

August 5, 2022

The Manager – Listing National Stock Exchange of India Ltd. Exchange Plaza Bandra Kurla Complex Bandra (E), Mumbai - 400051  <u>Scrip Code: PNBGILTS</u>	The Manager – Listing BSE Limited Phiroze JeeJeebhoy Towers Dalal Street Mumbai - 400001  <u>Scrip Code: 532366</u>
--	---

**Sub: Copy of Annual Report for FY 2021-22 inter-alia including Notice of 26<sup>th</sup> Annual General Meeting (AGM) etc.**

Dear Sir/Madam,

Pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), please find attached herewith a copy of Annual report for FY 2021-22 inter-alia including the Notice convening the 26<sup>th</sup> Annual General Meeting (AGM) of the Company scheduled to be held on Friday, September 2, 2022 at 11:00 a.m. through Video Conferencing ('VC') facility in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India.

This will also be placed on our website [www.pnbgilts.com](http://www.pnbgilts.com).

Kindly take the same on record.

Thanking You,

Yours faithfully,  
For PNB Gilts Limited

  
(Monika Kochar)  
Company Secretary



# 26<sup>th</sup> Annual Report 2021-22



## Board of Directors\*



**Sh. Kalyan Kumar**  
*Chairman*  
*Non-Executive & Non-Independent*



**Shri P.P. Pareek**  
*Independent Director*



**Shri S. K. Kalra**  
*Independent Director*



**Smt. Uma Ajay Relan**  
*Independent Director*



**Dr. T. M. Bhasin**  
*Independent Director*



**Shri Ashutosh Choudhury**  
*Non – Executive &  
Non-Independent Director*



**Shri Vikas Goel**  
*Managing Director & CEO*

## OUR MISSION AND VISION

**To be a leader in the Primary Dealer Business  
and  
to be known a Knowledge Based, Research Oriented  
and  
Quality Conscious Company maximising wealth for Shareholders**

# CONTENTS

Chairman’s Letter to Shareholders.....	2
Board’s Report.....	4
Management Discussion and Analysis.....	29
Report on Corporate Governance .....	37
Annual Business Responsibility Report.....	55
Financial Review .....	63
Independent Auditor’s Report .....	64
Balance Sheet .....	77
Statement of Profit and Loss .....	79
Statement of Changes in Equity .....	81
Statement of Cash Flows .....	83
Notes to Financial Statements.....	85
Schedule to Balance Sheet of a Non-Deposit taking Non-Banking Financial Company.....	153
Financials at a Glance.....	158
Notice of AGM .....	159

### **Safe Harbour Statement**

*Statements in this Annual Report describing the Company’s objectives, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks and uncertainties and other important factors viz. economic conditions affecting demand and supply, government regulations, natural calamities and so on, may cause actual development and results to differ materially from our expectations. The Company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances.*



## *Chairman's Letter to Shareholders*

**Dear Shareholders,**

I am truly honoured to chair the Board of PNB Gilts Ltd. and as the Chairman of the Company, my priority is to lead the Company towards sustained growth and help in accelerating the value creation for all of our stakeholders. It gives me immense pleasure to communicate with you at the end of yet another successful year at PNB Gilts Ltd. and take immense pleasure in presenting to you the annual report for the financial year 2021-22.

### **Economic Scenario**

FY 2021-22 has been marked as the year of revival the growth momentum picked up. After a contracting to as low as of 6.6% in 2020-21, the Indian economy bounced back during the year and registered the growth of by 8.7%. Agricultural growth demonstrated sustained growth and remained in the positive territory while Industry sector growth was at 10.3% in FY 2021-22, after being in a negative zone a year ago. Services sector growth was strong at 8.4% in FY 2021-22, recovering from a 7.8% contraction in FY 2020-21. With economic activities reviving in 2021-22 and crude oil prices edging up, inflation remained a concern during the year. The merchandise trade deficit posted a record high of USD 189.46 billion in FY 2021-22 as against USD 102.6 billion in FY 2020-21, reflecting the impact of high crude oil and gold prices.

As the world rebounds from the fears of the pandemic, the ongoing Ukraine-Russia conflict threatens to have severe ramifications in the form of soaring commodity prices, subdued growth, severe supply disruptions, capital outflows and currency fluctuations. Fearing the onset of global unrest on the back of steeper food and fuel prices, all major economies have embarked upon calibrated monetary tightening, with advanced economies leading in terms of the expected tightening of the monetary policy rates.

The RBI had maintained an accommodative monetary policy with an outlook to sustain and revive growth. Though, the RBI kept the repo rate unchanged through the year, but the RBI has taken several various measures to resolve the scenario confronted due to the pandemic and the geopolitical problems. At the same time, the RBI undertook the calibrated withdrawal of liquidity through the Variable Rate Reverse Repo auctions, but also ensured adequate liquidity to support the productive sectors of the economy.

### **Financial Performance:**

During the financial year 2021-22, the bond market saw considerable deterioration

accompanied by firming of rates. Besides this, as the RBI proceeded towards normalisation of system liquidity, your Company witnessed rising funding costs. Even with such adversity in the market environment, your Company posted a PBT of ₹ 210.15 Crore as on March 31, 2022 as against ₹ 614.35 Crore as on March 31, 2021. The Net Owned Funds (NOF) of the Company strengthened by 9.19 per cent from ₹ 1305.69 crore as on March 31, 2021 to ₹ 1425.64 crore as on March 31, 2022. The increase in NOF has also resulted in an enhanced capital adequacy ratio. I am delighted to state that your Company is adequately capitalized with a Capital Adequacy Ratio (CAR) of 66.41 per cent as on March 31, 2022; as against 45.58 per cent as on March 31, 2021, and also well above the RBI's minimum requirement of 15 per cent. I am elated to inform that your Company continues to make a difference in the society by supporting numerous social and environmental matter through its Corporate Social Responsibility activities. The Company contributed ₹ 5.57 crore during financial year 2021-22 (against ₹ 2.08 crore during financial year 2020-21) towards various agencies and trusts working for the cause of education, healthcare and environmental conservation.

It is the matter of pride for all of us that the Company abides by all the stipulations laid down by the regulators. Besides this, the Company is well poised with various departments working efficiently, adhering to various regulatory and Board approved norms. I would like to express my gratitude to all of you for being a salient part of the Company and for posing continuous trust in the Company. I as the Chairman of the Company assure you all that the Company shall continue to embark towards resilient and sustained growth and we solicit your unstinted support in this endeavour.

### **Forward Guidance**

With a weak global growth outlook and deteriorating market appetite, in the wake of soaring inflation and the continuation of monetary policy tightening, the Company may continue to face challenges in financial year 2022-23 as well. The RBI MPC has already embarked upon policy rate hikes, announcing back-to-back rate hike of 90 bps in financial year 2022-23 so far. Going forward, RBI is expected to continue to increase the policy rates in the upcoming policy meets as well due to continuous monetary tightening on the global level and inflation still remaining beyond RBI's targeted level. The spillover of the same may pose risk to the earnings of the Company, until any positive interventions such as improvement in government finances or any positive developments on the global bond index inclusion are witnessed.

However our ambitions are greater and we remain optimistic and confident that we will continue delivering on business and financial metrics. The Company intends to face the challenges by leveraging the available opportunities in an efficient manner, while ensuring to adapt best practices in all its processes.

I once again extend my heartfelt gratitude to all the stakeholders-clients, shareholders, directors and employees for their continued support, unwavering trust and tireless efforts to strengthen the position of the Company. I assure that your Company will continue to remain committed to all its stakeholders.

A handwritten signature in black ink, appearing to read 'Kalyan Kumar'.

**(Kalyan Kumar)**  
**Chairman**

Date: July 20, 2022  
Place: New Delhi

## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty Sixth Annual Report together with the Company's audited financial statements for the financial year ended March 31, 2022.

### 1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

The Company's financial performance, for the year ended March 31, 2022 is summarized below:

(₹ in lacs)

	For the year ended 31.03.2022	For the year ended 31.03.2021
Total Income	99,163.16	1,05,227.40
Less : Total Expenditure	78,839.35	42,920.08
Exceptional Items	(691.28)	872.62
Profit/(loss) Before Tax	21,015.10	61,434.70
Less : Tax Expense	4,443.96	16,023.02
<b>Profit for the period</b>	<b>16,571.13</b>	<b>45,411.68</b>
Other Comprehensive Income	(76.90)	(26.49)
Total Comprehensive Income	16,494.23	45,385.19
Opening Balance of Retained Earnings	50,774.29	32,472.45
Closing Balance of Retained Earnings	58,553.95	50,774.29
Earnings per share (Rs.)	9.21	25.23

During FY 2021-22, debt market conditions deteriorated significantly after witnessing a healthy rally in the previous FY. While the first half of the year remained largely stable in terms of the yield movement, the second half witnessed sharp upward movement of yields as RBI enhanced the liquidity normalisation measures and withdrew the G-sec buyback program, which had kept the markets supported during H1 of FY 2021-22. The other aggravating factors for the bond markets were high inflation, sharp and persistent rise in global commodity prices and spike in global yields due to reversal of easy monetary policy. At the domestic level, RBI did not raise the policy rates during FY 2021-22, however the enhanced amounts of VRRR auctions resulted in operating rate to firm up in the second half of the year. The average call money rate stood at 3.33 per cent in H2 FY 2021-22 compared with 3.18 per cent in H1 FY 2021-22. The term structure reflected a larger rise at the short-end of the curve as continuous VRRR auctions pushed up short-term rates more than medium and longer-term rates. Overall, the term structure shifted upwards with the 10-yr yield firming up by 52 bps to close the year at 6.86 per cent as against previous year's closing of 6.18 per cent.

Against the aforementioned backdrop, Company continued to fulfill all its obligations as a Primary Dealer mandated by RBI in Primary and Secondary markets. Despite the challenges and adverse market environment, Company posted PBT of ₹ 210.15 crore as on March 31, 2022 (₹ 614.45 crore during FY 2020-21) and PAT of ₹ 165.71 crore (₹ 454.12 crore during FY 2020-21). Capital adequacy remains strong with its capital to risk weighted assets ratio (CRAR) at 66.41 per cent as on March 31, 2022 as against 45.58% as on March 31, 2021, which is well above the regulatory minimum of 15% for PDs. With regard to Treasury Bills commitment, the Company exceeded the stipulated success ratio of 40 per cent, achieving 42.29 per cent and 40.78 per cent in H1 and H2 respectively. In G-sec category, Company fulfilled the underwriting commitments, thereby supporting

the government borrowing program. Company's total turnover ratio (secondary market) stands at 193 times for treasury bills and 479 times for government-dated securities as on March 31, 2022 against the minimum RBI stipulation of 10 times and 5 times respectively.

### **Impact of COVID-19**

The COVID-19 pandemic continued to be a global challenge, creating disruption across the world. In the first quarter of FY 2021-22, the second wave of the pandemic overwhelmed India's medical infrastructure. In this trying period, your company tracked and encouraged its employees to participate in the vaccination drive. Medical tests were conducted for employees having any covid type symptom and treatment thereafter including the hospitalization support, wherever required. In these hard times, lockdown was also imposed at several places in the country. Your Company, being a Primary Dealer, is in the list of essential services provider. Accordingly, the company has not faced any business stoppage / interruption on account of this lockdown.

The Company has ensured the health and well-being of all its employees and continuation of its business operations as well without any disruption. From a highly centralized model consisting of work spaces set up in different locations of the country, the switch to work from home for employees through its BCP model was carried out seamlessly. In this model, work from home was enabled the employees to work remotely and securely. Few employees, on rotational basis, operated from different office locations without any health issues.

Your Company, through its pro-active approach and prudent risk management practices and systems etc., has been able to run the business operations successfully. Your Company stands committed towards its employees, clients, government and the society.

Based on existing facts and circumstances, the Company does not anticipate any material uncertainties which can affect its liquidity position or its ability to continue as a going concern.

### **Material Changes and Commitments**

Save as otherwise provided in this report and as mentioned in note no. 37 of financial statements, no material changes and commitments affecting the financial position of the Company have occurred after the close of the year till the date of this report.

### **Capital Adequacy**

Capital adequacy ratio as on March 31, 2022 stood at 66.41 per cent as against the RBI stipulation of 15 per cent. For the purpose of calculation of capital adequacy ratio, the Company has excluded Amortised Cost portfolio as this portfolio is non-marked to market portfolio, if amortised cost portfolio would be included then the Capital Adequacy Ratio would be 57.12%.

### **Dividend**

Your Directors are pleased to recommend a final Dividend of ₹ 5 (i.e. 50 per cent) per equity share of face value of ₹ 10/- for the year ended 31st March, 2022, subject to approval in the ensuing Annual General Meeting.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations" or "Listing Regulations") is available on the Company's website on [https://www.pnbgilts.com/uploads/corporate\\_governance/Dividend\\_Distribution\\_Policy.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Dividend_Distribution_Policy.pdf) During the year, the policy was amended to keep it aligned with the RBI circular no. DOR.ACC.REC.No.23/21.02.067/2021-22 dtd. 24.06.2021 which prescribe the guidelines on distribution of dividend by NBFCs including the maximum dividend payout which a Standalone Primary Dealer can pay.

### **Transfer to Reserves**

Your Company proposes to transfer ₹ 3314.23 lacs in Statutory Reserve as required under the provisions of Section 45-IC of the Reserve Bank of India Act, 1934. Further, in terms of the first proviso to Section 123(1) of the Companies Act, 2013, the Company proposes not to transfer any sum in General Reserve.



## 2. CORPORATE GOVERNANCE

Corporate Governance for your Company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operations. Our workforce is committed towards the protection of the interest of the stakeholders including shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal i.e. maximization of value of all the stakeholders.

We comply with the SEBI and RBI guidelines on Corporate Governance. We have documented our internal code on Corporate Governance in compliance of SEBI and RBI guidelines. The Corporate Governance practices followed by the Company are given in the Corporate Governance section of this Annual Report. A certificate from M/s Pranav Kumar & Associates, Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in the SEBI Listing Regulations is enclosed with the 'Report on Corporate Governance' forming part of the Board's Report.

