



pnb cards & services limited

(a wholly owned subsidiary of PNB)

2ND ANNUAL REPORT 2022-23

Registered Office:

Plot No.4, Dwarka Sector-10, New Delhi-110075

CIN: U74999DL2021PLC378579

Corporate Office:

**6th Floor, PNB House, Plot No. 7,
Bhikaji Cama Place, New Delhi-110066**

CONTENTS

| <i>Sl. No.</i> | <i>PARTICULARS</i> | <i>PAGE NO.</i> |
|------------------------------------|---|------------------------|
| 1 | Chairman's Message | |
| 2 | Notice of 2 nd Annual General Meeting | |
| 3 | Director's Report | |
| 4 | Annexures | |
| | A- CAG Comments B- AOC-2 | |
| <i>FINANCIAL STATEMENTS</i> | | |
| 5 | Independent Auditors Report on Financial Statements | |
| 6 | Financial Statement for the year ended 31.03.2023 | |



pnb cards & services limited

(a wholly owned subsidiary of PNB)

| | | |
|-----------------------------|---|--|
| COMPANY INFORMATION: | PNB Cards & Services Limited CIN: U74999DL2021PLC378579 (A wholly-owned subsidiary of Punjab National Bank) Registered Office Plot No.4, Dwarka Sector-10, New Delhi-110075 Phone: 011-43061779 Email: info@pnbcsl.co.in | |
| BOARD OF DIRECTORS: | Shri Kalyan Kumar, Chairman <i>DIN: 09631251</i> Shri Taufique Alam, MD & CEO <i>DIN: 09509383</i> Shri Mahendra Dohare, Nominee Director <i>DIN: 09406117</i> Shri Rakesh Gandhi, Nominee Director <i>DIN: 09599638</i> Shri Sunil Kumar Chugh, Nominee Director <i>DIN: 08309168</i> | |
| COMPANY SECRETARY: | Smt. Neha Aggarwal <i>FCS-12498</i> | |
| STATUTORY AUDITORS: | Agarwal Anil & Co. Chartered Accountants <i>Firm Reg. No.003222N</i> | |
| BANKERS: | Punjab National Bank | |

Address of the Chairman at 2nd Annual General Meeting of the Company

Dear Shareholders,

Good afternoon to all,

I am delighted to welcome you all on behalf of the esteemed members of the Board to the 2nd Annual General Meeting of PNB Cards & Services Limited (PNBCSL) for FY 2022-23.

Before we commence the proceedings, I would like to introduce you to your company's two new members of the Board, Shri Taufique Alam and Shri Sunil Kumar Chugh, who have been appointed as Managing Director & Chief Executive Officer and Nominee Director to the Board of PNBCSL, effective May 3, 2023, and June 27, 2023, respectively.

Your company is a wholly-owned subsidiary (WoS) of Punjab National Bank (PNB), incorporated to provide non-financial support services related to PNB's Credit Card business. PNBCSL operates on a 'feet-on-the-street' model, with sales executives sourcing credit cards in potential markets. The company also utilizes digital onboarding platforms to enhance the customer experience.

Furthermore, the RBI has granted approval to PNB in January 2023 for allowing PNBCSL to undertake additional non-financial support services which include sourcing, marketing, promoting, publicizing, advertising, soliciting, distributing deposit products and retail loan products of PNB.

For the financial year 2023, the total income stood at Rs 549.06 lakh, compared to Rs 322.72 lakh during the financial year 2022. Additionally, the company reported a profit after tax of Rs 120.86 lakh for the financial year 2023, as against a profit after tax of Rs 13.31 lakh for the year ending March 2022. The net worth of the company for the year ending March 2023 was Rs 1634.15 lakh, compared to Rs 1513.29 lakh for the year ending March 2022. Overall, the company's performance improved during the financial year ending March 2023.

India has traditionally been a debit card market, but, the growth in credit card issuance over the last decade has altered this narrative, which marks an increased acceptance and usage of credit cards. This growth is further fueled by the diversified credit card products and offerings being doled out by financial institutions to attract customers, especially the millennial population. During FY 2022-23, the company sourced a total of 37579 cards, of which 24158 were approved.

The outlook for the housing loan, vehicle loan, education loan, and credit card segments remains positive, despite challenges posed by interest rate fluctuations and economic uncertainties. These sectors are expected to maintain their growth trajectories, supported by government initiatives, consumer demand, and evolving market dynamics. This presents immense opportunities for financial institutions and investors in the years to come.

The approval from the RBI is a significant development for PNB CSL which will enable the company to expand and complement the parent bank's business with a broader range of services. The company plans to increase its geographic reach by opening new territory offices at multiple locations to serve various business verticals, including Credit Cards, Housing Loans, Vehicle Loans, and Deposit Products. PNB CSL is committed to offering consumers high-quality services and will endeavor to undertake all necessary efforts to achieve its objectives.

Before concluding, I would like to once again express my sincere gratitude to the dedicated employees and management of the company for their unwavering support. Additionally, I want to thank the board members for their continued leadership and support to the company and its employees.

We reaffirm our commitment to excellence in the coming years, with the determination to sustain and build upon our success and momentum.

Thank you for your continued faith in your company. I wish all of you the best of health.

Regenerate
18.09.2023
New Delhi

sd/-
(Kalyan Kumar)
Chairman



pnb cards & services limited

(a wholly owned subsidiary of PNB)

Reg. Office: Plot No.4, Dwarka Sector-10, New Delhi-110075

Email: info@pnbcsl.co.in **Tel:** 011-43061779

NOTICE

NOTICE is hereby given that the 2nd Annual General Meeting (AGM) of the Members of **PNB Cards & Services Limited** will be held on **Monday, the 18th day of September 2023 at 15:30 Hours** at Plot No. 4, Sector 10, Dwarka, New Delhi 110075 to transact the following business: -

ORDINARY BUSINESS: -

ITEM NO.1

To receive, consider and adopt the audited financial statement of the company for the year ended 31.03.2023 along with related documents and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited financial statements of the company including the balance sheet as of March 31, 2023, profit and loss account, the cash flow statement for the year ended on that date, report of Board of Directors and auditors thereon and comments of the Comptroller and Auditor General of India, be and are hereby received, considered and adopted."

ITEM NO.2

To appoint a director in place of Mr. Mahendra Dohare, (DIN: 09406117) who retires by rotation & being eligible has offered him-self for re-appointment and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. Mahendra Dohare, (DIN: 09406117) who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby reappointed as director of the company.

ITEM NO.3

To authorize the Board of Directors of the Company for fixing the remuneration of the Statutory Auditor(s) of the Company by passing the following resolution, with or without modification(s), as an **Ordinary Resolution**.

"RESOLVED THAT, pursuant to applicable provisions of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the Statutory Auditor(s) of the Company, appointed by Comptroller and Auditor General of India, for the financial year 2023-24 as may be deemed reasonable by the Board".

SPECIAL BUSINESS: -

ITEM NO.4

Appointment of Shri Taufique Alam as the Managing Director & Chief Executive Officer (MD& CEO) by passing the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to provisions of Section 152,196,197 and 203 and other applicable provisions of the Companies act, 2013, read with relevant rules therein, Shri Taufique Alam (DIN:09509383) who has been appointed by Punjab National Bank (Parent Bank) as Managing Director & Chief Executive Officer of the Company and was also appointed accordingly by the Board of Directors with effect from 03.05.2023 and who holds the office pursuant to the provisions of Section 161 of the Companies Act, 2013 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for directorship, be and is

hereby appointed as Managing Director & Chief Executive Officer, liable to be retire by rotation.”

ITEM NO.5

Appointment of Shri Sunil Kumar Chugh as the Nominee Director by passing the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of Section 149, 152, 161 and other applicable provisions of the Companies act, 2013, read with relevant rules therein, Shri Sunil Kumar Chugh (DIN:08309168) who has been appointed by Punjab National Bank as Nominee Director of the Company w.e.f. 27.06.2023 and who holds the office pursuant to the provisions of Section 161 of the Companies Act, 2013 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for directorship, be and is hereby appointed as a Director designated as Nominee Director, liable to be retire by rotation.”

ITEM NO.6

Amendment in the Articles of Association of the Company by passing the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013 read with Rules thereunder (including any statutory modifications or re-enactment thereof, for the time being in force), the approval of the members be and is hereby accorded for alteration of Articles of Association by way of:

| Article No | Existing Provision | Proposed Provision | Remarks |
|----------------------------|--|--|---|
| Number of Directors | | | |
| Board of Directors | | | |
| 97(iii) | Subject to the provisions of the act and rules made thereunder, the Board of | Executive Director of Punjab National Bank shall be nominated as | As per Companies Act, 2013, the number of directors shall not |

| | | | |
|----------------|--|---|---|
| | Directors of the Company shall comprise of Seven (7) Directors. | Chairman of the Board of Directors of the Company. In case, the Executive Director of PNB is not a Director on the Board of the Company, the person nominated by PNB as Chairman of the Board of the Company, or in his absence, a person elected by the Board, as the case may be, shall preside over the meetings of the Board. | be less than 3 (three) and shall not be more than 15 (fifteen). |
| 97(iii) (a) | Executive Director of Punjab National Bank shall be nominated as Chairman of the Board of Directors of the Company. In case, the Executive Director of PNB is not a Director on the Board of the Company, the person nominated by PNB as Chairman of the Board of the Company, or in his absence, a person elected by the Board, as the case may be, shall preside over the meetings of the Board. | Deleted from here and added in place of 97(iii) | |
| 97(iii) (b) | CGM or GM of credit card division of Punjab National Bank shall be nominated as ex-officio Director on the Board of the Directors of the Company. | Deleted | - |
| 97(iii) (c) | CGM or GM of Punjab National Bank shall be nominated as Director on the Board of Directors of the Company. | Deleted | - |
| 97(iii)(d) | The Managing Director & CEO of the Company, whether hired or nominated by Punjab National Bank, shall be Director on the Board of the Company. | Deleted and replaced with Article 97 (iv) | |

| | | | |
|---|--|--|--|
| 97(iii) (e) | Two (2) Directors Industry Expert in Credit Card Business (having expertise or credible experience in the areas of credit card business/sales/ collections/ technical skills on credit card operations/payment systems/transaction banking/credit underwriting and/or such other expertise, from the private or public sector, who can add value to the Company) shall be appointed by Punjab National Bank on the Board of the Company in accordance with applicable laws | Deleted and replaced with Article 97 (v). In addition to the minimum requirement of three (3) Directors, Subject to approval of the members, Board of Directors may appoint two (2) or more Directors Industry Expert in Banking Business (having expertise or credible experience in any of the financial products viz. credit card, Housing Loan, Vehicle Loan, Education Loan, Current & Saving Deposit etc. The experience may include marketing, collection, technical skills related to the above products in any private or public sector, who can add value to the Company). | - |
| 97(iii)(f) | One (1) Director with prominence & experience in any socio-economic, education, legal, accountancy, management and/or any other area including people with experience from Government of India, Reserve Bank of India, or any other regulatory body/ Financial Institution shall be appointed as Independent Director on the Board of the Company in accordance with the applicable laws. | Deleted | Company being wholly owned subsidiary of Punjab National Bank is exempt with the requirement of appointment of Independent Director in pursuance of the provisions of Rule 4(2) of Companies (Appointment and Qualification of Directors) Rules, 2014. |
| Appointment of Additional Director | | | |
| 101(1) | Subject to the provisions of Act and Rules the Board of Directors shall also have power at any time and from time to time, to appoint any person, as an additional | Subject to the provisions of the Act and Rules made thereunder, the Board of Directors shall have the power to appoint any person, | - |

| | | | |
|--|--|--|--|
| | Director, provided that the total number of Directors shall not, at any time, exceed the maximum strength fixed for the Board by the Articles. | other than a person who fails to get appointed as a director in general meeting, as an Additional Director, provided that the total number of Directors shall not, at any time, exceed the maximum strength fixed for the Board by the Articles. | |
|--|--|--|--|

“RESOLVED FURTHER THAT the Managing Director & Chief Executive Officer or Chief Financial Officer or Company Secretary of the Company, be and are hereby severally authorized, on behalf of the Company, to file all the requisite e-forms including Form MGT-14 along with such other documents as may be required, with the Registrar of Companies, and to do all such acts, deeds and things as may be ancillary or incidental thereto for giving effect to this resolution.”

