INDEPENDENT AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Druk PNB Bank Ltd as at **31st March, 2020** and Profit & Loss account for the year ended on that date in which we incorporated transactions of Thimphu, Phuentsholing, Wangdue, Gelephu, Paro, Dangdung(Trongsa) and Samtse Branches. We have also examined the cash flow annexed to the Balance Sheet for the year on that date. The financial statements are the responsibility of the Bank management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.

3. We report that:

(i) The Balance Sheet read with the significant Accounting Policies and the notes thereon is a full and fair Balance Sheet containing all necessary particulars and is properly drawn up on so as to exhibit a true and fair view of the affairs of the bank as at 31st March, 2020.

(ii) The Profit & Loss account read with the significant Accounting Policies and the notes thereon shows a true and fair view of the affairs of the bank as at 31st March, 2020 and

(iii) The Cash Flow statement gives a true and fair view of the cash flow for the period ended 31st March, 2020

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Email : admin@mpsurekaco.com, surekam@mpsurekaco.com
Firm's Registration No. : 322097E | GSTIN : 19AAEFM4501C1ZR

4. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.

5. The transactions of the bank, which have come to our notice, have been within the powers of the Bank.

6. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

For , M.P.Sureka & Co.
Chartered Accountants (FR No.322097E)

(M.P.Sureka) (Membership No.050560)
PARTNER

Date:
Place: Thimphu , Bhutan

DRUK PNB BANK Ltd., CORPORATE OFFICE , THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

SCHEDULE 1 - CAPITAL

(Rs in Thousand)

	As on 31.03.2020	As on 31.03.2019
Authorised Capital	1,000,000.00	1,000,000.00
Issued & Subscribed	700,000.00	700,000.00
Paid up	700,000.00	700,000.00
TOTAL	700,000.00	700,000.00

SCHEDULE 2 - RESERVES & SURPLUS

I. Statutory Reserve		
Opening Balance	889,973.00	700,904.00
Addition during the year	181,869.00	189,069.00
Add/(Less) : Adjustment during the year		
	1,071,842.00	889,973.00
II. Capital Reserve		
a). Revaluation Reserve		
Opening Balance		
Addition during the year		
Deduction during the year		
(being Depreciation on revalued portion of Property)		
Add/(Less) : Adjustment during the year		
Total	-	-
b. Others		
Opening Balance		
Addition during the year		
	-	
Total	-	-
Total (a+b)	-	-
IIA.Capital Reserve on consolidation		
IIB.Capital Reserve on consolidation (Goodwill)		
Total (II A +IIB)	-	-

S.P. SUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE : THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

(Rs in Thousand)

	As on 31.03.2020	As on 31.03.2019
III. Revenue and Other Reserve		
a. Investment Fluctuation Reserve		
Opening Balance		
Addition during the year		
Less: Trf to P & L Account		
	-	-
b. Other Reserve		
Opening Balance		
Addition during the year		
Less: Transferred to Special Reserve		
Less: Adjustment related to Prior years		
Less: Transistory Liability (AS-15)		
Less: Payment for Interblocked accounts		
Add/(Less) : Adjustment during the year		
	-	-
c. Exchange Fluctuation Reserve		
Opening Balance	14,544.00	11,049.00
Add: Addition during the year (Net)	2,993.00	3,495.00
Less: Withdrawn during the year (Net)		
Add/(Less) : Adjustment during the year		
Total	17,537.00	14,544.00
IV. Share Premium		
Opening Balance	153,151.00	28,151.00
Addition during the year	-	125,000.00
Add/(Less) : Adjustment during the year		
Total	153,151.00	153,151.00
V. Special Reserve		
Opening Balance		
Addition during the year		
Add Transfer from other reserve		
Add/(Less) : Adjustment during the year		
Total	-	-
VI. Foreign Currency Translation Reserve		
Opening Balance		
Addition during the year		
Deduction during the year		
Total	-	-
VII. Balance in Profit & Loss Account	-	
Total I,II,,III,IV,V,VI, VII	1,242,530.00	1,057,668.00

Schedule 2A - Minority Interest

Minority Interest at the date on which the parent subsidiary relationship came into existence	
Subsequent increase	
Minority Interest at the date of balance sheet	-

