
संलग्नक:- यथोपरि

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PNB INVESTMENT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of PNB Investment Services Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 June 2021.

I, on behalf of the Comptroller and Auditor General of India have decided not to conduct the supplementary audit of the financial statements of the PNB Investment Services Limited for the year ended 31 March 2021 under section 143(6)(a) of the Act.

**For and on behalf of the
Comptroller & Auditor General of India**



**Principal Director of Audit
(Industry & Corporate Affairs)
New Delhi**

Place: New Delhi
Date:

Nomination and Remuneration Policy

FY 2021-22



(A wholly owned subsidiary of Punjab National Bank)

1. Introduction

This policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management has been formulated by the Nomination and Remuneration Committee in pursuance of the company's objective to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, key managerial personnel and employees of the company. This policy intends to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provision of the Companies Act, 2013.

2. Constitution of Committee

In terms of Section 178 of the Companies Act 2013 read with Rule 6 of the companies (Meetings of Board and its Power) Rules, 2014 the Board of Directors have already constituted a Nomination and Remuneration Committee as the paid up share capital of the company exceeds Rs. 10 crore.

3. Objective

The Committee was constituted with the envisaged objective of making selection, evaluation and remuneration of Directors (Executive/Non-Executives), Senior Management and Key Managerial Personnel. For the attainment of above mentioned goals, the Committee shall have to formulate criteria for determining qualification, positive attributes and independence of Director and get the same approved from the board of director.

The policy defines roles and responsibilities of the committee along with guidelines and criteria's for the nomination and remuneration system for the smooth functioning of the company.

4. Definitions:

Directors -Section 2(34) of the Companies Act, 2013 defines a Director, which means a director appointed to the Board of the Company.

Key Managerial Personnel (KMP) – Section 2(51) and Section 203 of the Companies Act, 2013 defines KMP as under:

- (i) The Chief Executive Officer or the Managing Director or the Manager;
- (ii) The Company Secretary;
- (iii) The whole-time director;
- (iv) The Chief Financial Officer; and
- (v) Such other officer as may be prescribed.

Senior Management – Section 178 of the Companies Act 2013 defines Senior Management as personnel of the company who are members of its core management team excluding Board of Directors, comprising all members of management one level below the executive directors, including the functional heads.

Other employees include all the employees on the Payroll of the Company or employees deputed from the Parent Bank, other than the categories mentioned above.

5. Function, Authority and Responsibility of Nomination and Remuneration Committee:-

- Determining the appropriate size, diversity and composition of the Board.
- To lay down criteria for identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions.
- To nominate the prospective candidate for the vacant position (for the posts of Directors (Executive/Non-Executives), Senior Management and Key Managerial Personnel) for the final approval from the board of directors of the company.
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- To lay down criteria for evaluation and subsequently carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel on yearly basis.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- To determine remuneration of Directors (Executive & Non-Executive), Senior Management & Key Managerial positions and other employees of the company.

6. Nomination and Remuneration System

6.1 Guidelines for Nomination System

Nomination and Remuneration Committee prepares a nomination system for members of the Company's Board of Directors, Senior Management and Key Managerial positions as defined below:

6.1.1 Procedure for Nomination

- To identify vacancies, created because of growth of company, Retirement, Resignation, transfers etc.
- To identify prospective member/s of the Board of Directors, Senior Management and Key Managerial personal/s meeting the eligibility criteria, as specified in the Company's Articles of Association, Companies Act 2013 and other prevailing laws, applicable regulations and other criteria's lay down in the policy.
- To nominate to the Board of Directors, the prospective candidate/s for the vacant position/s.

Based on the final decision of the board of directors, nominated person will be appointed to hold the said position. The process of final selection is to be completed prior to the expiration of the term of office.