**By order of the Board
For PNB Card & Services Limited
Sd/-**

Company Secretary

**Place: New Delhi
Dated: 18.09.2023**

Notes: -

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy/ proxies pursuant to section 105 of the Companies Act, 2013 (Act) to attend and vote instead of himself/herself. Such a proxy/ proxies need not be a member of the Company. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies etc., must be supported by an appropriate resolution/authority, as applicable.
2. The explanatory statement pursuant to section 102 of the Act which set out details relating to special business to be transacted at the meeting, is annexed hereto.
3. Members seeking any information/clarification with regard to any business item to be dealt with at the Annual General Meeting (AGM) are requested to write at **info@pnbcsl.co.in**.
4. Only Registered Members of the Company or any proxy appointed by such Registered Member may attend and vote at the AGM as provided under the provisions of the Act.
5. Each equity shareholder shall be entitled to one vote for every equity share in respect of the resolutions put to vote on a poll at the meeting.
6. Relevant documents referred to in the accompanying notice are open for inspection by the members at the registered office/corporate office of the Company on all working days, during business hours, up to the date of the meeting.

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

The following statement set out all material facts relating to the Special Businesses as listed in the accompanying Notice:

ITEM NO.4 & 5: APPOINTMENT OF DIRECTORS

Shri Taufique Alam- General Manager, Punjab National Bank and Shri Sunil Kumar Chugh- Chief General Manager, Punjab National Bank were appointed as Managing Director and Chief Executive Officer and Nominee Director in terms of section 161(3) of the Companies Act, 2013 on the Board of PNB Cards & Services Limited with effect from 03.05.2023 and 27.06.2023 respectively subject to the approval of the members as per the requirement of Section 152(2) of the Act.

Hence, necessary business items in respect of each of them have been placed at Item Nos.4 & 5 respectively.

The Company has received necessary notices from all the respective Director's proposing their candidature in terms of section 160 of the Companies Act, 2013.

Shri Taufique Alam & Shri Sunil Kumar Chugh do not hold, whether in their individual capacity or together with their respective relatives, more than two percent of the total voting power of the Company.

ITEM NO.6: AMENDMENT IN ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the provisions of Section 14 of the Companies Act, 2013, read with rules thereunder, the Company may by passing a special resolution, alter its Articles of Association of the Company. The Articles of Association of the Company lay down the rules and regulations for the internal management of the Company inter alia relating to Board composition, Meeting of Board of Directors, Meeting of Members, Rights of Members, Inspection of Books etc.

In view of the above, it is proposed that the amendment be made in the Articles of Association of the Company with respect to the composition of the Board of Directors and Appointment of Additional Directors of the Company.

The amendments in the Articles of Association of the Company as detailed in the Notice have been approved and recommended by the Board of Directors in the meeting held on 18.09.2023 for seeking approval of the shareholders at the AGM. The Board recommends the passing of the aforesaid resolution proposed at Item No. 6 as **Special Resolution**.

BRIEF RESUME OF THE DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

SHRI TAUFIQUE ALAM

Mr. Taufique Alam has a rich banking experience of over 20 years and carries skill and competencies related to varied Field and Administrative offices. He has joined e-OBC (Amalgamated with PNB w.e.f 01/04/2020) as Chief Manager (Forex) in 20/10/2010, after working for 8 years in Andhra Bank in Branch Banking, Trade Finance, Treasury and Risk Management. He has worked in Trade Finance, Domestic & Forex Treasury in Dealing room, Back Office & Mid Office in Treasury, International Banking Division. Corporate Credit & MSME Co-Lending. Digital Lending etc. He was part of Business Process re-engineering and Software implementation in Treasury & Trade Finance and Integration with Branch banking along with Digital Lending and LOS Implementation.

SHRI SUNIL KUMAR CHUGH

Shri Sunil Kumar Chugh, a Chartered Accountant by qualification, has 30 years of experience in banking. He is also Certified Associate of Indian Institute of Bankers. Starting banking career in 1993 with Dena Bank, he moved up the ladder by working with four public sector banks on lateral movement. He has served in Corporate Office, Administrative Offices and Branches of the different banks across various geographies.

He has attended many Training Programs and Leadership Development Programs from various prestigious institutions like Bankers' Training College, National Institute of Bank Management Pune, ASCI Hyderabad and IDRBT Hyderabad. He is one of the Senior Executives of Public Sector Banks selected by erstwhile Banks Board Bureau for Leadership Development Program conducted by IIM Bangalore in collaboration with Egon Zehnder. He was also a member of Legal & Operations Committee of IBA for two years.

He headed Large Corporate branches at Kolkata, Ahmedabad and Mumbai in erstwhile Oriental Bank of Commerce and received awards and appreciation on several occasions during the journey of career. He gained variety of exposure by handling assignments in Corporate Credit, Foreign Exchange, Recovery / Resolution of Stressed Assets and Credit Monitoring. Currently he is heading Retail, Agriculture

& MSME Credit and Financial Inclusion (RAM & FI) Division in Punjab National Bank as Chief General Manager.

SHRI MAHENDRA DOHARE

Sh. Mahendra Dohare, working as Chief General Manager at Punjab National Bank, a dynamic Banker currently leading the Business Acquisition & Relationship Management. A Management Graduate & CAIIB Certified having a wide experience of over 20 years in Banking particularly in Asset & Liability Products, Retail & Corporate Credit, Delivery Channels, Customer Servicing, Business Development, SLBC etc.

Sh. Dohare has a proven background of seasoned Banker having lead the IT, Digital Banking as General Manager in the competitive world of Digitalization.

Innovation and transformation in the field of Banking journey has always been a forte of work for him.

Having vast experience of working in different regions he headed Tripura Region managing branches in business development in various forums, he also headed State Level Bankers Committee in Tripura. Nevertheless, he was Regional Head at Chandigarh, West Bengal and at Corporate Office, his expertise was utilized in Retail Banking Credit, IT Based Delivery Channels, Financial Inclusion, Customer Services, Operations & Methods, Marketing & Publicity and MIS.

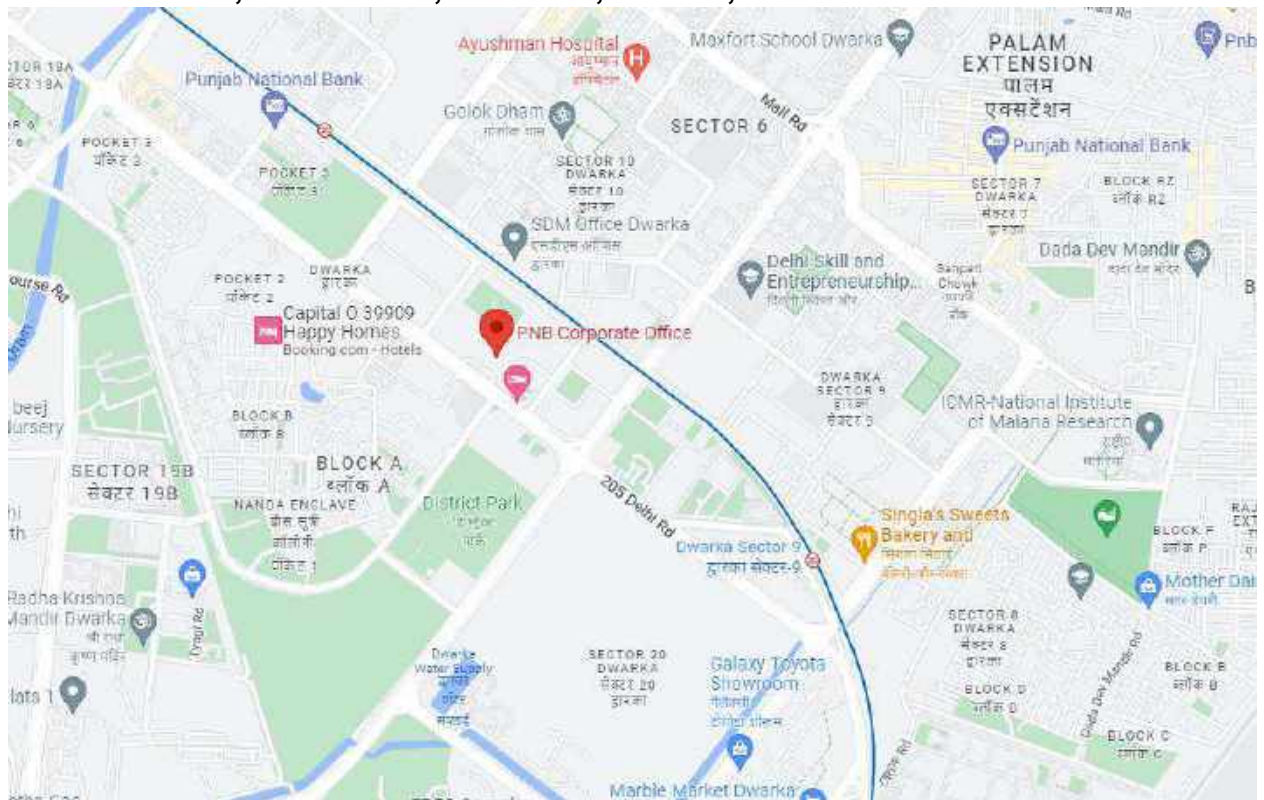
Sh. Dohare is a believer in promoting its organization for high visibility in Market. At present also he is handling diverse portfolio of Business Acquisition and Relationship Management with market positioning and mobilizing of Core Business as well as wide product offerings of the Bank.

**By order of the Board
For PNB Card & Services Limited
Sd/-**

Company Secretary

**Place: New Delhi
Dated: 18.09.2023**

Route Map of the venue of the Second Annual General Meeting of the Company to be held on Monday the 18th day of September, 2023 at 15:30 hours, at Plot no. 4, Sector 10, Dwarka, New Delhi – 110075





pnb cards & services limited

(a wholly owned subsidiary of PNB)

Reg. Office: Plot No.4, Dwarka Sector-10, New Delhi-110075

Email: info@pnbcsl.co.in Tel: 011-43061779

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 | : U74999DL2021PLC378579 |
| Name of the Company | : PNB CARDS & SERVICES LIMITED |
| Registered Office | : Plot No. 4, Sector 10, Dwarka, New Delhi, 110075 |
| Name of the member (s) | : |
| Registered address | : |
| E-mail Id | : |
| Folio No/ Client Id DPID | : |

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

1)ofhaving e-mail idor
failing him

2)ofhaving e-mail idor
failing him

3)ofhaving e-mail id
.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at
the Annual General Meeting of the Company to be held on **Monday the 18th** day
of **September 2023 at 15:30 Hours** at **Plot no. 4, Sector 10, Dwarka, New Delhi**
– **110075** and at any adjournment thereof in respect of such resolutions as are
indicated below:

| No. | Matter of resolution | VOTE | |
|-----------------------|---|------|---------|
| | | For | Against |
| ORDINARY BUSINESS(ES) | | | |
| 1. | To receive, consider and adopt the audited financial statement of the company for the year ended 31.03.2023 | | |
| 2. | To appoint a director in place of Mr. Mahendra Dohare, (DIN: 09406117) who retires by rotation & being eligible has offered him-self for re-appointment | | |
| 3. | To authorize the Board of Directors of the Company for fixing the remuneration of the Statutory Auditor(s) of the Company | | |
| SPECIAL BUSINESS(ES) | | | |
| 4. | Appointment of Shri Taufique Alam as Managing Director and Chief Executive Officer. | | |
| 5. | Appointment of Shri Sunil Kumar Chugh as the Nominee Director | | |
| 6. | Amendment in Articles of Association of the Company. | | |

Signed this..... day of..... 2023

Affix
Revenue
Stamp

Signature of shareholder

Signature of Proxy holder(s)

Notes:

1. The Proxy to be effective should be deposited at the Registered office of the company not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. The form of Proxy confers authority to demand or join in demanding a poll.
4. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
5. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.