M. P. SUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

	As on 31.03.2020	As on 31.03.2019
(Rs in Thousand)		
SCHEDULE 3 - DEPOSITS		
A. I DEMAND DEPOSITS		
(i) From Banks	73,989.00	53,317.00
(ii) From Others	962,123.00	1,331,159.00
	1,036,112.00	1,384,476.00
II SAVINGS BANK DEPOSITS	3,642,914.00	3,559,364.00
III TERM DEPOSITS		
(i) From Banks	2,626,230.00	1,265,828.00
(II) From Others	6,811,605.00	6,060,833.00
	9,437,835.00	7,326,661.00
TOTAL of I, II, III	14,116,861.00	12,270,501.00
B. (i) Deposits of branches in Bhutan	14,116,861.00	12,270,501.00
(ii) Deposits of branches outside India		
TOTAL of i, ii	14,116,861.00	12,270,501.00
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India		
(II) Other Banks		
(iii) Other Institutions and Agencies		
(iv) Unsecured redeemable Bonds		
a)Tier-1 Bonds (Perpetual Debt Instruments)		
b)Upper Tier II Bonds		
c) Subordinated Debts for Tier II Capital	150,000.00	150,000.00
II. Borrowings Outside India		
TOTAL of I, II	150,000.00	150,000.00
Secured Borrowings included in I & II above		
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I. Bills payable	108,694.00	121,584.00
II. Inter-office adjustments (net)	16,132.00	31,886.00
III. Interest accrued	275,831.00	223,909.00
IV. Defferd Tax Liability		
V. Others (including Provisions)	484,280.00	510,784.00
TOTAL OF I, II, III, IV	884,937.00	888,163.00

DRUK PNB BANK LTD. CORPORATE OFFICE THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(Rs in Thousand)

	As on 31.03.2020	As on 31.03.2019
I. Cash in hand (including Foreign Currency Notes)	138,890.00	103,430.00
II. Balance with Reserve Bank of India		
(i) in Current account		
(ii) in Other Accounts	1,895,939.00	1,963,425.00
	1,895,939.00	1,963,425.00
TOTAL Of I, II	2,034,829.00	2,066,855.00

SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE

I. In Bhutan		
(i) Balance with Banks:		
(a) in Current accounts		
(b) in Other Deposit accounts	32,872.00	76,588.00
	32,872.00	76,588.00
(ii) Money at Call and Short Notice:		
(a) with Banks		
(b) with Other Institutions		
	-	-
TOTAL (I & ii)	32,872.00	76,588.00
II. Outside Bhutan		
(i) in Current accounts		
(ii) in Other Deposit accounts	757,809.00	684,227.00
(iii) Money at Call & Short Notice		
TOTAL	757,809.00	684,227.00
GRAND TOTAL (I & II)	790,681.00	760,815.00

P. SUREKA & CO. THIMPHU

DRUK PNB BANK LTD. CORPORATE OFFICE THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

SCHEDULE 8 - INVESTMENTS	'As on 31.03.2020	(Rs in Thousand) As on 31.03.2019
I. Investments in India in		
(i) Government Securities	-	
(ii) Other approved securities	-	
(iii)Shares	-	
(iv) Debentures and Bonds	-	
(v) Investment in Associates (on equity method)	-	
(vi) Others		
(Initial Capital in UTI and its units- 64 :		
(Various Mutual Funds & Commercial Paper etc.)		
TOTAL of I	-	-
II. Investments outside India		
(i) Government Securities	-	
(ii) Investment in Subsidiaries & JVs abroad	-	
(iii) Other investments	-	
TOTAL of II	-	-
III. Investments in India		
i) Gross value of Investments	-	
ii) Less: Aggregate of Provisions for Depreciation	-	-
iii) Net Investment	-	-
IV. Investments outside India		
i) Gross value of Investments	2,795,798.00	2,824,498.00
ii) Less: Aggregate of Provisions for Depreciation	-	
iii) Net Investments	2,795,798.00	2,824,498.00
GRAND TOTAL of (I), (II)	2,795,798.00	2,824,498.00

P. SUREKA & CO. CHARTERED ACCOUNTANTS

DRUK PNB BANK LTD. CORPORATE OFFICE : THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

SCHEDULE 9 - ADVANCES

(Rs In Thousand)