6.1.2 Requirements and Eligibility Criteria

a) Eligibility criteria for Directors

- A person shall not be eligible for appointment as a Director of the company, if-
 - He is of unsound mind and stands so declared by a competent court;
 - He is an undischarged insolvent
 - He has applied to be adjudicated as an insolvent and his application is pending;
 - He has been convicted by a court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.
(Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company);
 - an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;
 - he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;
 - he has been convicted of the offence dealing with related party transactions under section 188 (Related Party Transaction) at any time during the last preceding five years; or
 - he has not complied with sub-section (3) of section 152 of Companies Act 2013 (DIN eligibility criteria)
 - No person can be appointed/ reappointed as director, who is or has been a director of a company which—
 - has not filed financial statements, or annual returns for any continuous period of three financial years; or
 - has failed to repay the deposits accepted by it, or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more,
shall be eligible to be re-appointed as a director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.

b) Criteria for Managing Director or whole time director

In addition to the eligibility criteria as applicable to Director, the candidate should also fulfil the following additional conditions of eligibility:

- He is resident of India.
- He had not been sentenced to imprisonment for any period, or to a fine exceeding one thousand rupees, for the conviction of an offence under Acts mentioned in the Part I (a), schedule V of the Companies Act 2013.
- He had not been detained for any period under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974.
- He has completed the age of twenty-one years and has not attained the age of seventy years:

- Candidate with age exceeding the age of seventy years; can be appointed if his appointment is approved by a special resolution passed by the company in general meeting.
- If he is a managerial person in more than one company, he draws remuneration from one or more companies subject to the ceiling provided in schedule V, Part II of the Companies Act 2013.

c) Criteria for Independence of directors

In addition to the eligibility criteria as applicable to Director, an independent director must full-fill the following additional eligibility criteria:

- He is a person of integrity possess relevant expertise and experience.
- He must not be or was a promoter of the company or its holding, subsidiary or associate company.
- He is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- He has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be notified by the prescribed authorities and subsequent amendment's if any, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- He neither himself nor any of his relatives--
 - holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of--
- a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - holds together with his relatives two per cent. or more of the total voting power of the company; or
 - is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- Must possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.

d) Criteria for Senior Management & Key Managerial personnel

- Individual/s selected for the post of Senior Management and Key Managerial people must be a graduate or post graduate and must have adequate industry experience.
- Candidate/s should be highly accomplished in their respective field, with superior credentials and recognition.
- Having integrity in the sense of:
 - a. Having good character and moral;
 - b. Complying with the prevailing laws and regulations;
 - c. Knowledge of operations of the company.

6.1.3 Evaluation of Performance of the Board of Directors

Each Director's performance shall be evaluated in terms of the following performance Indicator framed by the Nomination & Remuneration committee:

- Devotion of time for taking informed and progressive decision.
- Understanding of corporate governance, regulatory requirements, legal issues and ethical standards of the Board.
- Adheres to high standards of ethics for conduct of the company.
- Action initiated for adding good value to the Company.
- Professional & personal skills utilised for guiding & motivating employees of the company.
- Level of participation in deliberation during board or Committee work.
- Level of Contribution in framing & development of strategy & risk management.

Evaluation of the Directors performance will be evaluated on yearly basis.

6.1.4 Terms & Tenure

Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

6.1.5 Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Ministry of Corporate affairs has notified new rules as on 22nd October, 2019 namely, Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

In exercise of the powers conferred by section 149 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the **Companies (Appointment and Qualification of Directors) Rules, 2014**, namely:-

1. (1) These rules may be called the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019.

(2) They shall come into force with effect from the **1st day of December, 2019**.

There are two things that need to be done now for all Would Be and Existing Independent Directors of the Company. First, they have to get themselves registered online in the databank of Independent Directors that will be maintained by the **Indian Institute of Corporate Affairs, Manesar (Haryana)** and second, they have to clear a **Common Proficiency Test** as will be conducted by the Institute.

Registering online on the Data Bank:

Applicable to :

- All individuals who are already appointed as Independent Directors on the Board of any Company before the commencement of these respective rules i.e. before 1st December, 2019.
- All the Individuals who intends to get appointed as an Independent Director in a Company after 1st December, 2019

When:

- Individuals who are already appointed as Independent Directors – within 3 months of commencement of these rules, i.e. by 1st March, 2019.
- Individuals who intend to get appointed as Independent Directors – Before their appointment

Where:

- Application for registration of one's name in the databank has to be made online to the Indian Institute of Corporate Affairs, Manesar (Haryana)

Period:

- The application can be made for a period of 1 year or 5 years or for Lifetime.