### Number of meetings of the Board

The Board met six times during the financial year 2021-22 to review strategic, operational, technological and financial matters besides laying down policies and procedures for operational management of the Company. The details of such meetings are given in the 'Report on Corporate Governance' that forms part of this Board's Report.

### Directors and Key Managerial Personnel

During the year 2021-22, Sh. Agyey Kumar Azad (DIN: 08985570), Non-Executive and Non-Independent Chairman, upon his superannuation from PNB, resigned from the directorship of the Company effective from May 1, 2021. In his place, the Board appointed Sh. Swarup Kumar Saha (DIN: 08963678), Executive Director, Punjab National Bank ('PNB'), as Additional Director (Non-Executive & Non-Independent) with effect from June 18, 2021. In terms of Article 98(2) of Articles of Association of the Company, he acted as the Chairman of the Company. The members in their Annual General Meeting held on September 20, 2021 appointed Sh. Saha as Director (Non-Executive & Non-Independent). Sh. Saha resigned from the directorship and chairmanship of the Company w.e.f. June 3, 2022, upon his elevation as Managing Director & CEO of Punjab and Sind Bank and cessation as an Executive Director of PNB. In place of Sh. Saha, your Board has appointed Sh. Kalyan Kumar (DIN: 09631251) Executive Director, PNB as an Additional Director (Non-Executive & Non-Independent) with effect from July 7, 2022. In terms of Article 98(2) of Articles of Association of the Company, he is the Chairman of the Company.

Sh. Vishesh Kumar Srivastava (DIN: 07234326), Non-Executive & Non-Independent Director, resigned from the directorship of the Company with effect from June 19, 2021 upon withdrawal of his nomination by PNB. In his place, the Board on recommendation of Nomination & Remuneration Committee has appointed Sh. Ashutosh Choudhury (DIN: 09245804), Chief General Manager and Group Chief Risk Officer of PNB, as an Additional Director (Non-Executive and Non-Independent) on the Board of the Company effective from July 19, 2021. The members in their Annual General Meeting held on September 20, 2021 have appointed Sh. Choudhury as Director (Non-Executive & Non-Independent).

The Board appreciates and thanks Sh. Azad, Sh. Saha and Sh. Srivastava for their vision, guidance and contribution during their association with the Company.

Further, based on the recommendation of Nomination & Remuneration Committee, the Board extended the tenure of Sh. Vikas Goel (DIN: 08322541), Managing Director & CEO for one year w.e.f. February 1, 2022. This was also approved by the members in the Extra Ordinary General Meeting held on March 29, 2022 in accordance with Regulation 17(1C) of SEBI Listing Regulations.

Further, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Sh. Ashutosh Choudhury (DIN: 09245804) shall retire by rotation in the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

None of the Directors are debarred from holding the office of Director pursuant to order of SEBI or any other authority.

## Performance Evaluation

The Company has devised a policy for performance evaluation of Board of its own performance, Independent Directors, Non-Independent/Executive Directors and Board level Committees etc. as required under the provisions of the Companies Act, 2013 and SEBI Listing Regulations and also Guidance Note on Board Evaluation as prescribed by SEBI. The performance of all the Directors, the Board as a whole and its Committees was evaluated after seeking inputs from the directors based on the criteria and framework adopted by the Board. The evaluation criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of independent directors, performance of non-independent directors, the board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

During FY 2021-22, the Company appointed Grant Thornton Bharat LLP (“GT”) for carry out the Board’s performance Assessment. GT team met all individual directors (independent and non-independent) and submitted their report on the basis of their interaction. GT in their overall assessment has mentioned that the current level of practices within the organization largely reflect strong governance levels.

In the Board meeting and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed while considering the report of GT. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated. The outcome of such evaluation was found satisfactory.

During the year, the said policy, inter-alia, containing the process and criteria for evaluation was modified so as to include provision of engaging the external counsel/expert advisers/specialist etc. to carry out the evaluation and to obtain advice, reports or opinions etc. in connection with the evaluation process. Copy of said policy is available at Company’s website at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/DIRECTORS\\_EVALUATION\\_POLICY.pdf](https://www.pnbgilts.com/uploads/corporate_governance/DIRECTORS_EVALUATION_POLICY.pdf)

## Policy on Directors’ Appointment and Remuneration etc.

The policies of the Company on Directors’ Appointment and Remuneration formulates the criteria for determining qualifications, competencies, positive attributes and independence of a Director and other matters like remuneration of directors, key managerial personnel, senior management and other employees. The policy relating to the remuneration of Directors, Key Managerial Personnel and other employees is framed with the object of attracting, retaining and motivating talent which is required to run the Company successfully. The remuneration policy was amended during the year 2021-22 so as to include a provision that remuneration to senior management who are on deputation from parent bank, PNB shall be paid in accordance with applicable service regulations/provisions of the parent bank. There was no change in the policy related to Directors’ appointment during FY 2021-22. The policies are available on the website of the Company at the link: [https://www.pnbgilts.com/uploads/corporate\\_governance/Eligibility\\_Criteria\\_of\\_Directors\\_and\\_Policy\\_on\\_Board\\_Diversity.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Eligibility_Criteria_of_Directors_and_Policy_on_Board_Diversity.pdf) and [https://www.pnbgilts.com/uploads/corporate\\_governance/REMUNERATION\\_POLICY.pdf](https://www.pnbgilts.com/uploads/corporate_governance/REMUNERATION_POLICY.pdf)

## Declaration by Independent Directors

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 and SEBI Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity and are independent of the management.

## Business Responsibility Report

Business Responsibility Report for the year under review, as stipulated under Regulation 34(2)(f) of SEBI Listing Regulations, forms part of the Board’s Report.

### 3 OTHER DISCLOSURES –

#### Details of Committees

The details in relation to the composition of Audit Committee, Corporate Social Responsibility Committee and other board level committees have been given in Report on Corporate Governance forming part of the Board's Report.

All the recommendations made by the Audit Committee during the year were accepted by the Board.

#### CSR

There was no change in the CSR Policy during FY 2021-22. The CSR policy of the Company is available at Company's website at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/1615288099.pdf](https://www.pnbgilts.com/uploads/corporate_governance/1615288099.pdf) The CSR activity of the Company is carried out as per the instructions of the Committee and Board. The annual report on the CSR for the year 2021-22 in the prescribed format is presented at Annexure A to the Board's Report.

Other details of above said and other Committees of the Board are given in the 'Report on Corporate Governance' forming part of the Board's Report.

#### Whistle Blower Policy (including Vigil Mechanism)

Your Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Your Company is committed to develop a culture where it is safe for directors and employees to raise concerns about any wrongful conduct.

The Board of Directors has approved a Whistle Blower Policy (including Vigil Mechanism), which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. The Audit Committee reviews the functioning of this mechanism. The mechanism also provides for direct access to the Audit Committee/ Chairman of Audit Committee. During the year under review, no such matter has been reported to the Audit Committee. The said policy may be accessed on the Company's website at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/WHISTLE\\_BLOWER\\_POLICY.pdf](https://www.pnbgilts.com/uploads/corporate_governance/WHISTLE_BLOWER_POLICY.pdf)

#### Contracts and Arrangements with Related Parties

All the contracts/ arrangements/transactions entered by the company are in ordinary course of business and at arm's length (except those not at arm's length given in form AOC-2 at Annexure B) as well as not material in nature. Company's Policy/SOP on Related party Transactions can be accessed at the Company's website at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/SOP-POLICY\\_ON\\_RELATED\\_PARTY\\_TRANSACTIONS\\_W\\_E\\_F\\_01\\_04\\_2022.pdf](https://www.pnbgilts.com/uploads/corporate_governance/SOP-POLICY_ON_RELATED_PARTY_TRANSACTIONS_W_E_F_01_04_2022.pdf)

#### Subsidiaries

The Company, being a RBI regulated Primary Dealer, is prohibited to form any subsidiary. As such, the Company has not formulated any policy for determining 'material' subsidiaries under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, since the Company is not having any subsidiary or associate or joint venture, it is not required to consolidate the financial statements in terms of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014. However, the financial statements of the Company for FY 2021-22 had already been considered by its parent bank i.e. Punjab National Bank for the purpose of consolidation.

#### Directors' Responsibility Statement

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards read with the requirements set out under the Schedule III to Companies Act, 2013, have been followed and there are no material departures from the same;

- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit and loss of the Company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care 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;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **Human Resource Management**

Your Company treats its human resources as one of its most important assets. To ensure good human resource management in the Company, the Company focuses on all the aspects of employee lifecycle. During their tenure in the Company, employees are motivated through various skill development and volunteering programmes. Recreational programmes are also conducted on regular basis so as to create stress-free environment. All the while, the Company also creates effective dialogues through various communication channels like face to face interactions so as to ensure that feedback reach the relevant teams. In house meetings and training sessions are also arranged to engage and develop the employees and to gather ideas around innovation.

The information required to be disclosed under Section 197(12) and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided at Annexure C.

The information required pursuant to Section 134 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be provided to the members upon specific request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company. No employee is related to any Director of the Company.

### **Sexual Harassment at Workplace**

Your Company has complied with provisions relating to the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted Internal Complaints Committee and has put in place a formal policy for prevention of sexual harassment of its employees at workplace. There were no pending complaints in the beginning of 2021-22 and no cases were filed pursuant to the said Act in the said financial year.

### **Particulars of Loans given, investment made, guarantees given and securities provided**

The Company, being a non-banking financial company registered with RBI and engaged in the business of acquisition of securities, is exempt from complying with the provisions of Section 186(4) of the Companies Act, 2013 in respect of loans given, investments made, security provided and guarantees given. Accordingly, the disclosures required under the aforesaid section have not been made in this Report.

### **Annual Return**

As per Section 134(3)(a) of the Companies Act, 2013, the Annual Return referred to in Section 92(3) of the Companies Act, 2013 has been placed on the website of the Company and can be accessed at the Company's website at the link [https://www.pnbgilts.com/uploads/annual\\_reports/1653980477.pdf](https://www.pnbgilts.com/uploads/annual_reports/1653980477.pdf)

## **Deposits**

During the year ended March 31, 2022, the Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1977 and RBI's notification no. DFC.118DG/(SPT)-98 dated January 31, 1998, as amended from time to time.

## **Risk Management**

In terms of RBI guidelines for NBFCs and Primary Dealers, Risk Management Committee of the Board has been entrusted with the responsibility by the Board in laying down procedures for risk assessment and minimization. The Committee also reviews these procedures periodically to ensure that executive management is implementing and controlling the risks through means of a properly defined risk framework. The composition of the said Committee and terms of reference are given in Report on Corporate Governance forming part of the Board's Report.

The Company also have a Asset-Liability Committee (ALCO) of executives of the Company comprising of the Managing Director & CEO, CFO and other senior executives of the Company.

Risk Management Policy is reviewed annually by the Audit Committee and Risk Management Committee and on the basis of the recommendation of these Committees, the Board approves the same.

The Risk Management Committee, IT Strategy Committee and Audit Committee, on periodic basis, oversees all the risks that the Company faces such as strategic, financial, market, liquidity, security, property, IT, legal, regulatory and other identified risks alongwith the implementation of risk management policy. There is an adequate risk management infrastructure in place capable of addressing the possible risks. Thus, in the opinion of the Company, there are no such risks, which may threaten the existence of the Company.

## **Significant and material orders**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **Issue of Shares**

There was no issue of shares during the year neither with differential rights as to dividend, voting or otherwise nor to employees of the company.

## **Management Discussion and Analysis**

Management Discussion and Analysis comprising an overview of the financial results, operations/performance and future aspects forms part of this Board's Report.

## **Secretarial Standards**

The Company has complied with all applicable Secretarial Standards.

## **Non-applicability of Section 148 of Companies Act, 2013**

The Company is not required to maintain cost records in accordance with Section 148 of the Companies Act 2013.

## **4. AUDITORS, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

### **Statutory Auditor**

The Comptroller and Auditor General of India had appointed M/s Rasool Singhal & Co., Chartered Accountants (Firm Reg. No. 500015N) as the Statutory Auditor of the Company for the financial year ended March 31, 2022. The report of the auditor is self-explanatory and does not call for any further comments. Pursuant to the provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditor of the Company has not reported any incident of fraud during the FY 2021-22. The Auditor Report is self-explanatory and does not contain any qualification, reservation or adverse remark.

### **Comments of Comptroller & Auditor General of India (C&AG)**

The Comments of Comptroller & Auditor General of India (C&AG) and the reply of the Management thereto form part of this Report, is annexed as Annexure D.

### **Secretarial Auditor**

The Board had appointed M/s Pranav Kumar & Associates, Company Secretaries, to conduct the Secretarial Audit for the financial year 2021-22. The Secretarial Audit Report for the financial year ended March 31, 2022 is annexed as Annexure E to this Report. The Report of the Secretarial Auditor forming part of the Board's Report is self-explanatory and does not contain any qualification, reservation, adverse remark or disclaimer.

### **Internal financial control systems and their adequacy**

The Company considers the internal control systems to be a very significant part of its Corporate Governance practices. Your Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds etc. The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies. The Company has a well-defined delegation of power with authority limits for approving transactions/contracts including expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down. M/s Rasool Singhal & Co., the statutory auditor of the Company has audited the financial statements included in this annual report and have issued a report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

As a part of this control system, your Board appoints Internal Auditor and other auditors as well. Accordingly, these internal controls are routinely tested and certified by the auditors. For the financial year 2021-22, the Board appointed M/s Lodha & Co. as the Internal Auditor of the Company. The scope of audit included audit of treasury transactions on a monthly basis and reporting to the Audit Committee of the Board that the company has operated within the limits of various risk parameters laid down by the Board, Reserve Bank of India and other statutory authorities. Besides, the said firm also audited and reviewed the related party transactions on monthly basis and key business processes, including IT systems of the Company, on quarterly basis. All the reports of the Internal Auditor were submitted to the Audit Committee. Timeliness of submission of all the periodic statutory returns/forms etc. to regulatory bodies was also checked by the Internal Auditor. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

## **5 DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company is a Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing company, hence the particulars required to be disclosed with respect to conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the Rules made thereunder are not applicable/ Nil.