	As on 31.03.2020	As on 31.03.2019
A. i) Bills Purchased and discounted	-	
ii) Cash Credits, overdrafts and loans repayable on demand	4,105,795.00	3,540,884.00
iii) Term Loans	7,121,241.00	5,600,579.00
Total	11,227,036.00	9,141,463.00
B. i) Secured by Tangible Assets (including advances against book debts)	11,106,034.00	9,019,382.00
ii) Covered by Bank/Govt.Guarantees		
iii) Unsecured	121,002.00	122,081.00
Total	11,227,036.00	9,141,463.00
C. (I) Advances in India		
i) Priority Sector		
ii) Public Sector		
iii) Banks		
Iv) Others		
Total	-	-
C. (II). Advances outside India		
i) Due from banks		
ii) Due from others		
(a) Bills purchased & discounted	-	
(b) Term Loans	7,121,241.00	5,051,371.00
(c) Others	4,105,795.00	2,784,334.00
Total	11,227,036.00	7,835,705.00
GRAND TOTAL of C (I) & C (II)	11,227,036.00	9,141,463.00

M.P. SUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE : THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

SCHEDULE 10 - FIXED ASSETS

(Rs in Thousand)

	As on 31.03.2020	As on 31.03.2019
I. Premises (Including Land)		
-At cost as on 1st April of the year		
-Additions during the year		
Less :Deductions during the year		
-Revaluation		
Less :Depreciation to date		
	-	-
II. Other Fixed Assets (including furniture & fixtures)		
-At cost as on 1st April of the year	204,705.00	171,929.00
-Revaluation due to exchange rate fluctuation		
-Additions during the year	22,233.00	33,760.00
Less: Deductions during the year	-	983.00
Less:Depreciation to date	151,463.00	133,689.00
	75,475.00	71,017.00
III. Computer Software		
-At cost as on 1st April of the year	6,129.00	6,681.00
-Revaluation due to exchange rate fluctuation		
- Additions during the year	605.00	
- Deductions during the year	-	553.00
Less: Amortised to date	3,734.00	3,181.00
	3,000.00	2,947.00
IV. Leased Assets		
-At cost as on 1st April of the year	4,461.00	4,461.00
-Additions during the year		
-Deductions during the year	-	-
Less: Amortised to date	4,461.00	4,461.00
	-	-
TOTAL OF I, II, III, IV	78,475.00	73,964.00

DRUK PNB BANK LTD. CORPORATE OFFICE: THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

(` Rs In Thousand)

SCHEDULE 11 - OTHER ASSETS	'As on 31.03.2020	As on 31.03.2019
I. Inter-office Pre Adjust(net)		
I. Interest accrued	30,496.00	55,214.00
II. Tax paid in advance/tax deducted at source (net of provisions)		
III. Stationery and Stamps	3,154.00	3,190.00
IV. Non Banking assets acquired in satisfaction of claims		
V. Deferred Tax asset (net)	536.00	536.00
VI. Others	133,323.00	139,797.00
TOTAL of I, II, III, IV, V, VI	167,509.00	198,737.00

SCHEDULE 12 - CONTINGENT LIABILITIES		
I.(i) Claims against the Bank(Group) not acknowledged as debts		
I (ii). Disputed income tax and interest tax demands under appeal, references, etc.		
II. Liability for partly paid investments		
III. Liability on account of outstanding forward exchange contracts		
IV. Guarantees given on behalf of constituents		
(a) In India	682,145.00	665,199.00
(b) Outside India	1,960,917.00	2,506,042.00
V. Acceptance, Endorsements and Other obligations	262,945.00	522,792.00
VI. Other items for which the Bank (Group) is contingently liable		
TOTAL of I, II, III, IV, V, VI	2,906,007.00	3,694,033.00

M. P. SUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE : THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

(' Rs in Thousand)

SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED	Period Ended 'As on 31.03.2020	Period Ended 31.03.2019
I. Interest/discount on Advances/Bills	1,022,092.00	829,839.00
II. Income on Investments	98,609.00	117,492.00
III. Intt on balances with Reserve Bank of India & other inter-bank funds		
IV. Others		
TOTAL of I, II, III, IV	1,120,701.00	947,331.00

SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange & Brokerage	111,244.00	114,453.00
II. Profit on sale of land, buildings and other assets		
Less:Loss on sale of land, buildings and other assets		
	111,244.00	114,453.00
III. Dividend Income from Mutual Fund		
IV. Profit on Exchange Transaction	16,496.00	13,823.00
Less:Loss on Exchange Transaction		
	16,496.00	13,823.00
V. Profit on sale of Investments		
Less:Loss on sale of investments		
	-	-
VI. Profit on Revaluation of Investments		
Less:Loss on Revaluation of Investments		
	-	-
VII. Income earned by way of dividends		
VIII. Miscellaneous Income	594.00	904.00
TOTAL of I, II, III, IV, V, VI,VII,VIII	128,334.00	129,180.00

B. P. SUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE : THIMPHU

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

NAME OF SUBSIDIARY:- Druk PNB Ltd

(' Rs in Thousand)

SCHEDULE 15 - INTEREST EXPENDED	Period Ended 'As on 31.03.2020	Period Ended 31.03.2019
I. Interest on Deposits	606,996.00	482,203.00
II. Interest on Reserve Bank of India/ inter-bank borrowings		
III. Others		
TOTAL of I, II, III	606,996.00	482,203.00

SCHEDULE 16 - OPERATING EXPENSES		
I . Payment to and provisions for employees	103,078.00	83,953.00
II. Rent, Taxes and Lighting	16,451.00	15,169.00
III. Printing & Stationery	1,998.00	2,135.00
IV. Advertisement & Publicity	3,187.00	1,909.00
V. Depreciation on bank's property	13,639.00	19,877.00
Less: Adjusted with Revaluation Reserve		
	13,639.00	19,877.00
VI. Directors' Fees, allowances and expenses	-	270.00
VII. Auditors' fees and expenses (including statutory auditor of subsidiaries, branch auditors' fees & expenses)	-	275.00
VIII. Law charges	1,018.00	894.00
IX. Postage,Telegrams,Telephones, etc.	15,741.00	13,180.00
X. Repairs & Maintenance	8,345.00	10,430.00
XI. Insurance	1,552.00	1,482.00
XII. Other expenditure	45,294.00	31,916.00
TOTAL of I to XII	210,303.00	181,490.00

SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES		
(a) Share of Earnings in Associates in India		
(b) Share of Earnings in Associates outside India		
TOTAL of (a & b)	-	-

M. P. SUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE THIMPHU

CONSOLIDATED BALANCE SHEET OF

NAME OF SUBSIDIARY:- Druk PNB Ltd

As on 31.03.2020

(` Rs in Thousand)

CAPITAL & LIABILITIES	Schedule	'As on 31.03.2020	'As on
Capital	1	700,000.00	700,000.00
Reserves & Surplus	2	1,242,530.00	1,057,668.00
Minority Interest	2A	-	-
Deposits	3	14,116,861.00	12,270,501.00
Borrowings	4	150,000.00	150,000.00
Other Liabilities and Provisions	5	884,937.00	888,163.00
	TOTAL	17,094,328.00	15,066,332.00
ASSETS			
Cash and Balances with Reserve Bank of India	6	2,034,829.00	2,066,855.00
Balances with Banks & Money at call & short notice	7	790,681.00	760,815.00
Investments	8	2,795,798.00	2,824,498.00
Loans & Advances	9	11,227,036.00	9,141,463.00
Fixed Assets	10	78,475.00	73,964.00
Other Assets	11	167,509.00	198,737.00
Goodwill on Consolidation (Net)		---	---
	TOTAL	17,094,328.00	15,066,332.00
Contingent Liabilities	12	2,906,007.00	3,694,033.00
Bills for Collection			

CONSOLIDATED PROFIT & LOSS ACCOUNT OF

NAME OF SUBSIDIARY:- Druk PNB Ltd

FOR THE PERIOD ENDED 31st March 2020

(` Rs in Thousand)