ATTENDANCE SLIP
ANNUAL GENERAL MEETING

Please complete this attendance slip and hand it over at the entrance of meeting hall

| | |
|---------------------------|--|
| DP Id* | Name & Address of Registered Shareholders |
| Client Id* | |
| Regd. Folio. No. | |
| No. of Shares Held | |

* Applicable for shareholding in electronic form.

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the Annual General Meeting of the Company held on Monday, the 18th day of September, 2023 at 15:30 Hours at Plot no. 4, Sector 10, Dwarka, New Delhi – 110075.

I hereby give my consent to receive the Annual Reports and Accounts and other documents permissible to be sent through electronic mode, on my e-mail ID-instead of physical form.

| |
|--|
| |
|--|

Signature of Shareholder/Proxy

NOTE: -Members/Proxy holders are requested to bring this Attendance Slip duly filled in and signed with them when they come to the meeting hall. No Attendance Slip will be issued at the venue of the meeting.

DIRECTOR'S REPORT

Dear Members,

It gives me immense pleasure to present, on behalf of the Board of Directors of your Company, the 2nd Annual Report of PNB Cards & Services Limited (the Company) and the Audited Financial Statements for the financial year ended on March 31, 2023, along with the Auditor's Report and the comments on the accounts of Comptroller and Auditor General (C&AG) of India.

The Company has been incorporated, as a wholly owned subsidiary (WoS) of Punjab National Bank (PNB), to undertake non-financial support services related only to Credit Card business of PNB. Further, Reserve Bank of India (RBI) vide letter DOR.AUT.No.S6582/24.01.002/2022-23 dated 13.01.2023 accorded its approval to PNB for undertaking additional non-financial support services by the Company, viz sourcing, marketing, promoting, publicizing, advertising, soliciting, distributing deposit (Current and Savings Accounts etc.) & Retail Loan products (Housing Loan, Loan Against Property, Vehicle Loan, Education Loan, Personal Loan etc.) of PNB.

1. FINANCIAL PERFORMANCE HIGHLIGHTS

The key highlights of the financial performance of your Company for FY2023:

Rs. In Lakh

| Particulars | FY 2023 |
|--|----------------|
| Total Income | 549.06 |
| Less: Expenses other than Depreciation and Taxes | 448.30 |
| Profit before Depreciation and Taxes | 100.76 |
| Less: Depreciation | 5.19 |
| Less / Add: Extraordinary / Exceptional Item | 51.52 |
| Profit Before Taxes | 147.09 |
| Less: Provision for Taxes (including deferred tax) | 26.23 |
| Profit after Tax (PAT) | 120.86 |
| Net Profit carried to Balance Sheet | 120.86 |
| Equity Capital | 15.00 |
| Reserves & Surplus | 134.15 |
| Net Worth | 1634.15 |
| EPS (In Rs.) | 0.81 |

During the FY ended March 31, 2023, the Company was engaged in support services related to Credit Card business and has only one domestic operation. Accordingly, the Company has only one reportable business and geographical segment. Therefore Segment-wise reporting is not applicable for the Company.

2. BUSINESS OUTLOOK

Your company remains committed to providing top-tier non-financial support services to PNB. Our efforts have resulted in enhanced customer experiences and increased customer engagement. We have also been proactive in adopting innovative technologies and marketing strategies, ensuring PNB's business stays competitive and customer centric.

The recent approval by RBI to expand our non-financial support services signifies a significant milestone for your Company. We are enthusiastic about our enhanced role in promoting PNB's deposit products and an array of Retail Loan offerings. This expansion aligns perfectly with our long-term strategic vision, reinforcing our position as an invaluable partner in PNB's growth journey.

Housing Loan: The housing loan segment has exhibited remarkable resilience, with outstanding loans rising to a record of Rs19.36 lakh crore at the end of March, representing a significant year-on-year growth of 15 percent. Despite the Reserve Bank's series of rate hikes since May of the previous year, the housing loan sector has continued to flourish. In March 2022, the housing loan outstanding stood at Rs16.84 lakh crore, marking a growth of 12.9 percent year-on-year.

The housing loan market appears robust, and the continued growth signifies sustained demand in the real estate sector. With government initiatives promoting affordable housing and favourable interest rates, the housing loan sector is poised for further expansion.

Vehicle Loan: Vehicle loans have also witnessed substantial growth, with outstanding loans increasing by 22 percent year-on-year to reach Rs5.09 lakh crore in May. Despite

the Reserve Bank's rate hikes during the 2022-23 period, vehicle loan outstanding has shown consistent growth. In May 2022, the outstanding vehicle loans were Rs4.16 lakh crore, indicating a rapid ascent from Rs3.65 lakh crore in May 2021.

The vehicle loan market is thriving, reflecting consumer aspirations and economic recovery. With increased demand for automobiles and easy financing options, this sector is expected to maintain its growth trajectory.

Education Loan: The education loan segment, for the first time in five years, recorded a remarkable turnaround, registering a 17 percent surge in the financial year ending in March 2023. The outstanding education loan portfolio grew to ₹96,847 crore in 2022-23 from ₹82,723 crore in the previous year. This is significant, considering that education loan growth had been stagnant in 2021-22 and negative for the three years prior.

The resurgence of education loans underscores the importance of higher education and skill development. As more students seek financial assistance for their education, this sector is likely to witness continued growth, driven by educational aspirations and the pursuit of career goals.

Credit Card: Credit card usage in India has been on a steady rise, with over 8.6 crore outstanding credit cards reported in April 2023. This represents a substantial growth of approximately 15 percent from the 7.5 crore outstanding credit cards in April 2022. Industry experts predict that this number could surpass the 10-crore mark by the end of the calendar year.

The credit card industry's robust growth is indicative of changing consumer spending habits and the convenience offered by digital payments. As more consumers embrace credit cards for transactions and online shopping, the credit card market is poised for further expansion, driven by technological advancements and changing consumer preferences.

The outlook for the housing loan, vehicle loan, education loan, and credit card segments remain positive, despite challenges such as interest rate fluctuations and

economic uncertainties. These sectors are expected to continue their growth trajectories, supported by government initiatives, consumer demand, and evolving financial landscapes. This presents promising opportunities for financial institutions and investors in the years to come.

3. STATUTORY DISCLOSURES AND DECLARATIONS UNDER SECTION 134 OF THE COMPANIES ACT, 2013 (The Act) READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES 2014 (the Rule)

3.1 ANNUAL RETURN: section 134(3) (a)

In line with the requirement under section 92(3) of the Act, Annual return in form MGT-7 will be filed with Registrar of Companies (ROC) within 60 days of Annual General meeting (AGM). However, as the website of the Company is under development, the Annual Return for the FY 2022-23, will be uploaded on the website in due course.

3.2 NUMBER OF BOARD MEETINGS: section 134(3) (b)

During the year ended March 31, 2023, 07 meetings of Board of Directors of the Company were held. The maximum time interval between two Board Meetings was not more than 120 days as provided under section 173 of the Act. The minimum and maximum interval between any two Board Meetings was 19 days (30.09.2022–20.10.2022) and 69 days (22.07.2022–30.09.2022) respectively. The details of Board Meetings held during the year are as follows:

Details of Board Meetings held during the year 2022-23

| Sl. No. | Board Meeting No. | Date of Meeting | Board Strength | No of Directors Present |
|----------------|--------------------------|------------------------|-----------------------|--------------------------------|
| 1. | 5 th | 26.04.2022 | 4 | 3 |
| 2. | 6 th | 24.06.2022 | 5 | 5 |
| 3. | 7 th | 22.07.2022 | 5 | 5 |
| 4. | 8 th | 30.09.2022 | 5 | 5 |
| 5. | 9 th | 20.10.2022 | 5 | 5 |
| 6. | 10 th | 21.12.2022 | 5 | 5 |
| 7. | 11 th | 23.01.2023 | 5 | 5 |

Details of attendance of Directors at the Board Meetings held during the year 2022-23

| <i>Name of Directors</i> | <i>No. of Board Meetings held during the Tenure</i> | <i>No. of Board Meetings Attended</i> |
|---|---|---------------------------------------|
| Shri Swarup Kumar Saha (DIN: 08963678) (w.e.f 16.03.2021 and up to 01.06.2022) | 1 | 1 |
| Shri Vijay Jasuja (DIN: 07924822) (w.e.f 05.04.2021 and up to 25.05.2023) | 7 | 7 |
| Shri Aditya Nath Das (DIN: 09140900) (w.e.f 05.04.2021 and up to 02.05.2023) | 7 | 7 |
| Shri Mahendra Dohare (DIN: 09406117) (w.e.f 01.11.2021 to till date) | 7 | 6 |
| Shri Kalyan Kumar (DIN: 09631251) (w.e.f 06.06.2022 to till date) | 6 | 6 |
| Shri Rakesh Gandhi (DIN: 09599638) (w.e.f 07.05.2022 to till date) | 6 | 6 |

3.3 DIRECTORS' RESPONSIBILITY STATEMENT: section 134(3) (c)

The Board of Directors confirms that:

- In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, wherever required.
- 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, 2023, and the Profit and Loss Account for the year ended March 31, 2023.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- The Annual Accounts have been prepared on a going concern basis.
- Internal financial controls have been laid to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

3.4 FRAUDS REPORTED BY THE AUDITORS: section 134(3) (ca)

No fraud has been reported by the Auditors of the Company under Section 143(12) of the Act for the reporting period.

3.5 INDEPENDENT DIRECTORS: section 134(3) (d)

Company being a WoS of PNB, the requirement under Section 149 of the Act, with respect to appointment of independent directors on the Board, is not applicable to the Company.

3.6 COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION AND OTHER COMMITTEES IN EXISTENCE IN THE COMPANY UNDER SUB SECTION (1) OF SECTION 178: section 134(3) (e)

All the Directors on the Board of the Company are nominated by PNB, being the Parent Bank and accordingly all Non- Executive Directors are being paid remuneration by Parent Bank in their capacity as employees of PNB, except Managing Director (Executive Director) of the Company. Further, the requirement under Section 178 of the Companies Act 2013, with respect to constitution of Nomination and Remuneration Committee is not applicable to the Company. However, Although Company has constituted the Committee but till date there is no policy on Director's Appointment and Remuneration of Directors.

3.7 EXPLANATION AND COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARKS OR DISCLAIMER MADE BY THE AUDITOR: sec 134(3) (f)

The Explanation or Comments by the Board on qualification or adverse remarks or

disclaimer made by the auditor in their audit report is as under:

Auditor's Report on the Accounts -

There is no observation by the Statutory Auditor on financial statements for the year 2022-23. Further, Your Company has received “**Nil**” comments of C&AG forming part of this Report, as **Annexure-A**.

3.8 PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS: sec 134(3) (g)

During the financial year, the Company has not given any loan or 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 Act.

3.9 PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES: sec134(3) (h)

The particulars of contracts or arrangements with related parties as specified under section 188(1) of the Act, in prescribed Form AOC-2, is placed at **Annexure-B**.

Further, the details of the transactions with related parties are provided in the Company's Financial Statements in accordance with the Accounting Standards under Note No. 33 of the Financial Statements.