However, every endeavor is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible. Some of these measures include switching off lights and computer systems when not in use, creating awareness among employees about the necessity of energy conservation etc. Your Company has installed the integrated treasury management software and RBI's Negotiated Dealing System with the help of The Institute for Development and Research in Banking Technology (IDRBT) and reputed IT companies. The Company recognizes the growing importance of Information Technology in the emerging business environment. The Company has also implemented Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) with

the help of IDRBT (consultants for implementation of BCP and DRP) to identify and reduce risk exposures and proactively manage any contingencies.

Your Company has neither used nor earned any foreign exchange during the year under review.

### **Acknowledgements**

Your Directors thank the Government of India, Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Ltd., BSE Ltd., Parent Bank, Commercial Banks, Cooperative & Regional Rural Banks, Financial Institutions, PF Trusts, Public Sector Undertakings, Private Sector Corporate Bodies and other valued clients for their whole-hearted support. We acknowledge the sincere and dedicated efforts put in by the employees of the Company at all levels.

**On behalf of Board of Directors**

A handwritten signature in black ink, appearing to read 'Kalyan Kumar'.

**(Kalyan Kumar)**  
Chairman  
DIN: 09631251

Date : July 26, 2022

Place: New Delhi

**REPORT ON CSR ACTIVITIES/ INITIATIVES**

[Pursuant to Section 135 of the Act &amp; Rules made thereunder]

**1. A brief outline of the company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes**

As a Responsible Corporate Citizen, PNB Gilts Ltd. endeavours to ensure an increased commitment at all levels in the organization to operate its business in an economically and socially sustainable manner, while recognising the interests of all its stakeholders and directly or indirectly taking up programmes that benefit the society at large. The Company has framed its Corporate Social Responsibility (CSR) Policy in compliance with the provisions of Companies Act, 2013, which outlines its CSR objectives and the manner in which it will be implemented. The CSR Policy of the Company is available at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/1615288099.pdf](https://www.pnbgilts.com/uploads/corporate_governance/1615288099.pdf)

During the financial year 2021-22, the Company took efforts and extended its support in following areas/social issues:

- a. Under environment conservation, the company focused on maintenance of water shed area of south end (area B) of Biodiversity Park Sikanderpur in Aravali Hills restored & rejuvenated in previous fiscals.
- b. Providing aid in treatment of cancer patients by providing fluorescence imaging systems, ambulance, other medical equipments, computers systems to hospitals etc.
- c. The company is involved in integrated development of rural schools leading to learning and development through interventions of sustainable technologies. For this, the Company engaged with TERI for establishing computer based knowledge cum recreation centers in schools and pond rejuvenation in nearby area of school. In addition, the company also improved the infrastructure facilities of Dronacharya Govt. College.
- d. The company also extended its support to Umang, Centre for Special Education, for running a vocational training unit of young adults suffering from intellectual (mental) disability, cerebral palsy, autism and multiple disabilities.
- e. During the year, the company in partnership with Akshya Patra Foundation distributed 2.27 lakh cooked meals and 4000+ family happiness kits to the poor, homeless and needy people.
- f. Your Company also contributed a sum of Rs. 153.63 lacs to Prime Minster National Relief Fund.

**2. Composition of the CSR Committee**

The composition of the CSR Committee during FY 2021-22 was as under –

Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Sh. P. P. Pareek	Chairman, Independent & Non-Executive Director	4	4
Smt. Uma Ajay Relan	Member, Independent & Non-Executive Director	4	4
Dr. T. M. Bhasin	Member, Independent & Non-Executive Director	4	4
Sh. Vikas Goel	Member, Non-Independent & Executive Director	4	4

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company –



[https://www.pnbgilts.com/uploads/announcement/Name\\_and\\_Composition\\_of\\_various\\_Board\\_level\\_Committees\\_w\\_e\\_f\\_06\\_05\\_2022.pdf](https://www.pnbgilts.com/uploads/announcement/Name_and_Composition_of_various_Board_level_Committees_w_e_f_06_05_2022.pdf)  
[https://www.pnbgilts.com/uploads/corporate\\_governance/1615288099.pdf](https://www.pnbgilts.com/uploads/corporate_governance/1615288099.pdf)

and [https://www.pnbgilts.com/uploads/corporate\\_governance/1644316502.pdf](https://www.pnbgilts.com/uploads/corporate_governance/1644316502.pdf)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) : Not Applicable.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

S. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
	-	Nil	Nil

6. Average Net Profit of the Company for last 3 financial years : ₹ 29282.98 lacs
7. (a) Two percent of average net profit of the Company as per section 135(5) : ₹ 585.66 lacs  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : NIL  
 (c) Amount required to be set off for the financial year, if any : NIL  
 (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 585.66 lacs
8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the financial year (in ₹ lacs)	Amount Unspent (in ₹ lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (in ₹ lacs)	Date of Transfer	Name of Fund	Amount	Date of Transfer
556.68	30.00*	April 19, 2022	-	Nil	-

\*including ₹ 1.02 lacs excess as approved by the Board in view of commitments with Jaipur Cancer Relief society.

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹ lacs)	Amount spent in the current financial Year (in ₹ lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ lacs)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	Integrated development of urban/rural schools leading to learning and development through intervention of sustainable technologies	(iv)	No	Haryana	Rewari	FY 2022-23 to FY 2023-24	150.00	135.00	15.00	No	The Energy and Resources Institute (TERI)	CSR00 002051

2	Procurement of medical equipment for better treatment of poor patients in Radiotherapy department and surgical oncology department of Hospital	(i)	No	Rajasthan	Jaipur	FY 2022-23 to FY 2023-24	68.32	53.32	15.00	No	Jaipur Cancer Relief Society	CSR0010628
<b>TOTAL</b>							<b>218.32</b>	<b>188.32</b>	<b>30.00</b>			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) S. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in ₹ lacs)	(7) Mode of Implementation - Direct (Yes/No)	(8) Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Eco restoration of waterbody and habitat conservation of watershed, Sikanderpur Village, Gurugram	(iv)	No	Haryana	Gurugram	2.04	No	I Am Gurgaon	CSR00000018
2	Procurement of Fluorescence Imaging System for Bhagwan Mahaveer Cancer Hospital and Research Center	(i)	No	Rajasthan	Jaipur	82.40	Yes	-	-
3	Repair and Improvement of infrastructure at Dronacharya Govt. College	(ii)	No	Haryana	Gurugram	15.42	No	Betterworld Foundation	CSR00014402
4	Support for Vocational Training Unit for Young Adults – Intellectual (Mental), Disability, Cerebral Palsy, Autism & multiple disabilities	(ii)	No	Rajasthan	Jaipur	10.63	No	Umang	CSR00006611

5	Providing cooked meals and family happiness kits to poor, homeless and needy	(i)	Yes	Delhi	Delhi	98.00	No	The Akshaya Patra Foundation	CSR00000286
6	Procurement of A.C. Maruti EECO Ambulance and Computer and Laptop facility for society for cancer patients and awareness programmes etc. for Jaipur Cancer Relief Society	(i)	No	Rajasthan	Jaipur	6.25	Yes	-	-
7	PM National Relief Fund	(viii)	Yes	PAN India	PAN India	153.63	Yes	-	-
<b>Total</b>						<b>368.37</b>			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable: Not applicable.

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 556.69 lacs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (₹ in lacs)
(i)	Two percent of average net profits of the Company as per Section 135(5)	585.66
(ii)	Total amount spent for the financial year	556.69
(iii)	Excess amount spent for the financial year [(i)-(ii)]	Not applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of previous years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹ lacs)	Amount spent in the reporting Financial Year (in ₹ lacs)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹ lacs)
				Name of the Fund	Amount (₹ lacs)	Date of Transfer	
Nil							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹ lacs)	Amount spent on the project in the reporting Financial Year (in ₹ lacs)	Cumulative amount spent at the end of reporting Financial Year (in ₹ lacs)	Status of the project Completed/ Ongoing
Nil								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

<b>Date of creation or acquisition of the capital asset(s)</b>	<b>Amount of CSR spent for creation or acquisition of capital asset (in ₹ lacs)</b>	<b>Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.</b>	<b>Details of the capital asset(s) created or acquired (including complete address and location of the capital asset)</b>
23.11.2021	82.40	Bhagwan Mahaveer Cancer Hospital & Research Center Jawahar Lal Nehru Marg, Jaipur	Fluorescence Imaging System Made by - Fluoptics, France Model - Fluobeam ® 800 Installed at Operation Theater, Bhagwan Mahaveer Cancer Hospital & Research Center, JLN Marg, Jaipur
03.03.2022	4.81	Guru Dronacharya Govt. College, Railway Road, Gurugram	Steel Sheet over two/three/four wheeler parking at Guru Dronacharya Govt. College, Railway Road, Gurugram
17.03.2022	0.90		RO machine for portable water at Guru Dronacharya Govt. College, Railway Road, Gurugram
22.03.2022	5.12		Strengthening of ladies toilet, capital improvement etc. at Guru Dronacharya Govt. College, Railway Road, Gurugram
29.03.2022	4.33		Rain water harvesting pits, pumps etc. at Guru Dronacharya Govt. College, Railway Road, Gurugram
24.02.2022	1.74	UMANG, Shipra Path, Near Technology Park, Mansarovar, Jaipur-302020	Physiotherapy Equipment at UMANG, Shipra Path, Near Technology Park, Mansarovar, Jaipur-302020
26.03.2022	0.50		
28.03.2022	0.66		
29.03.2022	0.23		
25.03.2022	5.33	Principal, Government Primary School - Kasola, Rewari, Haryana Pin Code- 123401	One computer centre having one Computer with inbuilt accessories one Printer and Power back up system which includes UPS, Inverters and Batteries.  Basic infrastructure includes furniture like chairs (1 for teacher & 20 for students), tables (2 for computer & printer) and bookshelf (1 no.) and books for students  Address: Government Primary School, Kasola, Rewari, Haryana, NCR.
29.03.2022	121.03	Pond 1: Kasola Panchayat, Village- Kasola, District- Rewari, Pincode 123401 Post Office- Garhi Bolni  Pond 2: Lodhana Panchayat-Village- Lodhana, District- Rewari, Pincode 123411 Post Office- Dahina	Creation of two water ponds for water conservation and recharge. Total Two numbers of ponds having water storage capacity of 20 million litres and 40 million recharge capacity.  Address: Kasola village, Lodhana village, Rewari Tehsil, Rewari district, Haryana, NCR.

25.01.2022	2.45	Surgical Oncology Deptt., SMS Hospital, Jaipur	Book Walter Retractor Kalekar Make Surgical Oncology Deptt., SMS Hospital, Jaipur
25.01.2022	3.42		Multi Trace Retractor Kalekar Make Surgical Oncology Deptt., SMS Hospital, Jaipur
25.01.2022	0.62		Micro Laryngoscope with chest support and holder with accessories Kalekar Make Surgical Oncology Deptt., SMS Hospital, Jaipur
02.02.2022	5.55	Jaipur Cancer Relief Society, Jaipur	Maruti EECO 5 STR AC Vehicle Registration No. RJ45 CR 5194 Jaipur Cancer Relief Society, Jaipur
09.02.2022	8.20	Surgical Oncology Deptt., SMS Hospital, Jaipur	GE Multipara Modular Monitor 15.6" B 155 M ATO Model with accessories complete set-1set Surgical Oncology Deptt., SMS Hospital, Jaipur
11.02.2022	11.80	Radiotherapy Deptt., SMS Hospital, Jaipur	GE Multipara Monitor 10.1" B 105 P ATO Model complete set with wall mount and Cable Box- 8 set Radiotherapy Deptt., SMS Hospital, Jaipur
08.03.2022	0.46	Jaipur Cancer Relief Society, Jaipur	DELL Laptop 13, 11th Gen./8GB/1TB/15" Win11 Silver Colour - 1 No. Jaipur Cancer Relief Society, Jaipur
08.03.2022	0.15		Printer Canon MF 3010 -1 No. Jaipur Cancer Relief Society, Jaipur
08.03.2022	0.03		Presenter Mouse Canon - 1 No. Jaipur Cancer Relief Society, Jaipur
08.03.2022	0.07		Amplifier Set Ahuja with Cordless Microphone -1 Set Jaipur Cancer Relief Society, Jaipur
26.03.2022	21.84	Surgical Oncology Deptt., SMS Hospital, Jaipur	Gatinge Volista Access 44 Double Dom Ceiling SF (V Shaped Light Heads) with HD Camera & Receiver - 1 Set

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): Shortfall pertains to ongoing projects delayed due to delay in completion of construction works and unavailability of medical equipment. The unspent amount has been transferred to Unspent CSR Account under Section 135 (6) of the Companies Act, 2013 and the same shall be utilized as per the agreed terms and statutory provisions.