	Schedule	Period ended 'As on 31.03.2020	Period ended 31.03.2019
I. INCOME			
Interest earned	13	1,120,701.00	947,331.00
Other Income	14	128,334.00	129,180.00
	TOTAL	1,249,035.00	1,076,511.00
II. EXPENDITURE			
Interest expended	15	606,996.00	482,203.00
Operating expenses	16	210,303.00	181,490.00
Provisions and Contingencies		246,874.00	137,428.00
	TOTAL	1,064,173.00	801,121.00
Consolidated Net Profit for the year of the parent & subsidiaries before Minority Interest		184,862.00	275,390.00
Less : Minority Interest		-	-
Consolidated Net Profit for the year of the parent & subsidiaries after Minority Interest		184,862.00	275,390.00
Share of earnings in Associates (net)	17	-	-
Consolidated Net Profit for the year attributable to the group		184,862.00	275,390.00
Add : Brought forward consolidated profit attributable to the group		-	-
Add: Transferred from Capital Reserve		-	-
Profit available for Appropriation		184,862.00	275,390.00

M. P. EUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE : THIMPHU

APPROPRIATIONS				
Transfer to Reserves (Net) :				
Statutory Reserve		181,869.00		188,770.00
Capital Reserve - Others		-		-
Investment Fluctuation Reserve		-		-
Other Reserve				-
Special Reserve*		2,993.00		3,495.00
Dividend Including Dividend Tax				
Proposed Dividend for 2018-19		-		83,125.00
Interim Dividend		-		-
Balance carried over to consolidated Balance Sheet				
	TOTAL	184,862.00		275,390.00
Earnings per Share (In Rs.) Non-Annualised		2.64		3.93
Accounting Policy & Notes on Accounts	18			

Signed in terms of our report of even date

For Druk PNB Bank Ltd

(Sumesh Kumar)
Chief Executive Officer
Date:-
Place:- Thimphu

For M.P Sureka & Co.
Chartered Accountants (FR No. 322097E)

(M. P Sureka (Membership No. 050560)
Partner

M. P. SUREKA & CO. Chartered Accountants KOLKATA

DRUK PNB BANK LTD. CORPORATE OFFICE: THIMPHU

DI UK PNB BANK LTD: THIMPHU BHUTAN

C/ SH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2020

Pa rticulars	As on 31/03/2020 (Rs.)	As on 31/03/2019 (Rs.)
A. Cash Flow from Operating Activities		
Pr ofit before tax	**264,089,569.63**	**393,414,385.78**
Ac d: Depreciation	13,639,475.68	16,345,731.10
Ac d: Profit/Loss on sale of Fixed Assets(including adjustment)	-	-
	277,729,045.31	409,760,116.88
De crease/(Increase) in Advances	(2,085,573,128.38)	(2,681,604,925.01)
De crease/(Increase) in Other Assets	59,929,404.28	62,029,368.11
In rease/(Decrease) in Deposits	1,849,995,971.82	1,473,180,552.27
In rease/(Decrease) in Other liabilities and Provision	3,227,096.49	194,878,701.58
Ca sh generated from operation	105,308,389.52	(541,756,186.17)
Ta x payable/paid	-	(118,024,315.73)
Ne t cash from Operating Activities	**105,308,389.52**	**(659,780,501.90)**
B. Cash Flow from Investing Activities		
Pu rchase of Fixed Assets	(22,838,151.73)	(33,885,429.10)
Pr oceeds from sale/damage of property & Equipment	1.00	2,777,865.43
Ne t cash used in investing activities	-	-
	(22,838,150.73)	**(31,107,563.67)**
C. Cash Flow from Financing Activities		
Ca pital induction	-	250,000,000.00
Di vidend Paid	(84,630,000.00)	(83,125,000.00)
Su bordinated Term Debts	-	(28,800,000.00)
Ne t cash flow from financing activities	**(84,630,000.00)**	**138,075,000.00**
D. Net changes in Cash and Cash equivalent (A+B+C)	(2,159,761.21)	(552,813,065.57)
Ca sh and cash equivalent at the beginning of the year	2,827,670,030.50	3,380,483,096.07
Ca sh and cash equivalent at the end of the year	2,825,510,269.29	2,827,670,030.50
	(2,159,761.21)	(552,813,065.57)

Si gned in terms of our Report of even date

Fo r M.P. Sureka & Co.
Cl artered Accountants (FR No. 322097E)

M P.Sureka (Membership No. 050560)
Pa rtner
Da te:
Pl ace:-

For & On Behalf of Druk PNB Bank Ltd.

(Sumesh Kumar)
Chief Executive Officer