Renewal:

- Renewal application has to be filed within 30 days of expiry of the period already applied for.
- If Renewal application is not filed within 30 days, the names will stand removed from the databank.
- Renewal need not to be made by those who have registered themselves for lifetime with the Institute.
- The renewal can be again for 1 year or 5 years or for the Lifetime.

Declaration-

- Every Independent Director shall submit a declaration of registration or renewal in the databank to the Board each time they submit the declaration under section 149 (7) of the Act.

Fees-

- A reasonable fee will be charged from:
- Individuals for inclusion of their names in the Databank.
- Companies who seek the Information of Independent Directors from the Institute.

After the Inclusion of name in the Data Bank is done:

1. Every Individual whose name is included in the databank has to pass a **COMMON PROFICIENCY TEST** as conducted by the institute.
2. This test has to be passed within a period of 1 year from the date of inclusion of name in the Data Bank. For eg.- If the name was included on 1st Feb, 2020 than the test can be passed till 1st Feb 2021.
3. If the test is not taken within 1 year the name will stand removed from the Databank.
4. Passing marks- 60% or more
5. Attempts- No maximum limit of attempts is set as of now for clearing the test.
6. Syllabus-Company law, Securities law, Basic accountancy and such other areas as are relevant to the functioning of an Individual acting as an Independent Director.
7. Online Lessons including Audio Visuals and Basic Study Material will be provided by the Institute.
8. No additional fees will be charged for providing such study material and conducting online test.

Exemption-

- An Individual who has been serving for a period of 10 years or more as a Director or a KMP in a listed Company or in an unlisted public company having a paid-up share capital of Rs 10 crore or more shall be exempted from the online proficiency test.
- Any period during which an Individual was acting as a Director or KMP in two or more Companies at the same time will be counted only once. For eg. If an Individual has been a director in 3 companies from the year 2015-2019 than a total period of 4 years only will be counted irrespective of him being appointed on 3 different Boards.

6.1.6 The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

6.2 Remuneration System

In addition to members of the Board of Directors, Senior Management and Key Managerial Personnel, Nomination and Remuneration Committee has to establish a remuneration system for other employees of the company.

This policy will become a part of guidelines for the Board Meetings and Committee meetings in specifying the remuneration of members of the Board of Directors, Senior Management, Key Managerial Personnel and other employees of the company.

While defining the criteria for remuneration of Directors, Senior Management and Key Managerial Personnels, the Committee has to ensure that:

- The level and composition of remuneration is to be reasonable and sufficient to attract, retain and motivate Directors and all employees of the company to successfully run the company.
- Relationship of remuneration to performance is to be clear and meets the appropriate performance benchmarks.
- Remuneration payable is to comprise a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- Remuneration structure is to be kept updated and competitive to the market prevalent pay structure and the same is to be suitably modified as and when needed.

Remuneration Structure

1. Remuneration of Directors:

Directors may be paid remuneration by way of fees for attending each meeting of the board or any committee thereof (Sitting Fees). However committee reserves the right to pay additional incentives to the Directors.

Presently directors are eligible for sitting fee of Rs. 25,000 for attending every board meeting and Rs. 10,000 for attending meetings of any committee of Board of Directors, along with the boarding & lodging expenses.

2. Remuneration of Key Managerial Personnel (KMP), Senior Management and Other employees:

KMPs, Senior Management and other employees consist of Officials on deputation from PNB and officials of PNBISL.

Employees on deputation from Parent Bank (PNB)

Remuneration comprising of salary & perks shall be as per their designated scales in PNB in terms of the bank's HR Policy and other officer's regulations.

Committee reserves the right to pay incentives to the employees on deputation from PNB over and above their salary entitlement as per the HR Policy and other officer's regulations of PNB.