On behalf of Board of Directors



(Vikas Goel)

Managing Director & CEO  
DIN: 08322541



(Uma Ajay Relan)

Chairperson, CSR Committee  
DIN: 07087902

Date : July 26, 2022

Place: New Delhi

**Form AOC-2**

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts / arrangements or transactions entered into during the financial year ended March 31, 2022, which were not at arm's length basis :

1	Name(s) of the related party and nature of relationship	Punjab National Bank (PNB), parent bank	Punjab National Bank (PNB), parent bank	Punjab National Bank (PNB), parent bank	Punjab National Bank (PNB), parent bank	PNB MetLife India Insurance Company Limited, associate of parent bank
2	Nature of contracts/ arrangements/ transactions	Availing or rendering of any services	Leasing of property (residential premises)	Leasing of property (business premises)	Leasing of property (business premises)	Availing or rendering of any services
3	Duration of the contracts / arrangements/ transactions	Mutual arrangement on continuous basis for holding various meetings like meetings of Board and its Committees, general meetings and other meetings of the company at the premises of PNB and vice-a-versa.	Residential Flats of the Company to PNB officers as per their entitlement in PNB for a period of 11 months, with two/more extensions.	Business premises from PNB taken on lease / rent sharing arrangement -  Mumbai Branch Office: The lease for 5 years is effective from September, 2016, renewable after every five years.	Business premises from PNB taken on lease / rent sharing arrangement – Chennai Branch Office: The premises has been provided under a mutual rent sharing arrangement by PNB since 15.05.12 on the basis of area occupied. The said premises has been taken by PNB on lease from Tamil Nadu Khadi and Village Industries Board, Tamil Nadu (State Govt. Department) for a period of 5 years (subject to continuation of their office at this place), extendable for a period as may be decided between the said Board and PNB.	Renewal of annual term insurance of employees
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Same is being done in view of parent- subsidiary relationship and on mutual understanding. No charges are being paid	Residential premises: Rent is as per the lease entitlement of PNB officers in PNB.	Mumbai Branch Office: Rent at present is ₹ 273434/- p.m. plus taxes	Chennai Branch Office: Rent at present is ₹ 12250/- p.m. plus taxes. (The rent is subject to enhancement as may be done by above said State Govt Department.)	Coverage shall be three times of CTC of employees

5	Justification for entering into such contracts or arrangements or transactions	The Company and parent bank are entering into these transactions due to its parent-subsidiary relationship.	The Company and parent bank are entering into these transactions due to its parent-subsidiary relationship. As a matter of policy, the Company does not enter such property related transactions with outside parties. Further, the Company will also be able to get their residential flats vacated at any time they need the same for their officers/ sale.	The Company and parent bank are entering into these transactions due to its parent-subsidiary relationship.	The Company and parent bank are entering into these transactions due to its parent-subsidiary relationship.	The policy is beneficial for the company as even the public sector insurance are charging higher premium on same cover value
6	Date(s) of approval by the Board	03.08.2015	29.01.2015	26.10.2016	30.07.2016	22.06.2021
7	Amount paid as advances, if any	Nil	Nil	Nil	Nil	Nil
8	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 of the Act	Not required as the same is below the limit specified under first proviso to Section 188 of the Companies Act, 2013 and Rules made thereunder	Not required as the same is below the limit specified under first proviso to Section 188 of the Companies Act, 2013 and Rules made thereunder	Not required as the same is below the limit specified under first proviso to Section 188 of the Companies Act, 2013 and Rules made thereunder	Not required as the same is below the limit specified under first proviso to Section 188 of the Companies Act, 2013 and Rules made thereunder	Not required as the same is below the limit specified under first proviso to Section 188 of the Companies Act, 2013 and Rules made thereunder

Above transactions are in ordinary course of business.

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

There were no material contracts or arrangement or transactions entered into during the financial year ended March 31, 2022.

**On behalf of Board of Directors**



**(Kalyan Kumar)**

Chairman

DIN: 09631251

Date : July 26, 2022

Place: New Delhi

**Particulars of Employees**

Pursuant to the Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the information is furnished below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2021-22

(₹ in lacs)

S. No	Name of Director	Director's Remuneration	Employee Median Remuneration	Ratio (No. of times)
1	Sh. P. P. Pareek	7.65	19.28	0.40
2	Sh. S. K. Kalra	7.85		0.41
3	Smt. Uma Ajay Relan	7.45		0.39
4	Dr. T. M. Bhasin	6.05		0.31
5	Sh. Vikas Goel	164.41*		8.53

\* Above remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2021-22, a variable pay of ₹ 40 lacs (Prev. Year: ₹ 35 lacs) was paid to the Managing Director & CEO at Sl. No. 5. Apart from this, benefit on account of superannuation benefits of leave encashment which is provided based on actuarial valuation for the company as a whole, is also available.

Notes: 1. Sitting fee is being paid to Independent Directors only. Directors at Sl. No. 1 to 4 above are Independent Directors. at Sl. No. 1 to 4 above.

2. No sitting fee is paid to Non-Independent Directors.

3. Out of pocket expenses incurred by directors for attending the meetings and GST not taken into account.

- b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

S. No	Name of Director and Key Managerial Personnel	% increase in remuneration
1	Sh. P. P. Pareek*	(14.53)
2	Sh. S. K. Kalra*	(30.93)
3	Smt. Uma Ajay Relan*	(21.99)
4	Dr. T. M. Bhasin*	(32.40)
5	Sh. Vikas Goel	0.47**
6	Sh. Chandra Prakash	NA
7	Smt. Monika Kochar	(23.55)**

\* received only sitting fee during the year.

Note: Above remuneration includes variable pay (Performance linked incentive), which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2021-22, a variable pay of ₹ 40 lacs (Prev. Year: ₹ 35 lacs) was paid to the Managing Director & CEO at Sl. No. 5 and ₹ 8.77 lacs (Prev. Year: ₹ 5.50 lacs) was paid to the Company Secretary at Sl. No. 7. Apart from this, benefit on account of superannuation benefits of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.



During 2021-22, Smt. Sunita Gupta, the then Executive Director & CFO, was also paid a proportionate variable pay of ₹ 6.68 lacs for the period April 1, 2020 to August 31, 2020), as approved by the Board during 2021-22 while recognizing her valuable contribution.

Except above, there was no increase in remuneration of other Directors as either they were not directors/ KMP in FY 2020-21 or were appointed/ ceased to be director/KMP during FY 2021-22. Further with respect to Independent Directors (Sl. No. 1 to 4), decrease in remuneration is on account of a lower number of Board/ Committee meetings in which respective director is member during FY 2021-22 as opposed to FY 2020-21.

- c. In the financial year 2021-22, there was an increase of (25.19) per cent in the median remuneration of employees. This decline was majorly due to change in leave policy in previous year 2020-21 leading to one-time leave encashment of all outstanding privilege leaves of all the employees during that year.
- d. Total number of employees of the Company as on March 31, 2021 were 45 (including 1 employee on deputation from parent bank). The Company has maintained peaceful and harmonious relations with all its employees.
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in FY 2021-22 was (3.72) per cent whereas the increase in managerial remuneration was 0.47 per cent in this period (as mentioned above in Sl. No. c above, the decline is majorly due to one-time leave encashment of all outstanding privilege leaves of all employees done in previous FY i.e. 2020-21). This was based on the recommendations of Nomination and Remuneration Committee, based on industry benchmarks and the respective employee's performance and contribution. The Company's remuneration philosophy is to ensure that it is competitive in the Primary Dealer (PD) industry in which it operates, for attracting and retaining the best talent. Further, the remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis. The remuneration is in line with the PD industry benchmarks.
- f. It is hereby affirmed that the remuneration paid is as per the Remuneration policy of the Company.

**On behalf of Board of Directors**

A handwritten signature in black ink, appearing to read 'Kalyan Kumar'.

**(Kalyan Kumar)**

Chairman

DIN: 09631251

Date : July 26, 2022


Place: New Delhi

**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 GILTS LIMITED FOR THE YEAR ENDED 31 MARCH 2022 AND MANAGEMENT REPLY THERETO:**

Comments	Management's reply
<p>The preparation of financial statements of PNB Gilts Limited for the year ended 31 March, 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 05 May 2022.</p> <p>I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of PNB Gilts Limited for the year ended 31 March, 2022 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 Auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.</p> <p>Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:</p>	<p>Statement of fact.</p>
<p><b>A. Comments on Balance Sheet</b></p> <p><b>A.1 Assets</b></p> <p><b>A.1.1 Non-Financial Assets - Intangible Assets under Development - Nil Liabilities - Non-Financial Liabilities - Other non-financial liabilities - ₹ 0.57 crore</b></p> <p>PNB Gilts Limited (the Company) awarded the work of Supply, Integration, Implementation, Maintenance and Management of Integrated Treasury Management Solution (ITMS) to M/s TCS Consultancy Services Limited (TCS) at a total cost of ₹ 17.29 crore (October 2021).</p>	<p>A). As per Ind AS 38: Intangible Assets,</p> <p>The recognition of intangible assets under development can be done if and only if, all the conditions as per Para 57 are complied with. In terms of the said Para, the availability of all the resources to complete the development of the intangible assets and the probability of generation of future economic benefits are the two conditions out of the six conditions which need to be fulfilled.</p> <p>In the present case, the software, licenses and Annual Technical support (ATS) of RDBMS which were supplied before the end of the financial year have no future economic benefits in the individual capacity.</p>

Comments	Management's reply
<p>TCS raised (30 March 2022) invoices for ₹ 2.17 crore<sup>1</sup> in respect of virtualization software, operating system licenses, RDBMS licenses supplied during 12 January 2022 to 09 March 2022 and towards Annual Technical Support of RDBMS. Payment for the same was made on 5 April 2022.</p> <p>However, the Company has not accounted for the receipt of software, licenses etc. as well as the amount payable towards the same in its financial statements for the year 2021-22.</p> <p>Non-accounting of the same has resulted in understatement of Intangible Assets under Development and Other non-Financial Liabilities by ₹ 2.17 crore.</p> <p>Further, the Financial Statements are also deficient for non-depicting the ageing Schedule for Intangible assets under development. This has also resulted in non-compliance to the para vii(a) of amendments made in Schedule III to the Companies Act 2013 vide notification dated 24 March 2021.</p>	<p>All the other resources which are required to generate future economic benefits comprises of the hardware, Integrated Treasury Management Software (ITMS) and other technical requirements which was not available as on 31.03.2022. Hardware was delivered to PGL on 18.05.2022.</p> <p>When all the above mentioned requirements are gathered together, then only it is probable that the future economic benefits will flow to the entity.</p> <p>Keeping this in view, the company has not shown an amount of Rs. 2.17 crore as 'Intangible asset under development' and have also not created the corresponding liability as on 31.03.2022.</p> <p>As a result, there is no understatement of non-financial assets and non-financial liabilities. Pertinent to mention that once all resources are assembled which are required enough to start development of ITMS, the company will disclose the ITMS as Intangible Assets – under development in terms of extant regulations.</p> <p>Furthermore, as the amount is not material (being 0.01% of the total Balance Sheet size of Rs. 16750.38 crores) and there is no impact on the profitability of the company.</p> <p>Moreover, the company will make necessary disclosures in notes to accounts at the time of printing of the annual report.</p> <p>B). As it does not meet criteria prescribed for recognition of assets as intangible asset under development, disclosure relating to the Ageing schedule towards intangible assets as required by the amended Schedule III of Companies Act, 2013 is not applicable for this transaction.</p>

<sup>1</sup> Virtualization Software - ₹ 26.94 lakh, Operating System Licenses for ₹ 87.93 lakh and RDBMS Licenses ₹ 78.74 lakh and Annual Technical Support of RDBMS - ₹23.10 lakh

Comments	Management's reply																																																															
<p><b>B. Comments on Disclosure</b></p> <p><b>Note - 37 (Contingent Liabilities)</b></p> <p><b>Contingent Liabilities and commitments (to the extent not provided for)</b></p> <p><b>Contractual commitments for the acquisition of intangible assets</b></p> <p>Para 122 (e) of Ind AS 38 (Intangible Assets) stipulates that, <i>an entity shall disclose the amount of contractual commitments towards acquisition of intangible assets.</i></p> <p>However, the Company did not disclose the balance contractual commitments of ₹ 15.45 crore (₹ 17.29 crore - ₹ 1.84 crore<sup>2</sup>) towards work awarded for Supply, Integration, Implementation, Maintenance and Management of Integrated Treasury Management Solution to M/s TCS Consultancy Services Limited in its Financial Statements for the year 2021-22.</p> <p>This has resulted in deficient Notes to Accounts to that extent apart from non-compliance with para 122 (e) of Ind-AS 38.</p>	<p>As suggested company will disclose contractual commitments for the acquisition of intangible assets for Rs. 15.45 cr in addition to Rs 2.17 cr as per Comment No. A above. Total contractual commitment to the TCS is Rs 17.29 Cr. will be disclosed under Note no. 37 – Contingent Liabilities and Commitments (to the extent not provided for).</p> <p>The following will be disclosed at the time of printing of Annual report:</p> <p>The company is in the process of implementing Integrated Treasury Management Solution (ITMS) and for the same M/s. Tata Consultancy Services Ltd. has been selected. The payment schedule for the same is as under</p> <p style="text-align: right;">(₹ In Lacs)</p> <table border="1" data-bbox="703 741 1474 1373"> <thead> <tr> <th>Items</th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> <th>Year 4</th> <th>Year 5</th> <th>Total Amount for 5 years</th> </tr> </thead> <tbody> <tr> <td>Software</td> <td>153.31</td> <td>130.46</td> <td>130.46</td> <td>130.46</td> <td>130.46</td> <td>675.15</td> </tr> <tr> <td>Hardware</td> <td>103.22</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>103.22</td> </tr> <tr> <td>Software Implementation Cost</td> <td>315.29</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>315.29</td> </tr> <tr> <td>Hardware installation and commissioning</td> <td>27.13</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>27.13</td> </tr> <tr> <td>AMC, ATS and others</td> <td>20.24</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>20.24</td> </tr> <tr> <td>FM-Manpower</td> <td>56.98</td> <td>77.33</td> <td>81.21</td> <td>84.99</td> <td>91.20</td> <td>391.71</td> </tr> <tr> <td>Database and peripherals</td> <td>108.55</td> <td>21.53</td> <td>21.53</td> <td>21.96</td> <td>22.40</td> <td>195.97</td> </tr> <tr> <td><b>Total Cost of Ownership (TCO)</b></td> <td><b>784.72</b></td> <td><b>229.32</b></td> <td><b>233.20</b></td> <td><b>237.41</b></td> <td><b>244.06</b></td> <td><b>1728.71</b></td> </tr> </tbody> </table> <p>First payment was made on 05.04.2022 of Rs 2.17 Cr.</p>	Items	Year 1	Year 2	Year 3	Year 4	Year 5	Total Amount for 5 years	Software	153.31	130.46	130.46	130.46	130.46	675.15	Hardware	103.22	-	-	-	-	103.22	Software Implementation Cost	315.29	-	-	-	-	315.29	Hardware installation and commissioning	27.13	-	-	-	-	27.13	AMC, ATS and others	20.24	-	-	-	-	20.24	FM-Manpower	56.98	77.33	81.21	84.99	91.20	391.71	Database and peripherals	108.55	21.53	21.53	21.96	22.40	195.97	<b>Total Cost of Ownership (TCO)</b>	<b>784.72</b>	<b>229.32</b>	<b>233.20</b>	<b>237.41</b>	<b>244.06</b>	<b>1728.71</b>
Items	Year 1	Year 2	Year 3	Year 4	Year 5	Total Amount for 5 years																																																										
Software	153.31	130.46	130.46	130.46	130.46	675.15																																																										
Hardware	103.22	-	-	-	-	103.22																																																										
Software Implementation Cost	315.29	-	-	-	-	315.29																																																										
Hardware installation and commissioning	27.13	-	-	-	-	27.13																																																										
AMC, ATS and others	20.24	-	-	-	-	20.24																																																										
FM-Manpower	56.98	77.33	81.21	84.99	91.20	391.71																																																										
Database and peripherals	108.55	21.53	21.53	21.96	22.40	195.97																																																										
<b>Total Cost of Ownership (TCO)</b>	<b>784.72</b>	<b>229.32</b>	<b>233.20</b>	<b>237.41</b>	<b>244.06</b>	<b>1728.71</b>																																																										
<p><b>For and on behalf of the Comptroller &amp; Auditor General of India</b></p> <p style="text-align: center;"><b>रस र पंडा</b></p> <p style="text-align: center;">(S. Ahladini Panda) Principal Director of Audit (Industry and Corporate Affairs, New Delhi)</p> <p>Place : New Delhi Date: 30.06.2022</p>	<p><b>For and on behalf of PNB Gilts Limited</b></p> <p style="text-align: right;"></p> <p style="text-align: right;"><b>(Kalyan Kumar)</b> Chairman DIN: 09631251</p> <p>Place : New Delhi Date: July 26, 2022</p>																																																															