3.10 STATE OF COMPANY'S AFFAIRS: sec 134(3) (i)

The state of Company's affairs shows a total Revenue of Rs 471.21 lakh.

3.11 TRANSFER TO RESERVES: sec 134(3) (j)

The Company has transferred Rs. 120.86 lakh to the reserves during the financial year ending March 31, 2023.

3.12 PAYMENT OF DIVIDEND: sec 134(3) (k)

The Company is in formative stage therefore the Board has not recommended any dividend for the financial year ending March 31, 2023.

3.13 DETAILS OF MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRING BETWEEN THE DATE OF FINANCIAL STATEMENTS AND BOARD REPORTS: sec 134(3) (l)

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.

3.14 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO: sec 134(3) (m)

The conservation of energy, technology absorption and foreign exchange earnings and outgo are as follows:

- 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.

3.15 IMPLEMENTATION RISK MANAGEMENT AND HEAD, SAFETY & ENVIRONMENT (HSE) POLICIES: section 134(3)(n)

The risk management includes identifying types of risks and its assessment, risk handling and monitoring and reporting. Further, till date there is no Risk Management Policy in place.

3.16 CORPORATE SOCIAL RESPONSIBILITY (CSR): section 134(3)(o)

The provisions of Section 135 of the Act, and the rules framed there under, with respect to CSR are not applicable to the Company for the reporting period.

3.17 EVALUATION ON THE PERFORMANCE OF BOARD: section 134(3)(p)

The Provisions related to performance evaluation of the Board are exempted under Rule 8(4) of Companies (Accounts) Rules, 2014.

3.18 OTHER MATTERS: sec 134(3)(q) read with Rule 8

The following Declaration/ Disclosures are given by the Company:

3.18.1 CHANGE IN NATURE OF BUSINESS: Rule 8(5)(ii)

There has not been any change in the nature of business of the Company during the year under review.

3.18.2 DETAILS OF DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP): Rule 8(5)(iii)

During Financial Year 2022-23, the following changes occurred in the composition of the Board:

1. Shri. Swarup Kumar Saha ceased to be Chairman w.e.f 01.06.2022.
2. Shri Kalyan Kumar appointed as Chairman Non- Executive Director w.e.f 06.06.2022.
3. Shri Rakesh Gandhi appointed as Non- Executive Director w.e.f 07.05.2022.

Changes occurred in the Board of Directors and Key Managerial Positions after closing of the Financial Year 2022-23 to the date of the Report:

1. Shri Vijay Jasuja ceased to be Nominee Director w.e.f 25.05.2023.
2. Shri Aditya Nath Das ceased to be Managing Director w.e.f 02.05.2023.
3. Shri Taufique Alam was appointed as Managing Director and Chief Executive Officer w.e.f 03.05.2023.
4. Shri Sunil Kumar Chugh appointed as Nominee Director w.e.f 27.06.2023.
5. Smt. Ekta Pasricha ceased to be Company Secretary w.e.f 18.09.2023.
6. Smt. Neha Aggarwal appointed as Company Secretary w.e.f 18.09.2023.

3.18.3 SUBSIDIARIES, JOINT VENTURE, AND ASSOCIATE COMPANIES: Rule 8(5)(iv)

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

3.18.4 PUBLIC DEPOSIT: Rule 8(5)(v) &(vi)

During the review period, the Company has not accepted any deposits from the public within the meaning of the Act, and rules made thereunder.

3.18.5 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS, IF ANY: Rule 8(5)(vii)

There has been no order passed by any authority which impact the going concern status and company's operations in future.

3.18.6 INTERNAL FINANCIAL CONTROL SYSTEM: Rule 8(5)(viii)

The Company has an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management. Based on the periodical testing, the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls.

3.18.7 MAINTENANCE OF COST RECORDS AND ACCOUNTS: Rule 8(5)(ix)

As per the Section 148(1) of the Act, read with Rule 4(3) of the Companies (Cost Records and Audit) Amendment Rules, 2014, the provisions of maintenance of cost records are not applicable on the Company.

3.18.8 PREVENTION, PROHIBITION & REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE: Rule 8(5)(x)

Your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace 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 to provide right to work with dignity as enshrined under the Constitution of India.

3.18.9 INSOLVENCY AND BANKRUPTCY CODE: Rule 8(5)(xi)

The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status at the end of the financial year was “NIL”.

4 GENERAL DISCLOSURES:

4.1 AUDITORS:

M/s Agarwal Anil & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company for the financial year 2022-23 by the CAG under the provisions of Section 139 (5) of the Act.

4.2 SECRETARIAL STANDARDS:

The Secretarial Standards i.e., SS-1 & SS-2 related to meetings of the Board of Directors and General Meetings respectively have been duly complied by the Company.

4.3 AUTHORIZED AND PAID-UP SHARE CAPITAL:

The authorised and paid share capital of the Company stood at Rs250000000 (divided into 25000000 Equity Shares of Rs. 10/- each) and Rs150000000 (divided into 15000000 Equity Shares of Rs. 10/- each) respectively.

4.4 MANAGERIAL REMUNERATION:

Your Company being WoS of PNB, therefore all the Non-Executive Directors are being paid remuneration by holding company in their capacity as employees of PNB. The Managing Director & CEO of the Company is paid salary as per PNB rules being its employee.

4.5 DISCLOSURE OF INTEREST BY DIRECTORS:

Pursuant to the Section 184(1) of the Act, your directors have given the notice to the Company disclosing their interest in Companies and Firms in which they and their relatives are interested or concerned.

None of the Directors of your Company is disqualified under the provisions of section 152(5) & 164(2) of the act read with Rule 14 of the Companies (Appointment and Qualification of Directors) Rules 2014.

4.6 HUMAN RESOURCES:

Total number of employees of the Company as on 31.03.2023 were 17 (15 employees on deputation from Parent Bank and 2 employees of PNB Cards and Services Limited). The Company has maintained peaceful and harmonious relations with its employees. No employee is related to any Director of the Company.

4.7 GENERAL MEETINGS:

ANNUAL GENERAL MEETING

Detail of the last AGM of the Company is as under:

AGM- 1st

Financial Year- 2021-22

Date- 21.12.2022

Venue- Registered Office of the Company at Dwarka, New Delhi

Special Resolution Passed- No

EXTRA-ORDINARY GENERAL MEETING (EGM)

Detail of the last EGM of the Company is as under:

EGM No. – 2nd

Financial Year-2022-23

Date of Meeting- 23.01.2023

Day & Time- Wednesday- 05:30 PM

Venue of Meeting- Registered office of the Company at Dwarka, New Delhi

4.8 CORPORATE GOVERNANCE:

The Company has inherited the values and corporate governance practices of the parent 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.

4.9 DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

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

4.10 ACKNOWLEDGEMENT

The Board places on record its gratitude to Ministry of Corporate Affairs, RoC, Delhi, RBI, PNB, Statutory Auditors of the Company, C&AG 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.

Date: 18.09.2023

Place: New Delhi

On behalf of the Board of Directors

**sd/-
(Shri Kalyan Kumar)
Chairman**

कार्यालय प्रधान निदेशक लेखापरीक्षा,
उद्योग एवं कॉर्पोरेट 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: एएमजी-II/2(480)/वार्षिक
लेखे(2022-23)/पीएनबी काइर्स(2023-24)/156
दिनांक: 11 JUL 2023

सेवा में

प्रबन्ध निदेशक एवं मुख्य कार्यकारी अधिकारी,
पीएनबी काइर्स एवं सर्विसेस लिमिटेड
6th फ्लोर, 7- भीकाजी कामा प्लेस
नई दिल्ली-110067.

विषय: कंपनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत पीएनबी काइर्स एवं सर्विसेस लिमिटेड के
वर्ष 2022-23 के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत पीएनबी काइर्स एवं सर्विसेस लिमिटेड के
वर्ष 2022-23 के वार्षिक लेखों पर उपरोक्त विषय संबंधित संलग्न पत्र अग्रेषित है।

भवदीया,

ए.ए. पंडा

(एस. आह्लादिनी पंडा)
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 CARDS & SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of PNB Cards & Services Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 revised Audit Report dated 21 June 2023 which supersedes their earlier Audit Report dated 02 May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of PNB Cards & Services Limited for the year ended 31 March 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision made in the statutory auditor's report, to give effect to one of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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


(S. Ahladini Panda)
Principal Director of Audit
(Industry and Corporate Affairs)
New Delhi.

Place: New Delhi

Date: 11 JUL 2023

Form AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered 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- **NIL**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts/arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value if any
 - (e) Justification for entering such contracts or arrangements or transactions.
 - (f) Date(s) of approval by the Board
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188.
2. Details of material contracts or arrangements or transactions at arm's length basis

| S. No | Details | Remarks | | | | |
|--------------|---|--|---|--|--|--|
| a) | Name(s) of the related party and nature of relationship | Punjab National Bank (Holding Company) | Punjab National Bank (Holding Company) | Punjab National Bank (Holding Company) | Punjab National Bank (Holding Company) | Punjab National Bank (Holding Company) |
| b) | Nature of contracts/arrangements/ transactions | Rent | Customer acquisition (Business support service) | Interest Received | Fixed Deposit | Current Account including prepaid card & sweep deposit |
| c) | Duration of the contracts/arrangements/ transactions | ongoing | ongoing | ongoing | ongoing | ongoing |

| | | | | | | |
|----|---|--|--|--|---|--|
| d) | Salient terms of the contracts or arrangements or transactions including the value if any | In ordinary course of business & at arm's length Rs 20,17,740/- | In ordinary course of business & at arm's length Rs 5,39,42,130/- | In ordinary course of business & at arm's length Rs 77,80,020/- | In ordinary course of business & at arm's length Rs 14,72,48,360/- | In ordinary course of business & at arm's length Rs 1,65,79,030/- |
| e) | Date(s) of approval by the Board if any | NA | NA | NA | NA | NA |
| f) | Amount paid as advances if any | - | - | - | - | - |

Note: No approval of the Board/shareholders required in view of the transaction between holding Company and its wholly owned subsidiary, in ordinary course of business and at arm's length.

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

**sd/-
Taufique Alam
(MD & CEO)
DIN- 09509383
Place: New Delhi**

**sd/-
Kalyan Kumar
(Chairman)
DIN- 09631251
Place: New Delhi**

AGARWAL ANIL & CO.

CHARTERED ACCOUNTANTS

L-2, SOUTH EXTN. II, NEW DELHI-110049

Tele: 011-26259607, E-mail: aac.anil@gmail.com

(Revised Report)

INDEPENDENT AUDITOR'S REPORT

To the Members of PNB Cards & Services Limited

Report on the Audit of Financial Statements

This is a Revised audit Report. It has been solely revised and restricted to/for inclusion of amendments introduced by Companies (Auditor's Report) Order, 2020 ('the Order') as annexed in Annexure A to the Independent Auditors' Report of the Company.

Opinion

We have audited the financial statements of PNB Cards & Services Limited ("the Company"), which comprise the balance sheet as at 31st March 2023, and the statement of Profit and Loss, and statement of cash flows for the period from 01.04.2022 to 31.03.2023, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, its profit, and its cash flows for the period from 01.04.2022 to 31.03.2023.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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.



Page 1 of 9

relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Companies Act, 2013, we are also responsible for expressing 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.

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.

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

As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



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 purposes of our audit.

- a) 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
- b) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- d) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigation which would impact on its financial position as at March 31, 2023.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. The Report on directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of PNB CARDS & SERVICES LIMITED for the year 2022-23, issued by the office of the Comptroller and Auditor General of India under the provisions of Section 143(5) of the Companies Act, 2013 is attached as **Annexure C**.