- **Employees of PNBISL**

Remuneration shall be as per their designated scales in PNBISL in terms of the HR Manual of PNBISL and various approvals taken from the Board of Directors from time to time basis.

Changes in salaries and perks of all employees of PNB & PNBISL will be as per the amendments in the respective HR Policy from time to time.

Amendments in HR Manual of the company are subject to approval from Nomination & Remuneration Committee.

7. Review and Amendment

The Nomination and Remuneration Committee or the Board may review the Policy as and when it deems necessary.

This Policy shall be reviewed annually and/or may be amended or substituted by the Nomination and Remuneration Committee or by the Board as and when required and where there is any statutory change necessitating the change in the policy

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

All transactions entered into by the Company with its related parties during financial year 2020-21 were at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis:

| Sr. No | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts / arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|--------|---|--|--|--|--|---------------------------------|
| 1. | Punjab National Bank (Holding Company) | Company has acted as Advisor for proposed fund raising by Punjab National Bank through issuance of Tier 1 & Tier 2 bonds | N/A | Company has booked a fee income of Rs. 42.50 lakh | - | Nil |
| 2. | Punjab National Bank (Holding Company) | Advisory services for selection and appointment of Resolution professional of Sintex Industries Limited | N/A | Company has booked a fee income of Rs. 45 lakh | - | Nil |
| 3. | Punjab National Bank (Holding Company) | Advisory services for Debt Syndication fee (for completion of first milestone of M/s Ashoka Banwara Bettadahalli Road Pvt. Ltd.) | N/A | Company has booked a fee income of Rs. 25 lakh | - | Nil |
| 4. | Punjab National Bank (Holding Company) | BRLM Fee- Punjab National Bank QIP | N/A | Company has booked a fee income of Rs. 38.13 lakh | - | Nil |

**For and on behalf of the Board of Directors of
PNB Investment Services Limited**

Vimlesh Kumar

Sd/-

Director

(DIN:06774405)

Sanjay Kumar Bajaj

Sd/-

Managing Director & CEO

(DIN: 02018745)

RISK MANAGEMENT POLICY

F.Y. 2021-22



(A wholly owned subsidiary of Punjab National Bank)

Risk Philosophy

Risk philosophy of PNBISL ensures sustained and diversified growth of business with risk taken in a controlled risk management environment by adopting the following:

- Leadership approach in business line well understood by the company and industries favoured by the Indian Banking system.
- Watchful approach for business line having substantial future potential, depending on effect of economic condition on different industries.
- Innovative approach for new emerging & perceived high risk areas taking limited exposure.

Risk Management Policy

1. Introduction:

Companies are increasing focus on evolving risk areas and ensuring to have robust and dynamic risk management practices due to changing environment and intense competition, triggered by opening of the Indian economy. Effective risk management allows greater control in achieving an appropriate balance between acceptable risks and returns desired.

The goal of risk management is to enhance shareholder value while addressing the interests of other stakeholders including customers, management, employees, board, supervisors, creditors and counter parties.

Risk management is the process by which a company identifies, measures, monitors and controls its risk exposures to ensure that

- Risks are understood
- Risks are within tolerances set by the Board of Directors
- Decisions having inherent risks are consistent with strategic business objectives
- Risk taking decisions are explicit and clear
- The expected return compensates for the risk taken
- The company's performance incentives are aligned with risk tolerances.

2. Policy Objective:

Risk Management has been viewed as a practice whereby risk retention is considered appropriate after giving due consideration to factors such as inter relationship between risk variables and corresponding return and achievement of various business objectives.

The policy lays down the guidelines within which meaningful work can take place, which in turn, provides a foundation upon which significant risk management accomplishments can be achieved.

The policy outlines the following guiding principles of Risk Management:

1. All business decisions are made with the prior information and acceptance of risk Involved.
2. The Risk Management Policy provides for the enhancement and protection of business value from uncertainties and consequent losses.
3. All employees of the company are aware of risks in their respective domains and their mitigation measures.
4. The risk mitigation measures adopted by the company shall be effective in the long term and to the extent possible be embedded in the business processes of the company.
5. Risk tolerance levels reviewed yearly and decided upon depending on the change in company's strategy.
6. The occurrence, progress and status of all risks are reported quarterly and appropriate actions are taken thereof.