<sup>2</sup> ₹1.84 crore (₹ 2.17 crore invoice received during FY 2021-22 towards software, license and Annual Technical Support minus ₹ 0.33 crore towards GST)

Note: Above comments, as received from C&AG of India, are available on company's website at [https://www.pnbgilts.com/investors-relations#annual\\_report](https://www.pnbgilts.com/investors-relations#annual_report)

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,  
The Members,  
PNB Gilts Limited,  
5, Sansad Marg, New Delhi-110001**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PNB Gilts Limited** (hereinafter called “the Company”) for the audit period covering the financial year ended on March 31, 2022. Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representation made by the Management and considering the relaxation granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the Covid 19 Pandemic, we hereby report that in our opinion, the Company has, during the audit period under consideration complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022, according to the provisions of:

- (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not applicable to the Company during the audit period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not applicable to the Company during the audit period;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014– Not applicable to the Company during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not applicable to the Company during the audit period;
  - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013– Not applicable to the Company during the audit period;
  - (g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

- (h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not applicable to the Company during the audit period;
  - (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 & The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable to the Company during the audit period;
  - (j) The Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;
  - (k) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018 – Not applicable to the Company during audit period
  - (l) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (m) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008; and
  - (n) The Securities and Exchange Board of India (Stock Brokers and Sub brokers) Regulations, 1992.
- (vi) Other laws applicable specifically to the Company are:
- (a) Reserve Bank of India Act, 1934 and guidelines made there under; and
  - (b) Master Directions/ Guidelines issued for NBFCs/Systemically Important Non-deposit taking Non-Banking Financial Companies (NBFC-ND-SI) and Primary Dealers by the Reserve Bank of India from time to time

We have also examined compliance with the applicable clauses of the Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and other applicable Acts.

We further report that, based on the information provided and the representation made by the Company and also on the review of the internal compliance reports taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable industry specific Acts, general laws like labour laws and environmental laws etc.

During the audit period, there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc. We report that during the period under consideration the Company has:

- i In supersession of Special Resolution passed through Postal Ballot on June 10, 2020, the Company has obtained approval of members by way of Special Resolution under Section 180 (1) (c) of the Companies Act, 2013 passed on March 29, 2022 to authorize the Board of Directors to borrow money in excess of aggregate of the paid-up share capital, securities premium and free reserves of the Company, provided that total amount borrowed at any point of time, apart from temporary loans obtained/to be obtained by the Company from its bankers in the ordinary course of business, shall not be in excess of Rs. 25000 crores over and above the aggregate of the paid up share capital, securities premium and free reserves of the Company.

We further report that: -

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at the Board Meetings and Committee Meetings were carried out with requisite majority as recorded in the minutes of the Meetings of the Board of Directors or Committee(s) of the Board as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Pranav Kumar & Associates**  
Company Secretaries  
ICSI Unique Code: P2005BI010400  
Firm Peer Review No. -1035/2020



**(Pranav Kumar)**  
Partner

Mem. No : 5013: CP No.: 3429

UDIN : F005013D000499353

Date: 16.06.2022  
Place: Ghaziabad

*This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report.*

---

**Annexure -1**

**To,  
The Members,  
PNB Gilts Limited,  
5, Sansad Marg, New Delhi-110001**

Our report of even date is to be read along with this letter.

1. It is the responsibility of management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
3. Wherever required, we have obtained reasonable assurance about whether the statements prepared, documents or Records, in relation to Secretarial Audit, maintained by the Auditee, are free from misstatement.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
6. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
8. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Pranav Kumar & Associates**  
Company Secretaries  
ICSI Unique Code: P2005BI010400  
Firm Peer Review No. -1035/2020



**(Pranav Kumar)**  
Partner

Mem. No : 5013: CP No.: 3429

UDIN : F005013D000499353

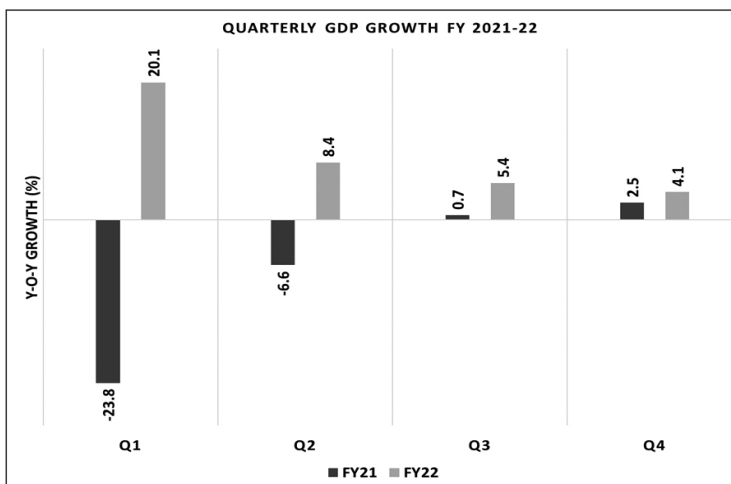
Date: 16.06.2022  
Place: Ghaziabad

# MANAGEMENT DISCUSSION AND ANALYSIS

## MACROECONOMIC REVIEW: FY 2021-22

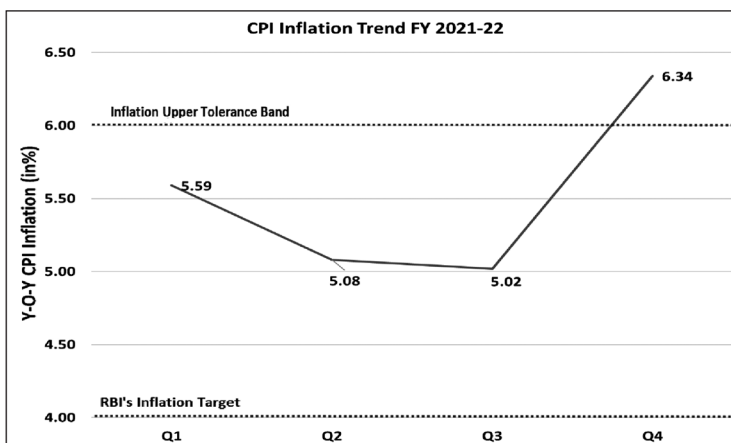
### Domestic Overview

Real gross domestic product (GDP) rose by 8.7 per cent in FY 2021-22 as per the provisional estimate, exceeding the pre-pandemic (2019-20) level by 1.5 per cent. Despite a much virulent second wave, economic activity remained largely resilient due to adaptation by businesses and households to working in a pandemic environment. A large negative base of the previous year also helped real GDP to post a double digit growth of 20.1 per cent during Q1 FY 2022. Aggregate demand recovered further in Q2, led by investment and private consumption. As a result, real GDP growth stood at a healthy 8.4 per cent during the second quarter. However, economic activity lost ground in Q3 & Q4 with the onset of the Omicron variant and global headwinds. Despite buoyant external demand, the lagging of the informal sector weighed much on the growth in the second half of the year. Manufacturing sector activity weakened in the face of headwinds from persisting global supply bottlenecks and muted discretionary consumer spending and investment spending domestically. In contrast, agriculture and allied activities remained buoyant on the back of a record Kharif production and expansion in sowing acreage in the rabi season.



Agriculture lent a major support, with GVA growing by 6.4 per cent over FY 2020 and 3.0 per cent over FY 2021 levels. The quarterly trend for the agriculture sector also remained positive, with Q4 FY 2022 y-o-y GVA growth placed at 4.1 per cent. The industrial sector registered a decent recovery over the pre pandemic levels, with GVA growing by 6.7 per cent in FY 2022 over FY 2020. Services sector continued to be weighed down by the trade, hotels, transport, communication & services segment, due to which the overall growth in the sector was -0.04 per cent in FY 2022 over FY 2020 levels. For the year FY 2022, the overall GVA growth stands at 8.1 per cent as against -4.8 per cent during FY 2021.

During the year, inflation remained a global phenomenon, which forced central banks of various advanced and emerging economies to embark upon reversal of the monetary accommodation maintained for a period of two years since the beginning of the pandemic. Crude oil prices ended CY 2021 51.4 per cent higher year-on-year, on the back of a rally in October and early November. They resurged in early 2022, breaching USD 90 per barrel towards end-January – the first time in seven years – as demand remained robust while supply faced capacity constraints amidst escalated geopolitical tensions. With the Russia-Ukraine war leading to severe risks of outright supply losses, crude oil prices rocketed to a 14-year high of USD133 per barrel in the first week of March. Prices retreated from the 14-year high levels, but continue to remain elevated. Domestic Consumer price index (CPI) inflation after remaining well below the upper tolerance band of 6 per cent in the first three quarters of FY 2022, averaged at 6.34 per cent in the fourth quarter due to unfavorable base effects amplified by conflict related supply side shocks. Food and beverages (weight of 45.9 per cent in the CPI basket) inflation rose steadily between September





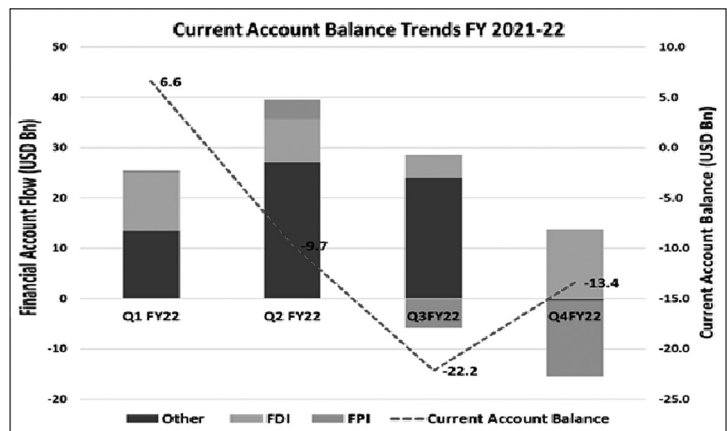
2021 and February 2022. The food price build-up in FY 2022 was largely driven by vegetable and edible oil prices. For FY 2022, CPI inflation averaged at 5.51 per cent as against 6.18 per cent for FY 2021.

### Forex Market

The Indian rupee witnessed sharp volatility during the year with a depreciating bias. It traded with a depreciating bias in the beginning of the year and touched INR 75.17 per USD on April 15 amidst FPI outflows and an appreciation of the USD. The depreciating bias got reversed as FPI flows rebounded with a sharp fall in domestic COVID-19 cases and a weakening USD. By end of May, the INR appreciated to INR 72.48 per USD. In June, it again traded with a depreciating bias, despite robust FPI equity inflows, as the USD gained strength. Since then, the INR has moved in both directions driven by FPI flows, crude oil prices, and incoming information on monetary policy normalization plans of major advanced economies. In the following months, it depreciated amidst FPI outflows, the strengthening USD, increasing market expectations of a faster than anticipated monetary policy normalization by the US Fed and other major Advanced Economies, a rise in crude oil prices, and escalating geopolitical tensions, touching a low of INR 76.92 per USD on March 7, 2022. The INR reversed some of these losses subsequently with the correction in crude oil prices and closed the FY 2021-22 at INR 75.79 vis-à-vis INR 73.11 per USD as on March 31, 2021.

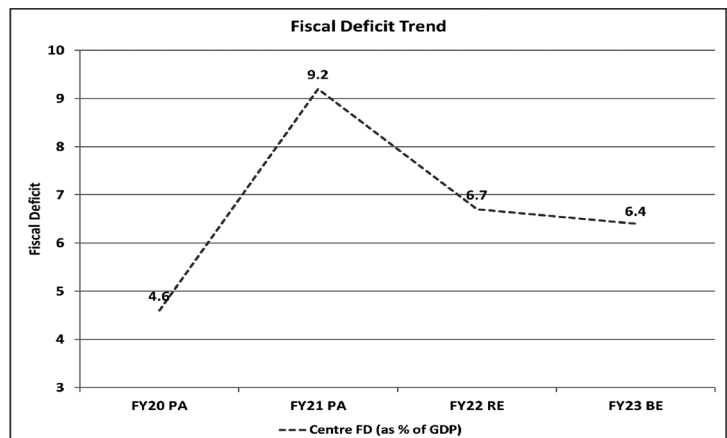
### Current Account Balance

India's current account deficit (CAD) surged to a 36-quarter high of USD 22.2 billion (-2.6 per cent of GDP) in Q3 FY 2022 from USD 9.7 billion (-1.3 per cent of GDP) in Q2 FY2022 and a current account surplus of USD 6.6 billion (+0.9 per cent of GDP) in Q1 FY 2022. The sequential widening of the deficit was on account of the increase in the merchandise trade deficit to USD 60.4 billion in Q3 FY 2022 from USD 44.4 billion in Q2 FY 2022 and USD 30.7 billion in Q1 FY 2022. For Q4 FY 2022, the CAD moderated to USD 13.4 billion (-1.5 per cent of GDP) led by a reduction in trade deficit, which narrowed to USD 54.5 billion in Q4 from USD 59.7 billion in Q3 FY 2022 on the back of higher export growth. For FY 2022, the CAD stood at USD 38.69 billion which is 1.2 per cent of GDP as against a surplus of 0.9 per cent registered in FY 2021. Due to higher financial inflows in Q1 & Q2, there was accretion to foreign exchange reserves aggregating USD 47.50 billion during FY 2022 as against accretion of USD 87.29 billion in FY 2021.