For Agarwal Anil & Co.,
Chartered Accountants
FRN: 003222N

Dr. Anil Agrawal
Partner

Membership No: 082103

UDIN: 23082103BGXIDU3640

Place: New Delhi

Date: 21/06/2023

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF PNB CARDS & SERVICES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statement of the Company and taking into consideration the information and explanations given to us and the books of accounts 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) A. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
B. The Company does not have any intangible assets. Accordingly, the provisions of Clause 3(i)(a)(B) of the Order are not applicable.
- (b) The Property, Plant and Equipment 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.
- (d) The Company has not revalued any of its Property, Plant and Equipment during the year. Accordingly, the provisions of Clause 3(i)(d) of the Order are not applicable.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- (iii) The Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships (LLPs) or any other parties. Accordingly, the provisions of clause 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.
- (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) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the order is not applicable.
- (b) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender.
- (c) The Company has not taken any Long Term loans and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short term basis have prima facie not been used during the year for long term purposes by the Company.
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions of clause 3(x)(a) of the Order are not applicable.
- (b) During the year, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible). Accordingly, provisions of clause 3(x)(b) of the Order are not applicable.
- (xi) (a) No fraud by the Company or on the company has been noticed or reported during the period covered by our audit.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) The Company has not received any whistle-blower complaints during the year. Accordingly, the provision of clause 3(xi)(c) of the order is not applicable.
- (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) (a) The company does not required to have an internal audit system commensurate with the size and nature of its business. However in our opinion, it should be introduced for better internal/financial controls.
- (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) (a) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934. Hence, reporting under clause 3 (xvi)(a), (b) and (c) of the order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (xviii) The company's statutory auditors have not resigned at any point of time during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of Current assets and payment of Current liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exist as on the date of our Audit Report and the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) The company has not transferred unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act.
- (b) There is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, 3(xx)(b) of the Order is not applicable.



For Agarwal Anil & Co.,
Chartered Accountants
FRN: 003222N

Dr. Anil Agrawal
Partner

Membership No: 082103

UDIN: 230821038GXI DU3640

Place: New Delhi
Date: 21/06/2023

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
FINANCIAL STATEMENTS OF PNB CARDS & SERVICES LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of
the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of PNB Cards & Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial 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 its 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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 internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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.



For Agarwal Anil & Co.,
Chartered Accountants
FRN: 003222N

Dr. Anil Agrawal
Partner

Membership No: 082103

UDIN: 23082103B6XIDU3640

Place: New Delhi
Date: 21/06/2023

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS OF PNB CARDS & SERVICES LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023.

The Report on directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of **PNB CARDS & SERVICES LIMITED** for the year 2022-23, issued by the office of the Comptroller and Auditor General of India under the provisions of Section 143(5) of the Companies Act, 2013.

| S. No. | Description | Auditors Observation |
|--------|--|---|
| I. | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | As such company do not have a system in place to process all the accounting transactions through IT system. As per the information and explanation given to us and based on the verification of books of accounts, the company is maintaining its books of accounts in Accounting Software (Tally Prime) and all the transactions are entered in the System. |
| II. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company). | As per the information and explanation given to us and based on the verification of books of accounts, the company has neither availed any loan nor there is any case of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. |
| III. | Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. In addition, the auditor is required to comply with any additional Company / Sector specific directions issued under section 143(5) of the Companies Act, 2013 by the Field office entrusted with the supplementary audit of the Company. | As per the information and explanation given to us and based on the verification of books of accounts, the company has not received/receivable any grant/subsidy for any schemes from Central/State Government or its agencies |

For and on behalf of
Agarwal Anil & Co.
Chartered accountants
Firm's Registration Number 003222N
UDIN: 23082103BGXI DU3640



Dr. Anil Agrawal
Partner
M.No. 082103

Place: New Delhi
Date: 21/06/2023

Balance Sheet as at 31st, March 2023

Amount in ('000)

| Particulars | Note No. | As at 31.03.2023 | As at 31.03.2022 |
|---|----------|---------------------|---------------------|
| I EQUITY & LIABILITIES | | | |
| 1) Shareholder's Fund | | | |
| a) Share Capital | 3 | 1,50,000.00 | 1,50,000.00 |
| b) Reserve & Surplus | 4 | 13,415.75 | 1,329.44 |
| | | 1,63,415.75 | 1,51,329.44 |
| 2) Non Current Liabilities | | | |
| a) Long Term Borrowings | | | - |
| b) Deferred Tax Liabilities (Net) | | | - |
| c) Other Long Term Liabilities | | | - |
| d) Long Term Provisions | 5 | 22.82 | - |
| | | 22.82 | - |
| 3) Current Liabilities | | | |
| a) Short Term Borrowings | 6 | - | - |
| b) Trade Payables | 7 | - | - |
| A) total outstanding dues of micro enterprises and small enterprises; and | | - | - |
| B) total outstanding dues of creditors other than micro enterprises and small enterprise. | | - | 209.67 |
| b) Other Current Liabilities | 8 | 2,378.32 | 4,943.26 |
| c) Short Term Provision | 9 | 1,904.86 | - |
| | | 4,283.18 | 5,153.13 |
| Total | | 1,67,721.75 | 1,56,482.57 |
| II ASSETS | | | |
| 1) Non Current Assets | | | |
| a) Property Plant and equipment and Intangible Assets | | | |
| i) Property, Plant and Equipment | 10 | 2,681.13 | 1,262.50 |
| ii) Intangible Assets | | 13.85 | 15.47 |
| b) Deferred Tax Asset (Net) | 11 | 331.63 | 494.71 |
| c) Long Term Loans & Advances | 12 | - | - |
| d) Other Non-Current Assets | 13 | 219.00 | 219.00 |
| | | 3,245.61 | 1,991.68 |
| 2) Current Assets | | | |
| a) Trade Receivables | 14 | - | - |
| b) Cash & Cash Equivalents | 15 | 1,63,827.40 | 1,52,968.15 |
| c) Short Term Loans & Advances | 16 | 648.74 | 1,622.74 |
| d) Other Current Assets | | - | - |
| | | 1,64,476.14 | 1,54,490.89 |
| Total | | 1,67,721.75 | 1,56,482.57 |

See Accompanying notes to the Financial Statements

Eudhyas
Eudhyas
Chief Financial Officer

Ekta Parichu
Ekta Parichu
Company Secretary

Aditya
Aditya Nath Das
Managing Director & CEO

chaiti
Kalyan Kumar
Non Executive Chairman

As per our report of even date,
For M/s. Agarwal Anil & Co.,
Chartered Accountants
FRN: 003222N

Anil

Dr. Anil Agrawal
Partner
Membership No: 082103
Place: New Delhi
Date: **02 MAY 2023**
UDIN: **23082103 BG XIDD 1502**



PNB CARDS & SERVICES LIMITED

CIN: U74999DL2021PLC378579

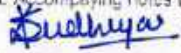
Reg. Office: Plot No.4, Dwarka Sector-10, New Delhi-110075
Corp. Office: 6th Floor, 7 Bhikaji Cama Place, New Delhi-110067

Profit & Loss Statement for the period ended 31st Mar, 2023

| Particulars | Note No. | Figures for the Current Reporting Period (In '000) | Figures for the Previous Reporting Period (In '000) |
|---|----------|--|---|
| | | From 01/04/2022 to 31/03/2023 | From 16/03/2021 to 31/03/2022 |
| I. Revenue from Operations | 17 | 47,121.52 | 26,068.18 |
| II. Other Income | 18 | 7,764.74 | 8,204.40 |
| III. Total Income | | 54,906.26 | 32,272.58 |
| IV. Expenses | | | |
| Employee Benefit Expenses | 19 | 34,658.99 | 21,153.27 |
| Finance Cost | 20 | - | - |
| Depreciation & Ammortization Expenses | 21 | 519.71 | 487.72 |
| Other Expenses | 22 | 10,170.34 | 6,655.66 |
| Total Expenses | | 45,349.04 | 30,477.65 |
| V. Profit Before Extraordinary & Exceptional items | | 9,557.22 | |
| VI. Exceptional Items (net off Tax) | 23 | 5,152.23 | |
| VII. Profit Before Extraordinary items and tax | | 14,709.45 | |
| VIII. Extraordinary Items | | - | |
| IX. Profit Before Tax | | 14,709.45 | 1,794.93 |
| X. Tax Expense: | 24 | | |
| i) Current Tax | | 2,391.18 | 957.05 |
| ii) Tax adjustment of earlier years | | 68.88 | - |
| iii) Deferred Tax Liability/(Asset) | | 163.08 | -494.71 |
| XI. Profit/(Loss) for the period from continuing operations | | 12,086.31 | 1,331.99 |
| XII. Profit/(Loss) for the period from discontinuing operations | | - | - |
| XIII. Tax expense of Discontinuing operation | | - | - |
| XIV. Profit/(Loss) for the period from discontinuing operations (after Tax) | | - | - |
| XV. Profit/(Loss) for the period | | 12,086.31 | 1,331.99 |
| XVI. Earning per Equity Share: | 25 | | |
| 1) Basic | | 0.81 | 0.09 |
| 2) Diluted | | 0.81 | 0.09 |
| Face value per equity Share (in Rs.) | | 10.00 | 10.00 |

* Profit before Tax is after Exceptional Item and tax thereon. Tax Expenses are excluding the Current Tax on Exceptional Items

See Accompanying notes to the Financial Statements


Sachin Ludhiyani
Chief Financial Officer


Aditya Nath Das
Managing Director & CEO

As per our report of even date.

For M/s. Agarwal Anil & Co.,
Chartered Accountants
FRN: 003222N



Dr. Anil Agrawal
Partner


Membership No: 082103

Place: New Delhi

Date:

UDIN: 23082103 BGXIDD1502




Ekta Pasricha
Company Secretary


Kalyan Kumar
Non Executive Chairman



PNB CARDS & SERVICES LIMITED

CIN: U74998DL2021PLC378579

Reg. Office: Plot No.4, Dwarka Sector-10, New Delhi-110075

Corp. Office: 6th Floor, 7 Bhikaji Cama Place, New Delhi-110067

Statement of Cash Flows for the period ended 31st March, 2023

| Particulars | Period Ended | |
|---|-----------------|-----------------|
| | March 31, 2023 | Mar 31, 2022 |
| A. Cash Flow from Operating Activities | | |
| Net Profit/(Loss) after Tax | 12,085 | 1,329 |
| Provision for Tax | 4,609 | 463 |
| (I) Net Profit/(Loss) before Tax | 16,695 | 1,792 |
| (II) Adjustments for: | | |
| Interest on Fixed Deposits & Sweep Deposit | -7,785 | -6,037 |
| Depreciation | 520 | 470 |
| Provision for expenses | 2,324 | 264 |
| Provision for Gratuity | 23 | - |
| Exceptional Item (Depreciation Adjustment) | -317 | - |
| Sub Total | -5,236 | -5,302 |
| Operating Profit/(Loss) before Working Capital Changes (I+II) | 11,459 | -3,510 |
| (III) Adjustment for net change in Working Capital: | | |
| Decrease/(Increase) in Current Asset | 1,354 | -1,338 |
| Increase/(Decrease) in Current Liability | -3,194 | 4,889 |
| Decrease/(Increase) in Non Current Assets | - | -219 |
| | -1,840 | 3,334 |
| Cash generated from Operations (I+II+III) | 9,620 | -176 |
| Direct Taxes paid (including Interest) | -4,626 | -1,145 |
| Net Cash Flow/(used in) operating activities (A) | 4,994 | -1,320 |
| B. Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | -1,619 | -1,748 |
| Sale of Fixed Assets | - | - |
| Interest Received on FDR | 7,785 | 6,037 |
| Net cash flow/(used in) investing activities (B) | 6,165 | 4,289 |
| C. Cash Flow from Financing Activities | | |
| Issue of Equity Shares | - | 1,50,000 |
| Net cash flow/(used in) financing activities (C) | - | 1,50,000 |
| Net change in Cash and Cash equivalents (A+B+C) | 10,859 | 1,52,968 |
| Cash and Cash equivalents as at beginning of the year | 1,52,968 | - |
| Cash and Cash equivalents as at end of the year | 1,63,827 | 1,52,968 |
| Note: | | |
| 1 Components of Cash and Cash equivalents: | | |
| Cash on Hand | - | - |
| Balance with Banks at: | | |
| In Current Accounts | 524 | 29,724 |
| In Savings A/c (Interest Account) | - | 40 |
| In Sweep Deposit Account | 15,055 | 2,320 |
| Other Bank Balances | | |
| Balance with Banks: | | |
| In Fixed deposit account with maturity less than 12 months (including interest account) | 1,47,248 | 1,20,804 |
| In Fixed deposit account with maturity more than 12 months | - | - |
| | 1,63,827 | 1,52,968 |
| 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, 2009 | | |

Sachin Ludhiyani

Sachin Ludhiyani
Chief Financial Officer

Aditya Nath Das

Aditya Nath Das
Managing Director & CEO

As per our report of even date,
For M/s. Agarwal Anil & Co.,
Chartered Accountants
FRN: 003222N

Dr. Anil Agrawal
Partner

Membership No: 082103

Place: New Delhi

Date:

UDIN: 23082103 BG XIDD 1502

02 MAY 2023



Extra Parichha

Extra Parichha
Company Secretary

Kalyan Kumar

Kalyan Kumar
Non Executive Chairman



Notes forming part of Financial Statements for the year ended March 31, 2023.

