



INDEPENDENT AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Druk PNB Bank Ltd as at **31st March, 2020** and Profit & Loss account for the year ended on that date in which we incorporated transactions of Thimphu, Phuentsholing, Wangdue, Gelephu, Paro, Dangdung(Trongsa) and Samtse Branches. We have also examined the cash flow annexed to the Balance Sheet for the year on that date. The financial statements are the responsibility of the Bank management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement(s). An audit includes examining on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation.
3. We report that:
 - (i) The Balance Sheet read with the significant Accounting Policies and the notes thereon is a full and fair Balance Sheet containing all necessary particulars and is properly drawn up on so as to exhibit a true and fair view of the affairs of the bank as at 31st March, 2020.
 - (ii) The Profit & Loss account read with the significant Accounting Policies and the notes thereon shows a true and fair view of the affairs of the bank as at 31st March, 2020 and
 - (iii) The Cash Flow statement gives a true and fair view of the cash flow for the period ended 31st March, 2020



4. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.
5. The transactions of the bank, which have come to our notice, have been within the powers of the Bank.
6. The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

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



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



Date:

Place: Thimphu , Bhutan

DRUK PNB BANK Ltd., CORPORATE OFFICE , THIMPHU			
SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-		Druk PNB Ltd	
SCHEDULE 1 - CAPITAL			
(Rs In Thousand)			
		As on 31.03.2020	As on 31.03.2019
11	Authorised Capital	1,000,000.00	1,000,000.00
14	Issued & Subscribed	700,000.00	700,000.00
16	Paid up	700,000.00	700,000.00
21	TOTAL	700,000.00	700,000.00
SCHEDULE 2 - RESERVES & SURPLUS			
I. Statutory Reserve			
29	Opening Balance		
30	Addition during the year	889,973.00	700,904.00
31	Add/(Less) : Adjustment during the year	181,869.00	189,069.00
32		1,071,842.00	889,973.00
II. Capital Reserve			
a). Revaluation Reserve			
35	Opening Balance		
36	Addition during the year		
37	Deduction during the year		
38	(being Depreciation on revalued portion of Property)		
39	Add/(Less) : Adjustment during the year		
40	Total		
b. Others			
41	Opening Balance		
42	Addition during the year		
43	Total		
44	Total (a+b)		
45	IIA.Capital Reserve on consolidation		
46	IIB.Capital Reserve on consolidation (Goodwill)		
47	Total (II A +IIB)		



SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-		Druk PNB Ltd	
		(Rs in Thousand)	
III. Revenue and Other Reserve		As on 31.03.2020	As on 31.03.2019
a. Investment Fluctuation Reserve			
Opening Balance			
Addition during the year			
Less: Trf to P & L Account			
b. Other Reserve			
Opening Balance			
Addition during the year			
Less: Transferred to Special Reserve			
Less: Adjustment related to Prior years			
Less: Transitory Liability (AS-15)			
Less: Payment for interblocked accounts			
Add/(Less) : Adjustment during the year			
c. Exchange Fluctuation Reserve			
Opening Balance			
Add: Addition during the year (Net)		14,544.00	11,049.00
Less: Withdrawn during the year (Net)		2,993.00	3,495.00
Add/(Less) : Adjustment during the year			
Total		17,537.00	14,544.00
IV. Share Premium			
Opening Balance		153,151.00	28,151.00
Addition during the year			125,000.00
Add/(Less) : Adjustment during the year			
Total		153,151.00	153,151.00
V. Special Reserve			
Opening Balance			
Addition during the year			
Add Transfer from other reserve			
Add/(Less) : Adjustment during the year			
Total			
VI. Foreign Currency Translation Reserve			
Opening Balance			
Addition during the year			
Deduction during the year			
Total			
VII. Balance in Profit & Loss Account			
Total I,II,III,IV,V,VI, VII		1,242,530.00	1,057,668.00
Schedule 2A - Minority Interest			
Minority Interest at the date on which the parent subsidiary relationship came into existence			
Subsequent increase			
Minority Interest at the date of balance sheet			