### Government Finances

During FY 2021-22, the fiscal position of the Central Government improved on the back of higher revenues receipts and contained capital expenditure. The gross fiscal deficit for FY 2022 stood at 6.7 per cent as against 9.2 per cent for FY 2021. In absolute terms, fiscal deficit was curtailed at ₹15.87 lakh crore, Provisional Actuals (PA) in FY 2022, marginally below the revised target of ₹15.91 lakh crore (RE) and as against ₹15.07 lakh, Budget Estimate (BE). The Centre's net tax revenue increased by 27.8 per cent y-o-y during FY 2022 as corporate tax, custom duties and GST collections posted robust growth during the year. Govt's total expenditure grew by 8.1 per cent y-o-y to ₹ 37.9 lakh crore in FY 2022, led by revenue expenditure (y-o-y growth of 3.7 per cent in FY 2022). While the capital expenditure expanded by 39.5 per

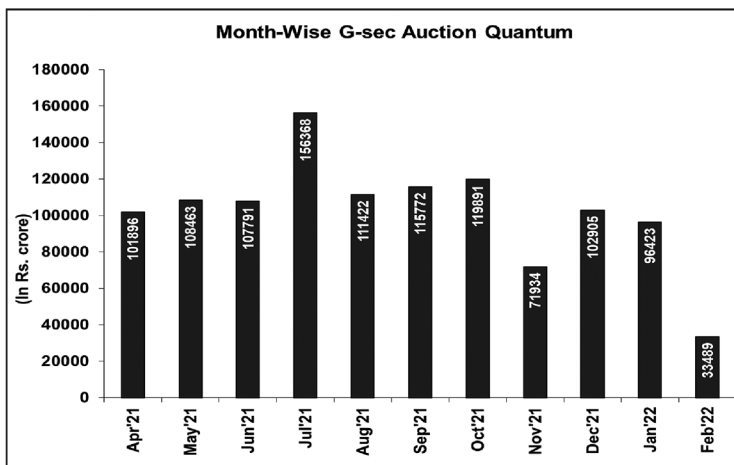


cent y-o-y in FY 2022, slightly lower than the 41.4 per cent y-o-y rise as per FY 2022 RE. The gross fiscal deficit for the upcoming FY 2022-23 is estimated at 6.4 per cent.

### Government Borrowings

The gross market borrowings of the Centre through G-sec remained high at ₹10.50 lakh crore while net borrowings stood at ₹7.8 lakh crore in FY 2022. The borrowing program was facilitated by the presence of a high level of surplus liquidity, and open market operations (OMO), including the secondary market government securities acquisition program (G-SAP). Even with a higher fiscal deficit requirement for FY 2022, the Centre was able to take advantage of a healthy cash balance and robust small savings garnered to offset additional financing requirement of ₹84,277 crore over and above the budgeted gross fiscal deficit.

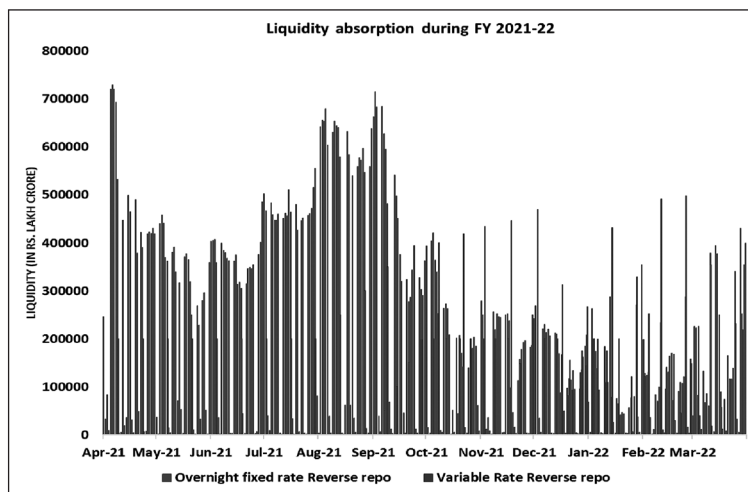
The weighted average cost (WAC) of the Government's borrowing increased to 6.28 per cent in FY 2022 as against 5.79 per cent in FY 2021 as gradual normalization of liquidity by RBI (through the enhanced size of VRRRs), led to an upward shift in the term structure as well. The weighted average maturity of the central government issuances also rose to 16.99 years in FY 2022 from 14.49 years during 2021. On the other hand, States' gross borrowing of ₹7.02 lakh crore was completed at a WAC of 6.97 per cent during FY 2022 as against 6.52 per cent in FY 2021. The Union Budget FY 2022-23 has placed gross market borrowings at ₹14.95 lakh crore. Factoring in the switch operations conducted on January 28, 2022, the gross market borrowings through dated securities for FY 2022- 23 are estimated at ₹ 14.31 lakh crore.



### Monetary Policy & Liquidity Management

In line with the MPC's accommodative stance, the Reserve Bank continued with liquidity easing measures during H1 FY 2022 in alignment with continued emphasis on the growth objective. In order to ensure smooth conduct of the Government borrowing program, RBI conducted a secondary market G-sec acquisition programme or G-SAP 1.0 during Q1 FY 2022, which was followed by G-SAP 2.0, conducted during Q2 FY 2022. The aggregate quantum of securities purchased under G-SAP stood at ₹2.2 lakh crore while net liquidity injected through OMO purchases, including G-SAP, amounted to ₹2.4 lakh crore in H1 FY 2022. The G-SAP was an unconventional monetary policy tool deployed by RBI, which helped contain volatility in G-sec yields and hence broader interest rates benign, thereby facilitating monetary transmission.

FY 2022 was also characterized by the normalization of liquidity management operations in line with the revised liquidity management framework (instituted in February 2020), which remained deferred because of the pandemic. The CRR was restored to the pre-pandemic level of 4 per cent of NDTL in two phases. The surplus liquidity was also absorbed through overnight reverse repo auctions and VRRR auctions of varying maturities. The size of the fortnightly VRRR was enhanced progressively from ₹2.0 lakh crore during April 2021 to ₹7.5 lakh crore in December 2021. Hence, the 14-day VRRR auction was gradually established as the main liquidity management operation complemented by



3-to-28-day VRRRs (of varying amounts). Due to higher remuneration under the VRRR auctions, liquidity absorbed under the fixed-rate reverse repo declined to a daily average of ₹2.0 lakh crore in H2 from ₹4.7 lakh crore in H1 FY 2022. RBI also conducted fine tuning operations through three variable rate repo (VRR) auctions of 1-3 day maturity, injecting ₹2.0 lakh crore during January 20-24, 2022 to address liquidity tightness on account of higher-than-expected collections under the GST. The liquidity management framework was restored completely through an RBI announcement on February 10, 2022.

### Treasury Bill Market

During FY 2022, the borrowings through T-Bills stood at ₹13.43 lakh crore vis-à-vis ₹14.90 lakh crore during the previous year. Despite surplus liquidity in the system, the cut-off yields on T-bills firmed up as liquidity absorption for higher tenors and higher rates, pushed up short-term rates during the year. The cut-off yield on 91 DTB firmed up from 3.35 per cent in the beginning of the year to 3.84 per cent as at the end of FY 2022, cut-off yield on 182 DTB firmed up from 3.57 per cent to 4.27 per cent. The cut-off yield on 364 DTB rose from 3.81 per cent at the beginning of the year to 4.58 per cent as at the end of the FY 2022.

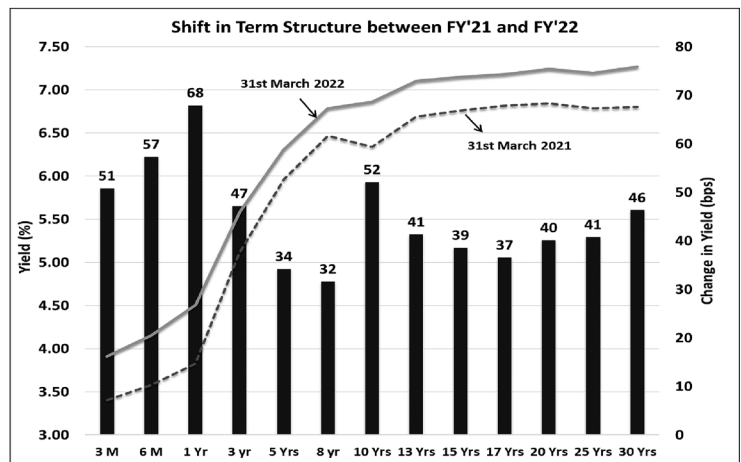
### Government Dated Securities

#### Primary Market

During FY 2022, the gross borrowings through dated issuances stood at ₹ 10.5 lakh crore as against ₹12.60 lakh crore during FY 2021. OMOs (including GSAP) were conducted during H1 FY 2022 aggregating ₹2.40 lakh crore (on a net basis) to support the government-borrowing program. The weighted average maturity of issuances stood higher at 16.99 years as against 14.49 years during the previous year. The weighted average yield of dated securities issued during FY 2022 also rose to 6.28 per cent as 5.79 per cent in FY 2021.

#### Secondary Market

The government securities market conditions worsened during FY 2022 due to a) large primary market supplies, b) high inflation and rise in global commodity prices, c) rise in global yields, d) gradual yet progressive normalization of the accommodative policy by RBI. During H1 FY 2022, the 10-yr yield traded in a broad range of 6.20 per cent to 6.25 per cent, touching a low of 5.97 per cent as RBI continued with its accommodative growth-supportive stance and also announced G-SAP 1.0 and G-SAP 2.0 aggregating ₹ 2.2 lakh crore. RBI's GSAP auctions focussed on securities with different maturities so as to ensure liquidity across the maturity spectrum. In August, yields hardened in reaction to the MPC's inflation forecast being revised upwards above expectations and fears of liquidity tightening on the announcement of a calendar for an enhanced scale of variable rate reverse repo (VRRR) auctions.



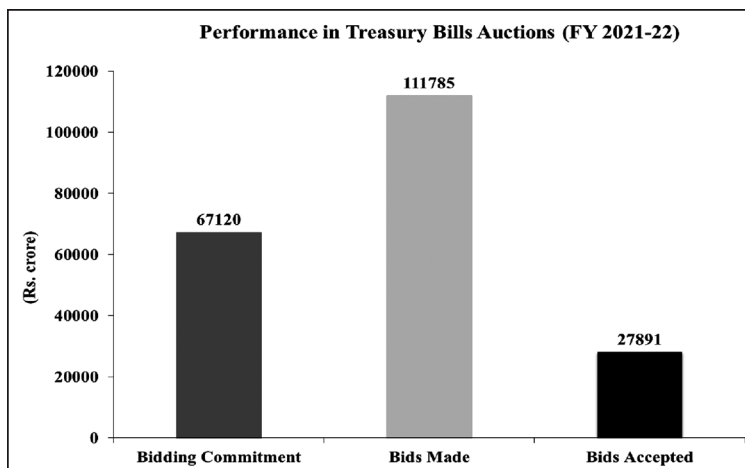
The second half of the year witnessed a steep rise in yields on account of adverse global and domestic factors. During Q3 FY 2022, the Brent crude oil prices surged due to geopolitical tensions, while persisting supply bottlenecks and labour market tightness worsened inflationary pressures. The 10-year US treasury yields rose during the quarter to touch a high of 1.71 per cent vis-à-vis opening yield of 1.47 per cent on expectations that Fed will raise rates nimbly to counter the sharp surge in retail inflation. Inflation in US surged to 7 per cent in December 2021 as supply chains & labour markets remained tight, while demand from consumers remained strong. Domestically, the abrupt discontinuation of G-SAP and continued devolvement of securities on Primary Dealers at weekly bond auctions weakened investors' sentiments leading to a sharp rise in bond yields. In Q4, the benchmark yield firmed up sharply owing to the higher-than-expected indicative calendar of market borrowings of State Governments, budgeted market

borrowings by the Centre indicated in the Union Budget 2022-23, and the continued rise in US yields, international crude oil, and other commodity prices due to escalating geopolitical tensions. The cancellation of two consecutive central government bond auctions gave breather from continued rise in yields. The slope dynamics reflect a larger rise at the short-end of the curve as continuous VRRR auctions pushed up short-term rates more than medium and longer-term rates. Overall the term structure shifted upwards with the 10-yr yield firming up by 52 bps to close the year at 6.86 per cent as against the previous year's closing of 6.18 per cent.