Note 1: General Information

A. Background

PNB Cards & Services Limited ("the Company") having CIN No. U74999DL2021PLC378579, has been incorporated on 16th March, 2021. The company is carrying on business of non-financial support services related to Credit Card business of Punjab National Bank. RBI vide its letter dated 13.01.2023 has conveyed approval for undertaking additional non-financial support services by the company which includes Sourcing, Marketing, Promoting, Publicising, Advertising, Soliciting, distributing deposits (Current and Saving Accounts etc.) and retail loan products (Housing Loan, Loan against property, Vehicle Loan, Education loan, Personal loan etc.) of Punjab National Bank.

B. Going Concern Assumption

The financial statement of the company is prepared on the assumption of going concern and will continue in operation for foreseeable future.

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 the 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 the Companies Act, 2013 to the extent applicable. All amounts are stated in Indian Rupees.

B. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

Future results could differ from these estimates.

Difference between the actual results and estimates is recognized in the period in which the results are known / materialized.

Any revision to the accounting estimates is recognized prospectively in the current and future periods unless otherwise stated.

C. Property, Plant & Equipment

- C.1 Property, Plant & Equipment are stated at historical cost less accumulated depreciation/amortization, wherever applicable.
- C.2 Software is capitalized and clubbed under Intangible assets.
- C.3 Cost includes cost of purchase and all expenditure such as site preparation, installation costs and professional fees incurred on the asset till the time of capitalization. Subsequent expenditure/s incurred on the assets are capitalized only when it increases the future benefits from such assets or their functioning capability.

D. Depreciation

- D.1 Depreciation on assets is provided on straight-line method based on useful life of the asset on pro rata basis.
- D.2 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 charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.



F. Revenue Recognition

- F.1 Revenue is recognized based on the nature of activity, when consideration can be reasonably measured and there exist a reasonable certainty of its recovery.
- F.2 Certain services are priced as per cost plus markup approach and the revenue is recognized considering the actual revenue expenses incurred during the invoice period.
- F.3 Interest income on Short Term Deposit/Fixed Deposits with the Bank is recognized on accrual basis.

G. Leases

Leases where the lessor effectively retains substantially all the risk 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 & Loss.

H. Taxes on Income

Tax expense comprise both current and deferred tax. The current tax and deferred tax are determined in accordance with the provisions of the Income Tax Act, 1961 and as per Accounting Standard 22 - Accounting for Taxes on Income respectively.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The impact of changes in deferred tax assets and liabilities is recognized in the profit and loss account. Deferred tax assets are recognized and re-assessed at each reporting date, based upon management's judgment as to whether their realization is considered as reasonably/virtually certain.

I. Employee Benefits or Terminal Dues

Company has commenced its operations with staff on deputation from the parent company, subsequently the company has recruited its own staff. In case of PNB employees on deputation, terminal dues etc. are payable and provided for by the PNB in its own books of accounts.

I.1 Gratuity

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

I.2 Leave Encashment

All confirmed employees are eligible for Privilege Leave of one day for every 11 days of service on duty provided that at the commencement of service no privilege leave may be availed of before completion of 11 months of service on duty. Maximum accumulation will be upto 180 days which can be encashed only at the time of separation.

J. Provision, Contingent Liability and Contingent Assets

- J.1 In conformity with AS 29, "Provisions, Contingent Liabilities and Contingent Assets", issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, and would result in a probable outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.
- J.2 Contingent Assets are not recognized in the financial statements.

K. Earnings per Share

- K.1 Basic Earnings per Share: In determining basic earnings 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 earnings 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.
- K.2 Diluted Earnings per Share: For the purpose of calculating diluted earnings per share, the net profit 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.

L. Prior Period Items

Income and Expense relating to prior period are disclosed separately in the Financial Statements subject to materiality.



PNB CARDS & SERVICES LIMITED

CIN: U74999DL2021PLC378579

Reg. Office: Plot No.4, Dwarka Sector-10, New Delhi-110075

Corp. Office: Corp. Office: 8th Floor, 7 Bhikaji Cama Place, New Delhi-110067

Notes forming Part of Financial Statements for the period ended March 31, 2023

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|---|---------------------|---------------------|
| | (Amount in '000) | (Amount in '000) |
| Note 3: Share Capital | | |
| <u>Authorized Capital</u> | | |
| 2,50,00,000 Equity shares of Rs.10/- each | 2,50,000.00 | 2,50,000.00 |
| <u>Issued, subscribed and Paid up</u> | | |
| 1,50,00,000 Equity shares of Rs.10/- each fully paid up | 1,50,000.00 | 1,50,000.00 |
| | 1,50,000.00 | 1,50,000.00 |

Shares held by Holding/Ultimate Holding Company and/or their Subsidiaries/Associates

| Name of Shareholder | As at 31.03.2023 | As at 31.03.2022 |
|---|---------------------|---------------------|
| | (Amount in '000) | (Amount in '000) |
| 1) Punjab National Bank, the holding Company and its nominees | | |
| - No. of Shares | 1,50,00,000 | 1,50,00,000 |
| - % of total shareholdings | 100% | 100% |

Details of shareholders holding more than 5% shares

| Name of Shareholder | As at 31.03.2023 | As at 31.03.2022 |
|---|---------------------|---------------------|
| | (Amount in '000) | (Amount in '000) |
| 1) Punjab National Bank, the holding Company and its nominees | | |
| - No. of Shares | 1,50,00,000 | 1,50,00,000 |
| - % of total shareholdings | 100% | 100% |

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

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|------------------------------------|---------------------|---------------------|
| | (Amount in '000) | (Amount in '000) |
| At the beginning of the year | 1,50,00,000 | - |
| Add: Issued during the year | - | 1,50,00,000 |
| Outstanding at the end of the year | 1,50,00,000 | 1,50,00,000 |



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.

Disclosure of Shareholding of promoters

| Current Reporting Period as at 31.03.2023 | | | | |
|---|----------------------|---------------|-------------------|--------------------------|
| Shares held by promoters at the end of the year | | | | % change during the year |
| S.No | Promoter Name | No. of Shares | % of total Shares | |
| 1 | Punjab National Bank | 1,50,00,000 | 100% | N.A. |

| Previous Reporting Period as of 31.03.2022 | | | | |
|---|----------------------|---------------|-------------------|--------------------------|
| Shares held by promoters at the end of the year | | | | % change during the year |
| S.No | Promoter Name | No. of Shares | % of total Shares | |
| 1 | Punjab National Bank | 1,50,00,000 | 100% | N.A. |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---------------------------------------|---|---|
| Note 4: Reserve & Surplus | | |
| Surplus in statement of Profit & Loss | | |
| Opening Balance | 1,329.44 | |
| Add: Profit for the period | 12,086.31 | 1,329.44 |
| | 13,415.75 | 1,329.44 |
| Less: | | |
| Appropriations | - | |
| - Dividend declared of previous year | - | |
| - Tax on Dividend | - | |
| Closing Balance | 13,415.75 | 1,329.44 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---|---|---|
| Note 5: Long Term Provisions | | |
| <u>Provisions for Employee Benefits</u> | | |
| Gratuity | | |
| As per last year | - | |
| Less: Paid during the year | - | |
| Add: Provision made during the year | 22.82 | |
| Closing Balance | 22.82 | |
| Leave Encashment | | |
| As per last year | - | |
| Less: Paid during the year | - | |
| Add: Provision made during the year | - | |
| Closing Balance | 22.82 | - |



| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|-------------------------------|---|---|
| Note 6: Short Term Borrowings | - | - |
| | - | - |

Note 7: Trade Payables

(Amount in '000)

| Current Reporting Period as at 31.03.2023 | | | | | |
|---|--|----------|----------|------------------|-------|
| Particulars | Outstanding for following periods from due date of payment | | | | Total |
| | Less than 1 year | 1-2 year | 2-3 year | More than 3 year | |
| i. MSME | - | - | - | - | - |
| ii. Others | - | - | - | - | - |
| iii. Disputed Dues | - | - | - | - | - |
| MSME | - | - | - | - | - |
| Others | - | - | - | - | - |
| | - | - | - | - | - |

(Amount in '000)

| Previous Reporting Period as of 31.03.2022 | | | | | |
|--|--|----------|----------|------------------|--------|
| Particulars | Outstanding for following periods from due date of payment | | | | Total |
| | Less than 1 year | 1-2 year | 2-3 year | More than 3 year | |
| i. MSME | - | - | - | - | - |
| ii. Others | 209.87 | - | - | - | 209.87 |
| iii. Disputed Dues | - | - | - | - | - |
| MSME | - | - | - | - | - |
| Others | - | - | - | - | - |
| | - | - | - | - | 209.87 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---|---|---|
| Note 8: Other Current Liabilities | | |
| Duties & Taxes | - | 4,622.00 |
| Employees Additional Rent | 2.50 | 5.00 |
| Expenses Payables | 1,157.34 | 254.10 |
| Provision for Wage Revision of PNB deputees | 1,166.32 | - |
| Retention Money | 52.16 | 52.16 |
| | 2,378.32 | 4,943.26 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|-------------------------------|---|---|
| Note 9: Short Term Provisions | | |
| GST Payable | 1,836.35 | - |
| TDS(GST) payable | 20.60 | - |
| TDS Payable | 47.91 | - |
| | 1,904.86 | - |



PNB CARDS & SERVICES LIMITED

CIN: U74999DL2021PLC378579

Reg. Office: Plot No.4, Dwarka Sector-10, New Delhi-110075
Corp. Office: 6th Floor, 7 Bhikaji Cama Place, New Delhi-110067