Risk Management Committee

The Risk Management Committee shall consist of the following members:

3.

| Committee | Comprising of |
|---------------------------|---|
| Risk Management Committee | Sh. Sanjay Kumar, Director |
| | Sh. Sanjay Bajaj, MD & CEO |
| | Sh. Arvind Kumar Jain, Independent Director |
| | Sh. Anant Upadhyay, Independent Director |

The Risk Management Committee shall be responsible for managing risk in the company and its scope shall be as under:

1. Oversee implementation of Risk management system and review thereof
2. All the policies related to risk management; IT framework of the company are to be approved by the RMC before being placed to the Board.
3. Review of adequacy of Risk Management process/monitoring of Exposures vis-à-vis internal control system/compliance with the statutory/regulatory framework.
4. Any new risk management related initiatives to be presented to RMC before taking to Board.

Group Chief Risk Officer shall be invitee in the RMC meeting.

4. Scope of the Policy:

The policy guidelines are devised in the context of the future growth objectives, business profile envisaged and new business endeavors including new products and services that may be necessary to achieve these goals and the emerging global standards and best practices amongst comparable organizations.

This policy is meant to ensure continuity of business and protection of interests of the investors and thus covers all the activities within the company and events outside the company which have a bearing on the company's business. The policy shall operate in conjunction with other business and operating/administrative policies.

PNBISL offers the following services:

- Corporate Advisory Services
- Merchant Banking
- Trusteeship Services

Company encounters certain risks in all business operations of the company. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Business risk, Credit Risk, Operational risk, Regulations, retention of talent and Default risk.

Operational risk, inter-alia, further includes Human Risk, System failures, Key Person risk.

As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

5. Risk Assessment:

Risks are analysed, considering likelihood and impact, as a basis for determining how they should be managed.

To meet the stated objectives, effective strategies for exploiting opportunities are to be evolved and as a part of this, key risks are identified and plans for managing the same are laid out.

6. Risks specific to the company and the mitigation measures adopted

- A. Business Risk** - The term business risk refers to the possibility of inadequate profits or even losses due to uncertainties e.g. economic conditions, strikes, data access by third party, increased competition, change in government policy etc. **Business risks** implies uncertainty in profits or danger of loss and the events that could pose a risk due to some unforeseen events in future, which causes business to fail.

Business risks comprises of two major risks: **internal business risks** (risks arising from the events taking place within the organization) and **external business risks** (risks arising from the events taking place outside the organization)

Major component of External business Risk is, Increased Competition in the industry, the industry is rapidly evolving and the company expects that competition will continue to intensify.

Company believes that it is strongly positioned in designated market. It has experienced and qualified team of professionals, Moreover support from the parent bank "Punjab National Bank" makes it strong competitor of the industry. However company is continuously evolving by changing its strategies depending on market condition, quoting market competent prices by giving extra concessions wherever required, recruiting fresh as well as experienced professionals to support the business.

External Business Risk being the risk arising because of events occurring out of the organization is unavoidable and is difficult to predict and cannot be measured with certainty.

Internal Business risk arising from the unforeseen internal events will be treated as high Risk.

Mitigations:

- For External business Risk: Being proactive in implementing new strategies/ modifying existing strategies to face increased competition/ changes in govt. policies.
- For Internal business Risk:
 - Timely employee's grievance redressal by making a Grievance Cell, which maintains all the correspondence records related to such grievances and liaison with concern authorities in this record.
 - Central secured data base system for maintaining all confidential records including client details and reports prepared by the company.

B. Credit Risk

Credit Risk broadly is not applicable in the case of the company as it is not in the business of lending.

C. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational Risk can be further classified into the following:

- i. Business Disruption & Systems Failures** – Business disruption or disruption of normal operations of the firm resulting from utility disruptions, software & Hardware failures.