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SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-	Druk PNB Ltd		
(' Rs in Thousand)			
		As on 31.03.2020	As on 31.03.2019
SCHEDULE 3 - DEPOSITS			
A. I DEMAND DEPOSITS			
(i) From Banks		73,989.00	53,317.00
(ii) From Others		982,123.00	1,331,159.00
		1,036,112.00	1,384,476.00
II SAVINGS BANK DEPOSITS			
		3,642,914.00	3,559,364.00
III TERM DEPOSITS			
(i) From Banks		2,626,230.00	1,265,828.00
(ii) From Others		6,811,605.00	6,060,833.00
		9,437,835.00	7,326,661.00
TOTAL of I, II, III		14,116,861.00	12,270,501.00
B. (i) Deposits of branches in Bhutan		14,116,861.00	12,270,501.00
(ii) Deposits of branches outside India			
TOTAL of i, ii		14,116,861.00	12,270,501.00
SCHEDULE 4 - BORROWINGS			
I. Borrowings in India			
(i) Reserve Bank of India			
(ii) Other Banks			
(iii) Other Institutions and Agencies			
(iv) Unsecured redeemable Bonds			
a) Tier-1 Bonds (Perpetual Debt Instruments)			
b) Upper Tier II Bonds			
c) Subordinated Debts for Tier II Capital		150,000.00	150,000.00
II. Borrowings Outside India			
TOTAL of I, II		150,000.00	150,000.00
Secured Borrowings included in I & II above			
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
I. Bills payable			
		108,694.00	121,584.00
II. Inter-office adjustments (net)			
		16,132.00	31,886.00
III. Interest accrued			
		275,831.00	223,809.00
IV. Defferd Tax Liability			
V. Others (including Provisions)			
		484,280.00	510,784.00
TOTAL OF I, II, III, IV		884,937.00	888,163.00



SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-		Druk PNB Ltd	
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA			
(' Rs in Thousand)			
		As on 31.03.2020	As on 31.03.2019
I. Cash in hand (including Foreign Currency Notes)		138,890.00	103,430.00
II. Balance with Reserve Bank of India			
(i) In Current account		1,895,939.00	1,963,425.00
(ii) In Other Accounts		1,895,939.00	1,963,425.00
TOTAL Of I, II		2,034,829.00	2,066,855.00
SCHEDULE 7- BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE			
I. In Bhutan			
(i) Balance with Banks:			
(a) In Current accounts		32,872.00	76,588.00
(b) In Other Deposit accounts			
(ii) Money at Call and Short Notice:		32,872.00	76,588.00
(a) with Banks			
(b) with Other Institutions			
TOTAL (I & ii)		32,872.00	76,588.00
II. Outside Bhutan			
(i) In Current accounts		757,809.00	684,227.00
(ii) In Other Deposit accounts			
(iii) Money at Call & Short Notice			
TOTAL		757,809.00	684,227.00
GRAND TOTAL (I & II)		790,681.00	760,815.00



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



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



SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-		Druk PNB Ltd	
		(' Rs in Thousand)	
SCHEDULE 10 - FIXED ASSETS			
		As on 31.03.2020	As on 31.03.2019
I. Premises (Including Land)			
-At cost as on 1st April of the year			
-Additions during the year			
Less: Deductions during the year			
-Revaluation			
Less: Depreciation to date			
II. Other Fixed Assets (including furniture & fixtures)			
-At cost as on 1st April of the year		204,705.00	171,929.00
-Revaluation due to exchange rate fluctuation			
-Additions during the year		22,233.00	33,760.00
Less: Deductions during the year		-	983.00
Less: Depreciation to date		151,463.00	133,689.00
		75,475.00	71,017.00
III. Computer Software			
-At cost as on 1st April of the year		6,129.00	6,681.00
-Revaluation due to exchange rate fluctuation			
- Additions during the year		605.00	
- Deductions during the year		-	553.00
Less: Amortised to date		3,734.00	3,181.00
		3,000.00	2,947.00
IV. Leased Assets			
-At cost as on 1st April of the year		4,461.00	4,461.00
-Additions during the year			
-Deductions during the year		-	-
Less: Amortised to date		4,461.00	4,461.00
		-	-
TOTAL OF I, II, III, IV		78,475.00	73,964.00



SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-	Druk PNB Ltd		
			(Rs In Thousand)
SCHEDULE 11 - OTHER ASSETS		As on 31.03.2020	As on 31.03.2019
I. Inter-office Pre Adjust(net)			
I. Interest accrued		30,496.00	55,214.00
II. Tax paid in advance/tax deducted at source (net of provisions)			
III. Stationery and Stamps		3,154.00	3,190.00
IV. Non Banking assets acquired in satisfaction of claims			
V. Deferred Tax asset (net)		536.00	536.00
VI. Others		133,323.00	139,797.00
TOTAL of I, II, III, IV, V, VI		167,509.00	198,737.00
		=====	=====
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.(i) Claims against the Bank(Group) not acknowledged as debts			
I (ii). Disputed income tax and Interest tax demands under appeal, references, etc.			
II. Liability for partly paid investments			
III. Liability on account of outstanding forward exchange contracts			
IV. Guarantees given on behalf of constituents			
(a) In India		682,145.00	665,199.00
(b) Outside India		1,960,917.00	2,506,042.00
V. Acceptance, Endorsements and Other obligations		262,945.00	522,792.00
VI. Other Items for which the Bank (Group) is contingently liable			
TOTAL of I, II, III, IV, V, VI		2,906,007.00	3,694,033.00
		=====	=====



SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-	Druk PNB Ltd		
	(Rs in Thousand)		
SCHEDULE 13 - INTEREST AND DIVIDENDS EARNED	Period Ended	Period Ended	
	As on 31.03.2020	31.03.2019	
I. Interest/discount on Advances/Bills	1,022,092.00	829,839.00	
II. Income on Investments	98,609.00	117,492.00	
III. Intt on balances with Reserve Bank of India & other inter-bank funds			
IV. Others			
TOTAL of I, II, III, IV	1,120,701.00	947,331.00	
SCHEDULE 14 - OTHER INCOME			
I. Commission, Exchange & Brokerage	111,244.00	114,453.00	
II. Profit on sale of land, buildings and other assets			
Less: Loss on sale of land, buildings and other assets			
	111,244.00	114,453.00	
III. Dividend Income from Mutual Fund			
IV. Profit on Exchange Transaction	16,496.00	13,823.00	
Less: Loss on Exchange Transaction			
	16,496.00	13,823.00	
V. Profit on sale of Investments			
Less: Loss on sale of investments			
VI. Profit on Revaluation of Investments			
Less: Loss on Revaluation of Investments			
VII. Income earned by way of dividends			
VIII. Miscellaneous Income	594.00	904.00	
TOTAL of I, II, III, IV, V, VI, VII, VIII	128,334.00	129,180.00	

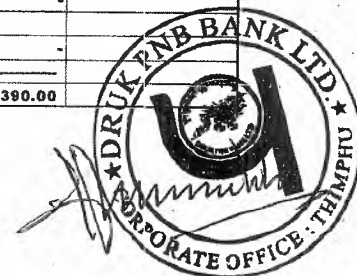


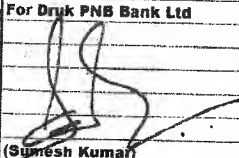
SCHEDULES TO THE CONSOLIDATED ACCOUNTS			
NAME OF SUBSIDIARY:-		Druk PNB Ltd	
		(Rs in Thousand)	
		Period Ended	Period Ended
		As on 31.03.2020	31.03.2019
SCHEDULE 15 - INTEREST EXPENDED			
I. Interest on Deposits		606,996.00	482,203.00
II. Interest on Reserve Bank of India/ inter-bank borrowings			
III. Others			
TOTAL of I, II, III		606,996.00	482,203.00
SCHEDULE 16 - OPERATING EXPENSES			
I. Payment to and provisions for employees		103,078.00	83,953.00
II. Rent, Taxes and Lighting		16,451.00	15,169.00
III. Printing & Stationery		1,998.00	2,135.00
IV. Advertisement & Publicity		3,187.00	1,909.00
V. Depreciation on bank's property Less: Adjusted with Revaluation Reserve		13,639.00	19,877.00
		13,639.00	19,877.00
VI. Directors' Fees, allowances and expenses		-	270.00
VII. Auditors' fees and expenses (including statutory auditor of subsidiaries, branch auditors' fees & expenses)		-	275.00
VIII. Law charges		1,018.00	894.00
IX. Postage, Telegrams, Telephones, etc.		15,741.00	13,180.00
X. Repairs & Maintenance		8,345.00	10,430.00
XI. Insurance		1,552.00	1,482.00
XII. Other expenditure		45,294.00	31,916.00
TOTAL of I to XII		210,303.00	181,490.00
SCHEDULE 17 - SHARE OF EARNINGS/LOSS IN ASSOCIATES			
(a) Share of Earnings in Associates in India			
(b) Share of Earnings in Associates outside India			
TOTAL of (a & b)			