PROPERTY, PLANT AND EQUIPMENT AS ON 31.03.2023

Note No. 10 -PLANT PROPERTY AND EQUIPMENT

I. Tangible Assets

(Amt in '000)

| S.No. | Particular | GROSS BLOCK | | | | DEPRECIATION | | | | As on 31.03.2023 | As on 31.03.2022 |
|-------|-----------------------------------|---------------------|---------------------------------|---------------------------------------|---------------------------|--------------------|---|--|------------------------------|---------------------|---------------------|
| | | As on 01.04.2022 | Additions During the year | Deductio n during the period | Total as on 31.03.2023 | Upto 31.03.2022 | Depreciat on charge for the period | Adjustme nts for prior period | Total As on 31.03.2023 | | |
| a) | Computers, Laptop & Printers | 1,152.05 | 413.95 | - | 1,566.00 | 450.50 | 385.93 | -300.33 | 536.10 | 1,029.90 | 701.55 |
| b) | Office Equipments | 25.60 | 13.00 | - | 38.60 | 4.27 | 5.84 | -3.42 | 6.69 | 31.91 | 21.33 |
| c) | Leasehold Improvements* | 552.56 | - | - | 552.56 | 12.94 | 39.69 | -11.65 | 40.98 | 511.58 | 539.62 |
| d) | Furnitures & Fixtures | - | 72.56 | - | 72.56 | - | 0.09 | - | 0.09 | 72.47 | - |
| e) | Vehicles | - | 1,119.79 | - | 1,119.79 | - | 84.52 | - | 84.52 | 1,035.27 | - |
| | Total | 1,730.21 | 1,619.30 | - | 3,349.51 | 467.71 | 516.07 | -315.40 | 668.38 | 2,681.13 | 1,262.50 |
| | Previous Year (31.03.2022) | - | 1,730.21 | - | 1,730.21 | - | 467.72 | - | 467.72 | 1,262.50 | - |

II. Intangible Assets

(Amt in '000)

| S.No. | Particular | GROSS BLOCK | | | | DEPRECIATION | | | | As on 31.03.2023 | As on 31.03.2022 |
|-------|-----------------------------------|---------------------|---------------------------------|---------------------------------------|---------------------------|--------------------|---|--|------------------------------|---------------------|---------------------|
| | | As on 01.04.2022 | Additions During the year | Deductio n during the period | Total as on 31.03.2023 | Upto 31.03.2022 | Depreciat on charge for the period | Adjustme nts for prior period | Total As on 31.03.2023 | | |
| a) | Softwares | 18.00 | - | - | 18.00 | 2.53 | 3.64 | -2.02 | 4.15 | 13.85 | 15.47 |
| | Total | 18.00 | - | - | 18.00 | 2.53 | 3.64 | -2.02 | 4.15 | 13.85 | 15.47 |
| | Previous Year (31.03.2022) | - | 18.00 | - | 18.00 | - | 2.53 | - | 2.53 | 15.47 | - |

Note: Leasehold improvements has been ceased to use w.e.f. 01.01.2023, Depreciation till 31.12.2023 has been charged on the same.
The company has already received the expression from the lessor to purchase the Leasehold improvement at Book Value.



| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|--|---|---|
| Note 11: Deferred Tax Asset (Net) | | |
| Deferred Tax Asset/(Liability) | | |
| - Pre Incorporation Expense | 406.89 | 507.03 |
| - Employee Benefit Expenses | 6.35 | - |
| - Depreciation | -81.61 | -12.32 |
| | 331.63 | 494.71 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|--|---|---|
| Note 12: Long Term Loans & Advances | | |
| | - | - |
| | - | - |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---|---|---|
| Note 13: Other Non Current Assets | | |
| ii) Security Deposit for Rental Accomodation of Employees | | |
| Unsecured, considered good | 219.00 | 219.00 |
| | 219.00 | 219.00 |

Note 14: Trade Receivables

(Amount in '000)

| Current Reporting Period as at 31.03.2023 | | | | | | |
|---|--|------------------|-----------|-----------|-------------------|-------|
| Particulars | Outstanding for following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| i. Undisputed Trade Receivables- considered Good | - | - | - | - | - | - |
| ii. Undisputed Trade Receivables- considered Doubtful | - | - | - | - | - | - |
| iii. Disputed Trade Receivables- considered Good | - | - | - | - | - | - |
| iv. Disputed Trade Receivables- considered Doubtful | - | - | - | - | - | - |
| | | | | | | - |



(Amount in '000)

| Previous Reporting Period as of 31.03.2022 | | | | | | |
|---|--|------------------|-----------|-----------|-------------------|-------|
| Particulars | Outstanding for following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months- 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| i. Undisputed Trade Receivables- considered Good | - | - | - | - | - | - |
| ii. Undisputed Trade Receivables- considered Doubtful | - | - | - | - | - | - |
| iii. Disputed Trade Receivables- considered Good | - | - | - | - | - | - |
| iv. Disputed Trade Receivables- considered Doubtful | - | - | - | - | - | - |
| | | | | | | - |

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|--|---------------------|---------------------|
| | (Amount in '000) | (Amount in '000) |
| Note 15: Cash & Bank Balances | | |
| a) Cash & Cash equivalents | | |
| Balance with Banks | | |
| In Current Accounts | 524.04 | 29,723.73 |
| In Suvidha Card (Imprest Account) | - | 40.28 |
| In Sweep Deposit Account | 16,055.00 | 2,320.11 |
| b) Other Bank Balances | | |
| Balance with Banks | | |
| In Fixed deposit account with maturity less than 12 month (including interest accrued) | 1,47,248.36 | 1,20,884.03 |
| In Fixed deposit account with maturity more than 12 month | - | - |
| | 1,63,827.40 | 1,52,968.15 |



| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---|---|---|
| Note 16: Short Term Loans & Advances | | |
| A. Unsecured considered good | | |
| Balances with Statutory / Government Authorities: | | |
| Input Tax Credit of GST | 10.94 | 1,330.21 |
| Income Tax Refund FY 2021-22 | - | 186.94 |
| Advance Tax and TDS receivable (Net of provision) | 479.86 | - |
| Prepaid Expenses | 157.94 | 5.59 |
| | 648.74 | 1,522.74 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|--|---|---|
| Note 17: Revenue from Operations | | |
| Customer Acquisition- Business Support Service | 47,121.52 | 26,068.18 |
| | 47,121.52 | 26,068.18 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|------------------------------|---|---|
| Note 18: Other Income | | |
| Interest on Fixed Deposit | 7,071.48 | 6,036.88 |
| Interest on Sweep Deposit | 708.54 | 167.72 |
| Interest on IT Refund | 4.72 | - |
| | 7,784.74 | 6,204.40 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---|---|---|
| Note 19: Employee Benefit Expenses | | |
| Salary Allowances and other Benefits | 29,456.34 | 17,515.15 |
| Contribution to Statutory and other funds | 1,991.09 | 1,435.12 |
| Lease Rent for Residential Accommodation | 3,209.56 | 2,103.00 |
| | 34,656.99 | 21,153.27 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|------------------------------|---|---|
| Note 20: Finance Cost | - | - |
| | - | - |



| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|--|---|---|
| Note 21: Depreciation & Ammortization | | |
| Depreciation on Tangible Assets | 516.07 | 487.72 |
| Amortisation on Intangible Assets | 3.64 | 0 |
| | 519.71 | 487.72 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---|---|---|
| Note 22: Other Expenses | | |
| Auditors Remuneration | 225.00 | 225.00 |
| Bank Charges | 0.62 | 0.40 |
| Brokerage | 26.00 | 59.00 |
| Bulk SMS Charges | 483.44 | 9.92 |
| Business Promotion Exp | - | 20.78 |
| Cleansing Expense | 57.13 | 51.80 |
| Consultancy Charges | 106.00 | |
| Conveyance, Tour & Travel | 1,916.84 | 1,848.53 |
| Developer Registration Fee | 1.94 | |
| Digital Onboarding Application Charges | 366.20 | 972.20 |
| Domain Registration Charges | 3.55 | 28.13 |
| Electricity Expenses | 211.04 | 59.26 |
| Entertainment Expenses | 185.70 | 155.45 |
| Incorporation Expenses | - | 2,437.66 |
| Interest on Late payment of TDS | 0.39 | |
| Legal & Professional Expense | 47.96 | 67.27 |
| Maintenance of Leasehold Premises | 361.58 | 189.41 |
| Marketing Expenses | 462.29 | |
| Miscellaneous Expense | 0.01 | 0.15 |
| Newspaper & Periodicals | 87.20 | 59.40 |
| Office Expenses | 250.48 | 52.59 |
| Postage, Telephone & Internet | 239.50 | 151.54 |
| Printing & Stationary | 85.93 | 37.68 |
| Procurement Expenses | 24.03 | |
| Recruitment Expenses | 57.60 | 51.84 |
| Remuneration to Outsourced Staff | 1,113.89 | |
| Rent | 2,017.74 | 691.04 |
| Repair & Maintenance | 73.99 | 2.39 |
| Retainership Fee-CS | 336.00 | 338.00 |
| ROC Fee | 11.30 | 12.60 |
| Royalty Fee paid to PNB | 64.55 | |
| Sitting Fee (Director) | 340.00 | 240.00 |
| Stamp Duty on Share Issue | 150.00 | |
| Subscription of Software/Digital Certificates | 36.06 | 762.60 |
| Trade Mark Fee | - | 54.00 |
| Training Expenses | 57.32 | |
| Travelling Expenses | 789.06 | 240.02 |
| | 10,170.34 | 8,856.60 |



| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|--|---|---|
| Note 23: Extraordinary and Exceptional items | | |
| Customer Acquisition- Business Support Service (Income for FY 2021-22) | 6,820.61 | - |
| Depreciation Adjustment (Expense Adjustment for FY 2021-22) | 317.42 | - |
| Tax on above items | -1,985.80 | - |
| | 5,152.23 | - |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|---|---|---|
| Note 24: Current Tax | | |
| Provision for Income Tax for Current Year | 2,391.18 | 957.65 |
| | 2,391.18 | 957.65 |

| Particulars | As at 31.03.2023 (Amount in '000) | As at 31.03.2022 (Amount in '000) |
|--|---|---|
| Note 25: Earnings per Share (EPS) | | |
| Net Profit/(Loss) as per Profit & Loss statement | 12,088.31 | 1,331.99 |
| Number of equity shares at the beginning of the year | 1,50,00,000 | 0 |
| Number of equity shares issued during the period | - | 1,50,00,000 |
| Total number of equity shares outstanding at the end of the period | 1,50,00,000 | 1,50,00,000 |
| Weighted average number of equity shares outstanding during the period | 1,50,00,000 | 14712329 |
| Nominal Value of Shares | 10.00 | 10.00 |
| Basic & Diluted Earning per Share | 0.81 | 0.09 |



Note 25: Financial Ratios

(Amount in '000)

| | Particulars | Numerator | Denominator | Ratio for 2022-23 | Ratio for 2021-22 | % Variance | Reason for Variance |
|----|--|----------------|-------------|-------------------|-------------------|------------|---|
| a) | Current Ratio (Current Asset/Current Liability) | 1,84,476.14 | 4,283.18 | 38.40 | 29.98 | 28% | Current Ratio has been increased due to increase in Cash & Cash Equivalents held by the Company. Company is maintaining its investments in Bank FDR and the Cash profit earned during the year has increased the balance in Cash Equivalents. |
| b) | Debt - Equity Ratio = Total Debt/ Shareholder's Equity | Not Applicable | | | | | |
| c) | Debt Service Coverage Ratio = Earnings available for debt service / Debt Service | Not Applicable | | | | | |
| d) | Return on Equity = Net Profits after taxes - Preference Dividend (if any) / Average Shareholder's Equity | 12,065.31 | 157372.595 | 0.08 | 0.01 | 868% | Return on Equity has been increased due to rise in Net Profit of the Company and inclusion of Extraordinary items in the Profits. |
| e) | Inventory Turnover ratio = Cost of goods sold OR sales/ Average Inventory | Not Applicable | | | | | |
| f) | Trade receivables turnover ratio = Net Credit Sales / Average Accounts Receivable | Not Applicable | | | | | |
| g) | Trade payables turnover ratio = Net Credit Purchases / Average Trade Payables | Not Applicable | | | | | |
| h) | Net capital turnover ratio = Net Sales/ Average Working Capital | 47,121.52 | 154755.35 | 0.30 | 0.17 | 79% | The Net Sales of the Company has been increased as a result the net capital turnover ratio has been increased. |
| i) | Net Profit Ratio = Net Profit / Net Sales | 12,065.31 | 47,121.52 | 0.26 | 0.05 | 413% | The Net Profit Ratio of the Company has been increased due to increase in Net Profit of the Company and inclusion of Extraordinary items in the Profits. |
| j) | Return on capital employed = Earning before interest and taxes / Capital Employed | 14,709.45 | 1,63,415.75 | 0.09 | 0.01 | 800% | The Earnings of the Company has been increased due to increase in Net Profit of the Company and inclusion of Extraordinary items in the Profits. |
| k) | Return on investment | Not Applicable | | | | | |



Notes forming part of financial statements for the year ended March 31, 2023

Note 27: The Financial Year 2021-22 wherever mention shall refer to the period commencing from 16.03.2021 to 31.03.2022.