## COMPANY PERFORMANCE

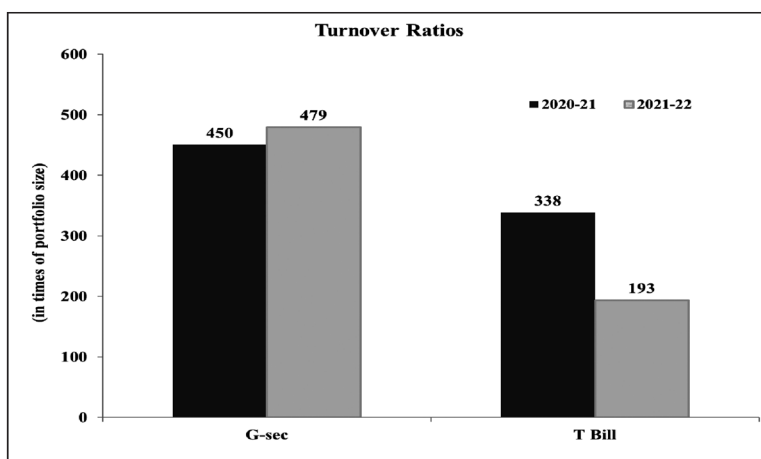
### Primary Market

In the primary market, the Company continued to comply with all the regulatory requirements of bidding under Minimum Underwriting Commitments (MUC) and Additional Competitive Underwriting (ACU) for Primary Dealers. During FY 2022, the Company earned an underwriting commission of ₹15.49 crore as against the previous year's commission of ₹15.91 crore. During the year, government securities aggregating ₹3936 crore were devolved on the Company. In treasury bill auctions, during H1 of FY 2022, GOI raised ₹6,89,000 crore as against ₹9,55,000 crore in the corresponding period of last fiscal. In the second half, GOI raised ₹6,54,000 crore through T-bills as against ₹4,55,000 crore raised in the corresponding period of last fiscal. Against these issuances of T-bills, Company submitted bids aggregating to ₹1,11,785 crore against the commitment of ₹67,120 crore (being 5 per cent of notified amount). Out of this, bids amounting to ₹27,891 crore were accepted. Fulfilling its primary market commitment, Company achieved a success ratio of 42.29 per cent and 40.78 per cent in H1 and H2 respectively in FY 2021-22, as against the statutory requirement of 40 per cent.



### Secondary Market

During FY 2021-22, total secondary market outright turnover registered by the Company stood at ₹5,08,782 crore as against ₹5,77,210 crore in FY 2020-21. The Central Government security segment recorded a turnover of ₹3,78,048 crore followed by SDLs which registered a turnover of ₹69,397 crore. Treasury bills recorded a turnover of ₹33,492 crore. The Company's total turnover ratio (secondary market) stands at 193 times for treasury bills and 479 times for government-dated securities as on March 31, 2022 against the minimum RBI stipulation of 10 times and 5 times respectively.

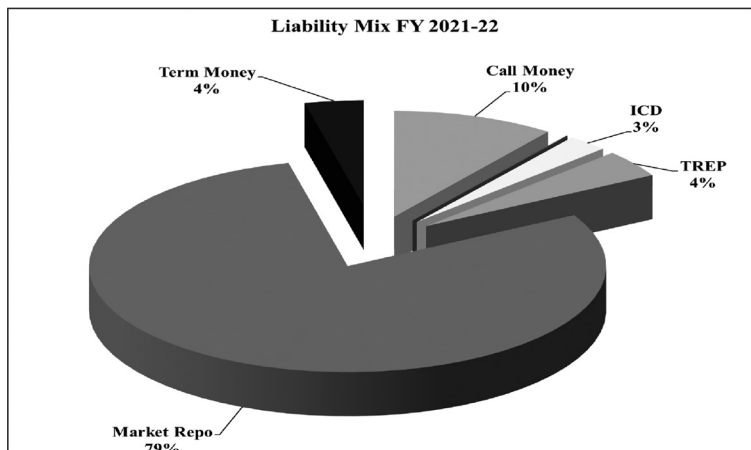


### Portfolio Size and Composition

During FY 2021-22, dated securities (central and state government) holding level under FVTPL portfolio averaged at ₹11,447 crore (₹9301 crore in FY 2021) with peak holding level of ₹17,274 crore (₹12,556 crore in FY 2021). Daily average holding in T-bills during FY 2022 stood flat at ₹1774 crore (₹1765 crore in FY 2021) whereas the peak holding in T-bills stood at ₹3115 crore (₹5089 crore in FY 2021). During the year, Company created Amortized Cost portfolio and the holding in this portfolio as on March 31, 2022 stands at ₹1313 crore.

## Liability Mix

During the year, the Company judiciously utilized different sources of borrowings viz. Call Money, TREP, Repo, LAF, etc. for active fund management. The average gross borrowings from all sources during FY 2022 amounted to ₹14,964 crore as against ₹11,978 crore in FY 2021. During FY 2022, Company raised funds aggregating ₹200 crore through the issuance of Commercial Paper at a rate of 3.82 per cent with a tenor of 1 month. The average leverage during FY 2022 was 10.86 times against 10.41 times in FY 2021, while the maximum leverage for the year stood at 13.49 times the NOF. The average cost of funds during FY 2022 stood at 3.41 per cent, higher than 3.30 per cent during FY 2021.



## Trading Stance & Financial Performance

During FY 2021-22, the market witnessed significant deterioration and firming up of yields due to reasons explained in the section on the secondary market. The two-year trend in the main financial parameters is tabulated as below:

(₹ in Crore)

Particulars	FY 2020-21	FY 2021-22	Percent change
Net Owned Fund	1305.69	1425.64	9.19
Profit Before Tax (PBT)	614.35	210.15	-65.79
Profit After Tax (PAT)	454.12	165.71	-63.51
Capital Adequacy Ratio (per cent)	45.58	66.41	45.7
Debt Equity Ratio	7.49	10.18	35.91
Debtors Turnover Ratio	4.67	9.68	107.28
Interest Coverage Ratio	2.56	1.41	-44.92
Current Ratio	721.59	1995.35	176.52
Operating Profit Margin (%)	58.35	21.09	-63.86
Net Profit Margin (%)	43.13	16.63	-61.44

The challenging environment in which the bond market operated during FY 2021-22; depressed the Company's profitability compared to the previous year. The company also faced a rise in funding costs besides hardening of yields as RBI moved towards normalization of the system liquidity. Despite the challenges and adverse market environment, Company posted a PBT of ₹ 210.15 crore as on March 31, 2022, and PAT of ₹ 165.71 crore. The Company's trading income stood at (₹ 234.09) during FY 2021-22 as against ₹ 252.56 crore during FY 2020-21 while net interest income stood at ₹ 460.30 crore during FY 2021-22 as against ₹ 384.02 crore during FY 2020-21. The profit booked during FY 2021-22, led to the strengthening of the Company's NOF by 9.19 per cent from ₹ 1305.69 crore as on March 31, 2021, to ₹ 1425.64 crore as on March 31, 2022. Decreased profitability resulted in a lowering of Return on Net-worth for FY 2021-22 to 12.13 per cent as against 39.35 per cent for FY 2020-21. The overall debt to equity ratio stood at 10.18 as on March 31, 2022 as against 7.49 as on March 31, 2021. Debt to equity ratio was higher on account of increased portfolio size maintained to capture net interest income.

Increase in NOF during FY 2021-22 also resulted in an improved capital adequacy ratio. The Company is adequately capitalized with a capital adequacy ratio (CAR) of 66.41 per cent as on March 31, 2022 (45.58 per cent as on March 31, 2021), against RBI's minimum stipulation of 15 per cent. Robust risk management systems kept the Company's risk profile in check throughout the year.

The debtors turnover ratio was higher in FY 2021-22 due to lower arranger fee receivable and arranger fee income for FY 2021-22 compared to FY 2020-21. Interest coverage ratio was lower in FY 2021-22 as profit was higher in FY 2020-21 as compared to FY 2021-22 whereas the interest costs were lower during FY 2020-21 as compared to FY 2021-22. Current ratio rose during FY 2021-22 as Current assets (investment in stock) were higher as on March 31, 2022 than as on March 31, 2021. Operating profit margin declined due to lower operating profits as on March 31, 2022 than as on March 31, 2021. Net profit margin stood lower as net profit was lower as on March 31, 2022 than as on March 31, 2021.

### **Risk Management**

Company maintained a balanced composition of securities with an aim to maximize arbitrage income and also facilitate better trading opportunities. Risk management is a critical element of the Company's trading business. The Company's mid-office is primarily responsible for formulating, reviewing, and implementing the risk management policies, Value-at-Risk (VaR), PVBP limits, sensitivity analysis, and cut-loss policies form the core of the market risk management system. The impact of interest rate movements on the business and earnings profile, is mitigated by operating within a well-defined proactive stop-loss limit and value-at-risk (VaR) limit. The Company also conducts sensitivity analysis of its portfolio to assess the impact of parallel and non-parallel shifts in the yield curve on its earnings profile. Counterparty exposure limits and instrument-wise exposure limits were the primary tools used for managing the credit risk in the business. Similarly, well-established systems and procedures provided adequate defense against operational risk.

### **Human Resource Development**

Human resource development is given high weightage and Company employs the best HR practices to ensure a healthy and motivating work environment for its employees. Employee skills are constantly upgraded by providing training suitable to individual requirements. Besides, in-house lectures and workshops are also conducted on a regular basis to stimulate a healthy exchange of ideas. Apart from skill enhancement training, emphasis is laid on exercises that re-engage, rejuvenate the employees and develop better bonds between co-workers translating into better team dynamics in the Company. Employees' morale is also boosted by recognizing and rewarding their consistent efforts and dedication to their work with STAR Employee Award bi-annually.

The details regarding employees are given in the Board's Report. Total number of employees of the Company as on March 31, 2022 were 45 (including 1 employee on deputation from the parent bank). The Company has maintained peaceful and harmonious relations with all its employees. There were no material developments recently in the PD Industry.

### **Internal Control Systems**

The Company considers the internal control systems to be a very significant part of its Corporate Governance practices. Our Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds etc. The Company's internal control systems are commensurate with the nature, size and complexity of business of the company. The controls have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, compliance with applicable statutes and corporate policies etc. The Company has well defined delegation of power with authority limits for approving transactions/contracts including expenditure. M/s Rasool Singhal & Co., the statutory auditor of the Company has audited the financial statements and have also issued a report on our internal control over financial reporting. As a part of this control system, our Board also appoints Internal Auditor and other auditors as well. Accordingly, these controls are routinely tested and certified by the auditors. For the financial year 2021-22, the Board appointed M/s Lodha & Co., Chartered Accountants as the Internal Auditor of the Company. The scope of Internal Audit included audit of treasury transactions on a monthly basis and reporting to the Audit Committee of the Board that the Company has operated within the limits of various risk parameters laid down by the Board, Reserve Bank of India and other statutory authorities. Besides, the said firm also audited and reviewed the related party transactions on a monthly basis and key business processes, including IT systems of the Company on quarterly basis. All the reports of the Internal Auditor were submitted to the Audit Committee for necessary action. The Audit Committee reviews the

adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations and suggestions.

### **Registration obtained from other financial sector regulators**

During the year, Company has not taken membership from any regulator.

### **Corporate Social Responsibility**

The Company's CSR initiatives focus on creating social values by contributing to the field of education, healthcare, environmental conservation, etc. During the year, Company undertook several initiatives, contributing ₹ 5.57 crore towards various trusts and agencies during FY 2021-22.

### **Strengths, Weaknesses, Opportunities and Threat Analysis**

#### **Strengths and Weaknesses**

The Company is the only listed Primary Dealer in the country and has consistently displayed healthy financial performance over the years. The Company operates with a substantial Capital Adequacy Ratio (CAR) with comparatively low operational costs. CAR stood at 66.41 per cent for the year ended March 31, 2022. The Company has efficient risk management and research department responsible for monitoring, analysis, and compliance with the latest IT infrastructure through which prudent analysis of the portfolio is done on a regular basis. A strong compliance culture prevails across the organization, pursuant to its strategic goals of transparency and trust, among all its stakeholders. However, there are some constraining factors for Company like volatility in earnings because of interest rate movements and lack of diversity in revenue.

#### **Opportunities and Threats**

The challenges that commenced in FY 2021-22 are expected to continue to stay at the fore in the new FY 2022-23 as well. Already, the G-sec yields have risen sharply in the new FY, rising to a high of 7.46 per cent as an abrupt reversal of policy stance by RBI and revived focus on inflation targeting deteriorated market appetite. RBI hiked the policy rate by 40 bps in an off-cycle meet held on 4<sup>th</sup> May 2022, followed by a 50 bps hike in the June 2022 policy meet, justifying such a move to help contain inflation expectations. Going forward too, RBI is expected to continue to hike rates in the upcoming policies and reach the pre pandemic repo rate level of 5.15 per cent soon. Even as RBI has embarked upon the rate hike cycle, the fiscal health dynamics of the government are also not very encouraging with reduction in excise duty on petrol and diesel announced on May 21, 2022, and an additional fertilizer subsidy of ₹ 1.1 lakh crore. These factors are likely to pose risks to Company's earnings in FY 2022-23. On the other hand, any positive developments on the global bond index inclusion front and improvement in government revenues on account of the achievement of the disinvestment target may provide some positive breaks to the market.

In order to tide over the upcoming challenges and leverage the available opportunities in an efficient manner, the Company proposes to be actively engaged in trading profitable opportunities as well as stay focused on generating a healthy net interest income. Company, through its competent trading skills and strong risk management systems, shall endeavor to generate better risk-adjusted returns through view-based and opportunistic trading. The Company will also focus on non interest rate products and other sales activities to diversify its revenues.

**On behalf of Board of Directors**



**(Kalyan Kumar)**  
Chairman  
DIN: 09631251

Date : July 26, 2022

Place: New Delhi

## REPORT ON CORPORATE GOVERNANCE

### • **Company's Philosophy on Code of Corporate Governance**

Corporate Governance for the Company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operation. Our workforce is committed towards the protection of the interest of the stakeholders viz. shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal i.e., maximization of value of all the stakeholders.

### • **The goal is achieved through:**

- Infusion of best expertise in the Board.
- Consistent monitoring and improvement of the human and physical resources.
- Introducing regular checks, audits and continuous improvements in well-defined systems and procedures. Board / Committee meetings at regular intervals to keep the Board informed of the recent happenings.

### **I Board of Directors**

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long term interests are being served. The Board has constituted various Committees at Board level namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders' Relationship Committee etc. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs. The Company's internal guidelines for Board and its Committee meetings facilitate the decision making process at its meetings in an informed and efficient manner.

### **1 Composition of the Board**

The composition of the Board of Directors is an optimum combination of executive and non- executive directors which fulfills the requirement as stipulated by the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") on Corporate Governance. As on March 31, 2022, the Company has seven Directors, consisting of six Non-Executive Directors (out of which four are Independent Directors including a Woman Independent Director) and one Executive Director.