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

CONSOLIDATED PROFIT & LOSS ACCOUNT OF			
Druk PNB Ltd			
FOR THE PERIOD ENDED 31st March 2020			
(Rs in Thousand)			
NAME OF SUBSIDIARY:-	Schedule	Period ended 'As on 31.03.2020	Period ended 31.03.2019
I. INCOME			
Interest earned	13	1,120,701.00	947,331.00
Other Income	14	128,334.00	129,180.00
	TOTAL	1,249,035.00	1,076,511.00
II. EXPENDITURE			
Interest expended	15	606,996.00	482,203.00
Operating expenses	16	210,303.00	181,490.00
Provisions and Contingencies		246,874.00	137,428.00
	TOTAL	1,064,173.00	801,121.00
Consolidated Net Profit for the year of the parent & subsidiaries before Minority Interest		184,862.00	275,390.00
Less : Minority Interest		-	-
Consolidated Net Profit for the year of the parent & subsidiaries after Minority Interest		184,862.00	275,390.00
Share of earnings in Associates (net)	17	-	-
Consolidated Net Profit for the year attributable to the group		184,862.00	275,390.00
Add : Brought forward consolidated profit attributable to the group		-	-
Add: Transferred from Capital Reserve		-	-
Profit available for Appropriation		184,862.00	275,390.00



APPROPRIATIONS			
Transfer to Reserves (Net) :			
Statutory Reserve		181,869.00	188,770.00
Capital Reserve - Others		-	-
Investment Fluctuation Reserve		-	-
Other Reserve		-	-
Special Reserve*		2,993.00	3,495.00
Dividend Including Dividend Tax		-	-
Proposed Dividend for 2018-19		-	83,125.00
Interim Dividend		-	-
Balance carried over to consolidated Balance Sheet			
		*****	*****
	TOTAL	184,862.00	275,390.00
		*****	*****
Earnings per Share (In Rs.) Non-Annualised		2.04	3.93
Accounting Policy & Notes on Accounts	18		
Signed in terms of our report of even date			
For Druk PNB Bank Ltd		For M.P Sureka & Co.	
		Chartered Accountants (FR No. 322097E)	
(Sumesh Kumar)		(M. P Sureka (Membership No. 050560))	
Chief Executive Officer		Partner	
Date:-			
Place:- Thimphu			



DRUK PNB BANK LTD: THIMPHU BHUTAN


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2020

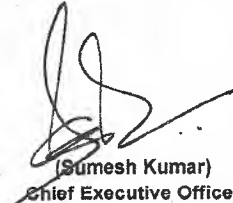
Particulars	As on 31/03/2020 (Rs.)	As on 31/03/2019 (Rs.)
A. Cash Flow from Operating Activities		
Profit before tax	264,089,569.63	393,414,385.78
Add: Depreciation	13,639,475.68	16,345,731.10
Add: Profit/Loss on sale of Fixed Assets(including adjustment)	-	-
	277,729,045.31	409,760,116.88
Decrease/(Increase)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

Signed in terms of our Report of even date

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

For & On Behalf of Druk PNB Bank Ltd.





(Sumesh Kumar)
Chief Executive Officer

M.P. Sureka (Membership No. 050560)
Partner
Date:
Place:-