Note 28: Breakup of remuneration paid to the Statutory Auditors of the Company:

| Particulars | 2022-23 (Amount in '000) | 2021-22 (Amount in '000) |
|---|-----------------------------|-----------------------------|
| Statutory Audit under Companies Act | 125.00 | 125.00 |
| Tax Audit under Income Tax Act | 40.00 | 40.00 |
| Quarterly Limited Review of Financial Statement | 60.00 | 60.00 |
| Total | 225.00 | 225.00 |

Note 29: Corporate Social Responsibility

Company is not required to spend on CSR activity during the FY 2022-23 (FY 2021-22-Rs. Nil) since average net profit of last 3 financial years is less than Rs. 5.00 Crore and company is not falling in any of the criteria set out in sub section (1) of Section 135 of Companies Act, 2013.

Note 30: Dividend

The Company has not recommended any dividend during the FY 2022-23 (FY 2021-22- Rs. Nil) as presently the Board has decided to plough back its profits for future diversification of business.

Note 31: Leases

The Company has taken Office Premises on operating lease from the Parent Bank. The terms are renewable on such terms and conditions as may be mutually agreed upon between the parties.

| Particulars | 2022-23 (Amount in '000) | 2021-22 (Amount in '000) |
|--|-----------------------------|-----------------------------|
| (a) Lease payments for the year | 2017.74 | 691.04 |
| Minimum Lease payments: | | |
| (b) Not later than one year | 1520.00 | 1896.72 |
| (c) Later than one year but not later than five year | Nil | Nil |
| (d) Later than five year | Nil | Nil |

Note 32: Employee Benefit Obligations

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

- A. **Defined Contribution Plans-** Contribution to defined contribution plans recognized as "Employee Benefit Expenses" for the year are as under:

| Particulars | 2022-23 (Amount in '000) | 2021-22 (Amount in '000) |
|------------------------------------|-----------------------------|-----------------------------|
| (a) Contribution to Provident Fund | 46.50 | Nil |

- B. **Defined Benefit Plans (Gratuity & Leave Encashment)-** Presently there are only 2 employees on the payroll, the company and the company is voluntarily contributing to the Gratuity Fund. As such, the provision for gratuity has been made on best estimation basis considering the following assumptions.

There was no accrual of Leaves as on the reporting date. As such, no provision has been provided for leave encashment during the FY 2022-23.



Disclosures as per Accounting Standard on Employee Benefit (AS-15) are as follows:

a. Net Employee Benefit Expenses recognized in the Employee Cost (Amount in '000)

| Particulars | Gratuity | | Leave Encashment | |
|--|----------|---------|------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| 1. Current Service Cost | 22.82 | - | - | - |
| 2. Interest Cost on Benefit Obligation | - | - | - | - |
| 3. Expected Return on Plan Asset | N.A. | - | - | - |
| 4. Actuarial Gain/(Loss) | N.A. | - | - | - |
| 5. Net Benefit Expenses | 22.82 | - | - | - |

b. Net Liability as shown in Balance Sheet Date

| Particulars | Gratuity | | Leave Encashment | |
|--|----------|---------|------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| 1. Present Value of Defined Benefit Obligation | 22.82 | - | - | - |
| 2. Fair Value of Plan Assets | - | - | - | - |
| 3. Net Liability/(Asset) recognized in the Balance Sheet | 22.82 | - | - | - |

c. Net Liability as shown in the Balance Sheet date under "Short Term/ Long Term Provisions".

| Particulars | Gratuity | | Leave Encashment | |
|--|----------|---------|------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| 1. Opening present value of Defined Benefit Plan | - | - | - | - |
| -Current | - | - | - | - |
| -Non Current | - | - | - | - |
| 2. Interest Cost | - | - | - | - |
| 3. Current Service Cost | 22.82 | - | - | - |
| 4. Actuarial (Gains)/Losses on obligation | - | - | - | - |
| 5. Benefit paid | - | - | - | - |
| 6. Closing Defined Benefit Plan | 22.82 | - | - | - |
| -Current | 22.82 | - | - | - |
| -Non Current | - | - | - | - |

d. Changes in Fair Value and Plan Assets

| Particulars | Gratuity | | Leave Encashment | |
|---|----------|---------|------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| 1. Opening fair value of Planned Asset | - | - | - | - |
| 2. Expected Return | - | - | - | - |
| 3. Contribution made by employer | - | - | - | - |
| 4. Actuarial (Gains)/Losses on obligation | - | - | - | - |
| 5. Benefit paid | - | - | - | - |
| 6. Closing fair value of Planned Asset | - | - | - | - |



e. Actuarial Assumptions

| Particulars | Gratuity | | Leave Encashment | |
|--|----------|---------|------------------|---------|
| | 2022-23 | 2021-22 | 2022-23 | 2021-22 |
| 1. Interest and Discount Rate | 8% | - | - | - |
| 2. Estimated Rate of Return on planned asset | N.A. | - | - | - |
| 3. Attrition Rate | N.A. | - | - | - |
| 4. Retirement Age | 60 | - | - | - |
| 5. Salary Cost increase rate | 5% | - | - | - |

Note 33: Related Party Disclosure

Disclosure as required by Para 20 of Accounting Standard 18 "Related Parties" of the Companies (Accounting Standard) Rules, 2006.

a. Related Parties and description of relationship with whom the Company had transactions

| Name of Related Party | Relationship |
|-----------------------|---|
| Punjab National Bank | Entity/Personnel who can exercise significant influence (Holding Company) |
| Shri Aditya Nath Das | Key Management Personnel (MD & CEO) |
| Shri Vijay Jasuja | Key Management Personnel (Non-Executive Director) |
| Shri Sachin Ludhiyani | Key Management Personnel (CFO) |
| Smt Saraswati Devi | Relative of Key Management Personnel (MD & CEO) |

b. Transactions with related parties:

| Nature of Transaction | 2022-23 | 2021-22 |
|---|------------------|------------------|
| | (Amount in '000) | (Amount in '000) |
| Key Managerial Personnel | | |
| - Remuneration to MD & CEO (Shri Aditya Nath Das) | 2757.35 | 2455.49 |
| - Remuneration to Chief Financial Officer (Shri Sachin Ludhiyani) | 1849.80 | 1709.52 |
| - Sitting Fees to Director (Shri Vijay Jasuja) | 340.00 | 240.00 |
| - Parental Lease payment to relative of KMP (Smt. Saraswati Devi) | 300.00 | 275.00 |

Punjab National Bank, Parent Bank/Holding Company

(a) Expenditure

| | | |
|----------------------------------|---------|---------|
| - Reimbursement of expenses paid | Nil | 2414.60 |
| - Bank Charges | 0.62 | 0.40 |
| - Office Rent | 2017.74 | 691.04 |

(b) Income

| | | |
|--|----------|----------|
| - Customer Acquisition- Business Support Service (Excluding GST) | 53942.13 | 26068.17 |
| - Reimbursement of expenses received | Nil | 353.10 |
| - Interest Received | 7780.02 | 6204.40 |



c. Balances with related parties

| Particulars | Recoverable / (Payable) as at | |
|---|-------------------------------|------------------|
| | 31.03.2023 | 31.03.2022 |
| | (Amount in '000) | (Amount in '000) |
| Punjab National Bank, Parent Bank/Holding Company | | |
| (a) Receivable | | |
| - Fixed Deposits | 147248.36 | 120884.03 |
| - Current Accounts including Prepaid Card & Sweep Deposit | 16579.03 | 32084.20 |
| - Trade Receivable | Nil | Nil |
| - Sundry Receivable | Nil | Nil |
| (b) Payables | | |
| Rent Payable | Nil | Nil |

- d. MD & CEO and CFO of the company- the Key Management Personnel are on deputation from Parent Bank and remuneration of the Key Management Personnel on deputation from PNB is in accordance with the service rules of the parent Bank which has been charged as expenditure in the books of the Company.

Note 34: Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act):

| S.No. | Particulars | As at | As at |
|-------|---|--------------------------------|--------------------------------|
| | | 31.03.2023 (Amount in '000) | 31.03.2022 (Amount in '000) |
| (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.

Note 35: Current Assets

The value of current assets, loans and advances other than those stated otherwise, if realised in the ordinary course of business, shall atleast be equal to 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: Segment Reporting

The company is engaged in Support Services related to Credit Card business and has only domestic operations. Accordingly, the company has only one reportable business and geographical segment. Hence the financial statement are reflective of the information required by Accounting Standard 17 as prescribed in Company (Accounting Standard) Rules, 2006.

Note 38: Contingent Liabilities & Capital Commitments

| Particulars | As at 31.03.2023 | As at 31.03.2022 |
|------------------------|------------------|------------------|
| | (Amount in '000) | (Amount in '000) |
| Contingent Liabilities | Nil | Nil |
| Capital Commitments | Nil | Nil |
| Total | Nil | Nil |

Note 39: Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto Currency or Virtual Currency during the FY 2022-23 (FY-2021-22- Rs. Nil).

Note 40: Additional Regulatory Information

- The company has not borrowed or lend any amount during the FY 2022-23 (FY 2021-22- Rs. Nil)
- During the FY 2022-23, No Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person.
- No proceedings have been initiated or pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.
- The Company has neither borrowed any money from any bank or financial institutions nor it has been declared as wilful defaulter by any bank or financial institution.
- Registration or satisfaction of charges is not pending to be registered with Registrar of Companies beyond the statutory period.
- The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

Note 41: During the reporting period C&AG has conducted the supplementary Audit of Books of Accounts of the Company for the FY 2021-22, wherein observation has been made about the overstatement of Depreciation by Rs. 3.14 lakh. As such, the same has been rectified during the first quarter and reported under Exceptional Item.

Note 42: Pending settlement of the Bipartite agreement on wage revision (due from November 1, 2022), an amount of Rs. 11.66 lakh has been provided during the FY 2022-23 (FY 2021-22- Rs. Nil) towards wage revision of employees deputed from PNB.

Note 43: During the reporting period, Company has received a communication from Punjab National Bank (CC & MAB Division) to charge all the revenue expenditure (including depreciation on capex) with a markup of 10%. However, the invoice for FY 2021-22 has been raised after netting off the interest income received by the company. As such, the balance adjustment of Rs. 68.20 lakh for the previous year i.e. upto 31.03.2022 has also been booked in the current period and reported under Exceptional Item.

Note 44: Board in its meeting dated 30.09.2022, accorded in-principle approval for diversification of business by undertaking additional activities, in addition to existing credit card business subject to approval from RBI.

RBI vide its letter dated 13.01.2023 has conveyed approval to the Bank for undertaking additional non-financial support services by PNB Cards & Services Limited (PNBCSL). RBI approval contains non-financial support services i.e. Sourcing, Marketing, Promoting, Publicising, Advertising, Soliciting, distributing deposits (Current and Saving Accounts etc.) and retail loan products (Housing Loan, Loan against property, Vehicle Loan, Education loan, Personal loan etc. by the Company.

Note: 45: The figures for the corresponding previous year have been regrouped / reclassified wherever necessary, to make them comparable.