Business Disruption & Systems Failures effect the normal operation of the firm and can be measured in the form of days when operations of the company were affected.

| No. of affected days | Risk Level |
|----------------------|------------|
| 1-2 | Low |
| 3-5 | Moderate |
| 6 and above | High |

Mitigation:

- Taking backup of all the computers to ensure retrieval of information in case of failure of one or other system and maintaining the Backup offsite.
- Endeavoring adherence to the norms of IT Management policy.
- Alternative power supply to obviate interruption in the working due to power failure.

- ii. Human Risk – Risk arising from human errors like data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets**

Risk arising from human errors can be measured as under:

| Errors | Risk Level |
|--|------------|
| First time error | Low |
| Repeated errors resulting in penalties | High |

Mitigation:

- Preparation of Manuals/ Job card, Standard Operating procedure to guide employees to perform their duties as per set procedures.
- Providing proper training to employees to mitigate people related risk.
- Associating responsibility with work to inculcate a sense of accountability in employees, eventually resulting in responsible employees and decreasing errors due to human mistakes.

- iii. Key person Risk**

Financial advisory firms are particularly vulnerable to key man risk as the nature of advice often means advisers develop personal relationships with their clients during the project interactions, who will often follow the adviser out the door.

Key Person Risk can be measured by the percentage of Key Persons in a company as defined below:

| Percent of Key Persons | Risk Level |
|------------------------|------------|
| Upto 10% | Low |
| 11-20% | Moderate |
| 20% and above | High |

Mitigation:

- Incorporating record management system in the company operations.
- Sharing of vital information among the workforce. Cross-training to improve staff knowledge, confidence and morale.
- Making Teams under the Key Persons and reshuffling the teams on time to time basis.
- Encouraging key people to share responsibilities by introducing revolving roles or Job Shadowing which involves working with another employee to learn new aspects related to the job, organization, certain behaviours or competencies.

iv. Attrition Risk:

Risk related to "How long employees tend to stay" or " The rate of traffic through the revolving door". High turnover may be harmful to a company's productivity if skilled employees are often leaving and the worker population contains a high percentage of novice workers.

Attrition risk level and its severity can be measured in the following manner:

| Attrition % in a year | Risk Level |
|-----------------------|------------|
| Upto 14% | Low |
| 15% - 24% | Moderate |
| 25% and above | High |

Mitigations:

- Conducting exit interviews.
- Paying market driven salary structure.
- Introducing employee satisfaction/ welfare measures.
- Retrieving organizational information and equipment/s from the outgoing employee.
- Providing thorough orientation and training to increase motivation & satisfaction level of the employees.

Capital Calculation for Operation Risk

Under Basel II, the following three approaches for calculation of charge on capital for Operational Risk have been suggested:

- Basic Indicator Approach (BIA)- based on annual revenue of the Financial Institution
- Standardized Approach (TSA)- based on annual revenue of each of the broad business lines of the Financial Institution
- Advanced Measurement Approaches (AMA)- based on the internally developed risk measurement framework of the bank adhering to the standards prescribed (methods include IMA, LDA, Scenario-based, Scorecard etc.)

As per regulatory provision there is no requirement for company to maintain capital charge for operation risk. However, as a matter of prudence the Company is maintaining capital charge for operational risk at 15% as prescribed by RBI guidelines in the Basic Indicator Approach (BIA), which is equal to average over the previous three years of positive annual gross income.

D. Default Risk

Risk of occurrence of such events in which counter parties fail to perform their obligation under the agreement by not paying professional fee after the completion of the assignment.

Default Risk Levels can be measured in the following manner:

| Default fee as compared to gross fee (%) for the period (six months lag) | Risk Level |
|--|------------|
| Upto 5% | Low |
| 6% -20% | Moderate |
| 20% and above | High |

Mitigation:

- Charging of higher fee depending upon the credit rating of client/track record /financial status - higher the risk, the higher the required return, and vice versa.
- Setting up predefined project milestones for payment of fee.
- Obtain post dated cheques from the clients, wherever possible.

E. Market Risk

Risk of losses in positions arising from movements in market prices. It includes Equity risk, currency risk, commodity risk.

The Company has limited exposure to Capital Markets which arises on account of the effort of underwriting of shares of IPO of a company for which company act as a lead manager and raise share capital for the company.

However, Market risk can be measured in the form of Percent variation of yield on investment with market yield with comparable risk as defined below:

| % Variation of yield on investment | Risk Level |
|---|-------------------|
| 1 – 5% | Low |
| 6 – 10% | Moderate |
| 11% and above | High |

Mitigation:

- Company reviews the yield on its investments vis-à-vis with the market prevailing rate on investments with comparable risk and take corrective action whenever required.

Compliance/ Regulatory Risk:

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or nonconformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures, or ethical standards. Risk also arises in situations where the laws or rules governing certain products or activities of the company’s clients may be ambiguous, unlawful or untested. This risk exposes the institution to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.

Compliance/ Regulatory Risk Levels at Zero tolerance can be measured in the form of penalties imposed on the company, whose severity level can further be determined in the following manner:

| Penalties imposed in a year | Risk Level |
|------------------------------------|-------------------|
| Upto Rs. 1.00 lakh | Moderate |
| Rs. 1.00 lakh and above | High |

Mitigations:

- Making out a check list of applicable rules and regulation for compliance under various applicable Laws and Regulations.
- Timely compliance of various rules and regulations prescribed by Regulatory Authorities.
- Timely submission of various returns prescribed by Regulatory Authorities to ensure timely action under various compliances.

Reputational Risk :

Reputational risk can be defined as the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, debt-holders, market analysts, regulators and other

stakeholders that can adversely affect a Company's ability to maintain existing, or establish new business relationships.

Reputational Risk Assessment

Risk Management Committee, assesses the level of reputation risk on quarterly intervals, based on scorecard approach.

The attributes of various parameters have been calibrated for assessment of reputational risk on quarterly intervals. The detail table of each parameter of reputational framework, depicting the weights/ attributes is as under and placed at Annexure "A":

| Sr. No. | Parameter | Weight |
|---------|---|--------|
| 1 | Number of regulatory penalties imposed on the Company | 20 |
| 2 | Return on equity vis a vis previous three years average | 5 |
| 3 | No. of Complaints | 10 |
| 4 | Attrition Rate of Employees in the Company viz. a viz total number of employees | 5 |
| 5 | No. of incidence of fraud by employees | 5 |
| 6 | No. of Unsuccessful Mandate viz a viz total mandate received during the last financial year | 5 |
| 7 | No. of legal cases filed against the company | 10 |
| 8 | Adverse News against the Company | 20 |
| 9 | Blacklist/Negative Listing by any organisation | 20 |
| | | 100 |

In order to make the reputational risk framework more effective, the total score is divided into different score bands representing different level of risks, in line with the parent bank, for the purpose of monitoring.

| Description | Score Band |
|---------------------|------------|
| Negligible Risk | Upto 29 |
| Low Risk | 30 to 37 |
| Medium Risk | 38 to 46 |
| High Risk | 47 to 58 |
| Reputation at stake | Above 58 |

The authority to determine whether the level of risk indicates a crisis situation and warrants immediate action is of the Company, which shall place the matter to Board.

Roles & Responsibilities

RMC to assess the reputation risk at quarterly intervals and place the findings to the Board of the Company.

Trigger Levels and Action Proposed:

| | Level of Risk Index | Action Proposed |
|---|--|---|
| Triggers based on Reputation risk scorecard assessment | Negligible & Low Level | Company does not consider negligible and low level as material risk, hence no action is required at these levels. However the Activity Owner shall continue to monitor their respective parameters. |
| | Medium Level | RMC shall initiate action to contain the emerging risk through the Activity Owner of respective parameters |
| | High Level | The matter be escalated to MD & CEO/Board and immediate action shall be initiated to contain the emerging risk through specific plan |
| Initiating crisis management | Head of the Branch/Representative Offices to monitor the adverse reputational events on continuous basis, and keep on informing to COO/MD & CEO. | |

The Policy of Risk Management shall be reviewed on annual basis or more frequently as & when required.