The members of the Board are from diverse background with requisite skills and experience in critical areas like finance, treasury, human resource, legal, management etc. The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements.

As on March 31, 2022, the composition of the Board was as follows –

**Sh. S. K. Saha**<sup>1</sup> (DIN: 08963678), Executive Director – Punjab National Bank ("PNB" or "Promoter"), is the Non-Executive & Non-Independent Chairman related to Promoter of the Company. Before taking up assignment as Executive Director in PNB, he was Zonal Manager (Chief General Manager), Lucknow Zone, in the Bank. In a career spanning over 30 years, he has worked in different capacities across the country. He has wide exposure in Human Resource Development, Treasury, International Banking, Credit, Risk Management, Organization Restructuring and Board matters. During his tenure at Head Office of erstwhile Oriental Bank of Commerce, he headed Treasury and International Banking, Human Resource Development Division and Board Division. He is also on Chairman of PNB Cards and Services Ltd.

**Sh. P. P. Pareek** (DIN: 00615296), Independent Director, is a practicing Chartered Accountant. He is a senior partner of M/s S. Bhandari & Co. for the last 39 years. He was member of Central Council and Standing Committees like Executive Committee and Examination Committee of the Institute of Chartered Accountants of India. Presently, he is Director of Jamuna Dream Estates Pvt. Ltd. and Rajasthan State Mines & Minerals Ltd.

<sup>1</sup> resigned from directorship and chairmanship of the Company w.e.f. June 3, 2022, upon his elevation as Managing Director & CEO of Punjab and Sind Bank and cessation as an Executive Director of PNB.



**Sh. S. K. Kalra** (DIN: 01952165), Independent Director, is having a rich experience of around 36 years in treasury and credit management, financial services and banking operations etc. in the banking industry. He retired from Andhra Bank as Executive Director. Prior to Andhra Bank, he was General Manager, Treasury Division of Allahabad Bank. Presently, he is Director of Can Fin Homes Ltd., J K Cement Ltd. and Indbank Merchant Banking Services Ltd.

**Smt. Uma Ajay Relan** (DIN: 07087902), Independent Director is having rich experience of around 33 years in credit and risk management with Citigroup in multiple geographies, various banking disciplines and diverse product groups. Presently, she is director of Bharti Axa Life Insurance Company Limited.

**Dr. T. M. Bhasin** (DIN: 03091429), Independent Director having experience of around 40 years in treasury, banking operations and vigilance matters etc. in the banking industry. He was also appointed as Vigilance Commissioner in Central Vigilance Commission of India. Prior to his appointment as Vigilance Commission in the Central Vigilance Commission (CVC) in 2015, Dr. Bhasin served as the Chairman and Managing Director of Indian Bank. Presently, he is director of IDBI Intech Ltd., SBI Cards and Payment Services Ltd., SBI Life Insurance Company Ltd., PNB Housing Finance Ltd. and Ruchi Soya Industries Ltd.

**Sh. Ashutosh Choudhury** (DIN: 09245804), Non- Executive & Non-Independent Director, is Chief General Manager and Group Chief Risk Officer of PNB. He has more than 20 years of experience in Banking industry covering the areas of Risk Management, Corporate banking, Treasury, MSME Credit, Retail Asset, Financial Inclusion, Digital Lending. He has long experience in handling Risk Management functions including implementation of Basel II & Basel III framework, credit risk rating model, scorecard, formulation of Policy and SOP related to risk, credit & operation, Operational Risk, Fraud Risk, implementation of Stress Testing & ICAAP framework, ALM, Liquidity Risk, Interest Rate Risk, Forex Risk, Concentration Risk etc.

**Sh. Vikas Goel** (DIN: 08322541) is the Managing Director and CEO of Company since February 2019. He has worked with three multi-national banks (American Express Bank, Credit Agricole Bank, and First Abu Dhabi Bank) in India for around 27 years in leadership roles in establishing and managing Global Market businesses, primarily the fixed income and currency asset class. He is Director on the Board of Primary Dealers' Association of India.

Other information regarding the Board as on March 31, 2022 is given below:

Name of the Director	Category	No. of other Directorships and other Committee Memberships/ Chairmanships <sup>1</sup>			Directorship in other listed entity (Category of Directorship)
		Directorships	Committee Memberships	Committee Chairmanships	
Sh. S. K. Saha	Non-Executive, Non-Independent, Chairman	2	1	-	Punjab National Bank (Executive Director)
Sh. P. P. Pareek	Non-Executive, Independent	2	1	-	-
Sh. S. K. Kalra	Non-Executive, Independent	3	2	1	Independent Director of- • Can Fin Homes Ltd. • J K Cement Ltd. • Indbank Merchant Banking Services Ltd.
Smt. Uma Ajay Relan	Non-Executive, Independent	1	1	-	-

Dr. T. M. Bhasin	Non-Executive, Independent	5	8	3	Independent Director of- • SBI Cards and Payment Services Ltd. • IDBI Intech Ltd. • PNB Housing Finance Limited • Ruchi Soya Industries Ltd. • SBI Life Insurance Company Limited
Sh. Ashutosh Choudhury	Non-Executive , Non-Independent	-	-	-	-
Sh. Vikas Goel	Executive, Non-Independent	1	-	-	-

1 In terms of Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, only two committees viz. the Audit Committee and the Stakeholders' Relationship Committee of public limited companies are considered for this purpose.

As on March 31, 2022, none of the Directors (except Sh. P. P. Pareek, who holds 1,333 equity shares of the Company) holds any shares / convertible instruments of the Company.

There is no inter-se relationship between the Directors.

#### Familiarization Programme of the Independent Directors

The Company conducts familiarisation programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The details of familiarisation programme imparted to the Independent Directors during the year are available on the website of the Company at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/1645519504.pdf](https://www.pnbgilts.com/uploads/corporate_governance/1645519504.pdf) Quarterly updates on relevant statutory and regulatory changes are also circulated to the Directors.

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Professional Competencies	
Business and Management experience	Experience in, or is able to demonstrate knowledge or expertise in, sound management and operational business processes and practices in the private or public sector.
Legal, technology etc.	Exposure in handling regulatory and technology matters or providing legal/regulatory/ technology advice and guidance to an organization.
Risk Management	Knowledge and experience in enterprise risk management in the relevant industry and understanding of the Board's role in the oversight of risk management principles.
Strategic Planning	Ability to generate and apply strategic thinking in regard to the unique business insights and opportunities of relevance to the organization.
Board service and Governance	Experience in Board governance practices in private or public sector. Understanding of roles and responsibilities of Board of a Company and responsibilities as Director.
HR	Experience in developing strategies or handling matter like development of talent and retention, succession planning and driving change and long term growth etc.
Finance	An understanding of financial statements and the accounting principles used by entities to prepare its financial statements; including the ability to assess the general application of such accounting principles in connection with the accounting for the company.
Banking	Experience in Credit/Treasury/ International Business etc. in banking industry.

Capital market	Strategic and operational understanding of the working of capital markets in order to provide oversight to management strategies.
Debt Market	Experience in driving Fixed Income, capital or any other market as may be permitted by Reserve Bank of India, from time to time, with an understanding of diverse business environments, economic conditions, regulatory frameworks and a broad perspective on Indian and/or Global market opportunities.
Diversity (gender, ethnic or others)	Representation of gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of clients, employees, governments and other stakeholders.
Leadership	Ability to inspire, motivate and offer direction and leadership to others.
Analytical and visionary	Ability and aptitude of showcasing analytical and visionary skills towards the organization in the long term. Ability to work as part of a team, and demonstrate the passion and time to make a genuine and active contribution to the Board.
Commitment	Commitment to the organization, its Board, its culture, values and people.

In the below table, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of mark against a member's name doesn't necessarily mean the member doesn't possess the corresponding qualification or skill.

	Sh. S. K. Saha	Sh. P. P. Pareek	Sh. S. K. Kalra	Smt. Uma Ajay Relan	Dr. T. M. Bhasin	Sh. Ashutosh Choudhury	Sh. Vikas Goel
Business and Management experience	✓	✓	✓	✓	✓	✓	✓
Legal, technology etc.	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓
Board service and Governance	✓	✓	✓	✓	✓	✓	✓
HR	✓	✓	✓	✓	✓	✓	✓
Finance	✓	✓	✓	✓	✓	✓	✓
Banking	✓	✓	✓	✓	✓	✓	✓
Capital market	✓	✓	✓	✓	✓	✓	✓
Debt Market	✓	✓	✓	✓	✓	✓	✓
Diversity (gender, ethnic or others)	✓	✓	✓	✓	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	✓
Analytical & visionary	✓	✓	✓	✓	✓	✓	✓
Commitment	✓	✓	✓	✓	✓	✓	✓

## 2. Independent Directors

**a. Performance Evaluation of Independent Directors:** The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors. An indicative list of factors on which evaluation exercise was conducted by an external agency includes participation and contribution by a director, commitment, knowledge and competency, integrity and maintenance of confidentiality and independence of behavior and judgement. The outcome of evaluation was found satisfactory.

**b. Confirmation on Independence of Independent Directors:** In terms of Regulation 25(8) of the Listing Regulations, all the independent directors of the company have confirmed that they are not aware of any

circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors confirms that all the Independent Directors of the Company meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 and that they are independent of the management. A formal letter of appointment to Independent Directors as provided in Act has been issued and the draft of the same is disclosed in Investors Relations section on website of the Company viz. [www.pnbgilts.com](http://www.pnbgilts.com).

**c. Resignation by Independent Director during FY 2021-22:** No independent director resigned during the said financial year.

### 3. Meetings of the Board

During the financial year 2021-22, six Board meetings were held on June 22, 2021, July 12, 2021, August 10, 2021, November 11, 2021, January 21, 2022 and March 30, 2022. The gap between any two meetings not exceeded 120 days as per the requirements of Regulation 17 (2) of the Listing Regulations.

Attendance record of the Directors in the above meetings and last AGM is as under:

Name of Director	No. of Board Meetings attended	Attended last AGM held on September 20, 2021
Sh. A. K. Azad <sup>1</sup>	N.A.	N.A.
Sh. S. K. Saha <sup>2</sup>	6	Yes
Sh. P. P. Pareek	6	Yes
Sh. S. K. Kalra	6	Yes
Smt. Uma Ajay Relan	5	Yes
Dr. T. M. Bhasin	6	Yes
Sh. V. K. Srivastava <sup>3</sup>	N.A.	N.A.
Sh. Ashutosh Choudhury <sup>4</sup>	2	Yes
Sh. Vikas Goel	6	Yes

1. Upon completion of his superannuation from Punjab National Bank, he resigned from Chairmanship & Directorship of the Company w.e.f. May 1, 2021.
2. Appointed as a Non-Executive and Non-Independent Chairman w.e.f. June 18, 2021.
3. Resigned as a Non-Executive and Non-Independent Director w.e.f. June 19, 2021.
4. Appointed as a Non-Executive and Non-Independent Director w.e.f. July 19, 2021.

### 4. Committees of the Board

#### (A) Audit Committee

The Audit Committee has been formed in pursuance of the Listing Regulations, Section 177 of the Companies Act, 2013 and RBI guidelines. The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 read with Part C to Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013, as applicable, besides other terms as referred by the Board of Directors.

The role, inter alia, includes oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors; reviewing with the management quarterly results and annual financial statements before submission to the Board for approval; approval or any subsequent modification of any transactions of the Company with related parties; review and monitor the auditor's independence and performance and effectiveness of audit process; evaluation of internal financial controls and risk management system; reviewing the functioning of the vigil mechanism / whistle blower policy; reviewing the compliance with provisions of Securities Exchange Board of India (Prevention of Insider Trading) Regulation, 2015 (including any amendment(s) or modification(s) from time to time) at least once in a financial year and verify that the systems for internal controls for ensuring compliance to these Regulations, are adequate and are operating effectively.

The Committee mandatorily reviews information such as internal audit reports related to internal control weakness (if any), management discussion and analysis of financial condition and result of operations, statement of related party transactions and such other matters as prescribed.

During the financial year 2021-22, six meetings of the Committee were held on June 22, 2021, July 12, 2021, August 10, 2021, November 11, 2021, January 21, 2022 and March 29, 2022. The composition and attendance of Members is as under:

Names of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. P. P. Pareek	Chairman	6
Sh. S. K. Kalra	Member	6
Smt. Uma Ajay Relan	Member	5
Dr. T. M. Bhasin	Member	6

Ms. Monika Kochar, Company Secretary acts as the Secretary to the Committee.

All the recommendations made by the Audit Committee during the year were accepted by the Board.

### **(B) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee is instrumental in identifying persons qualified to become Directors or part of senior management in accordance with the criteria laid down by the Board, to carry out evaluation of every Director's performance, to recommend to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees and Board Diversity etc. The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Regulation 19 read with Part D to Schedule II of the Listing Regulations, Section 178 of the Companies Act, 2013 and RBI's directions, besides other terms as referred by the Board of Directors.

The role of Nomination and Remuneration Committee, inter-alia, includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on diversity of Board of Directors; and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board their appointment, removal and noting their cessation; recommendation on extension or continuation of the terms of appointment of the Independent Directors; and recommendation to the Board of all remuneration, in whatever form, payable to senior management.

The Company is also having "Directors' Fit and Proper Policy" in place for ascertaining the 'fit and proper criteria' to be adopted at the time of appointment of Directors and on continuing basis, in line with the regulatory framework issued by RBI. Pursuant to the terms of reference, the said Committee deals with matter of the appointment / reappointment of Directors and their remuneration etc. and submit its recommendations to the Board for approval.

During the financial year 2021-22, six Committee meetings were held on July 12, 2021, August 10, 2021, November 10, 2021, December 22, 2021, January 19, 2022 and March 30, 2022. The composition of Committee and attendance of the Members is as under:

Name of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. P. P. Pareek	Chairman	6
Sh. S. K. Kalra	Member	6
Smt. Uma Ajay Relan	Member	5
Sh. V. K. Srivastava <sup>1</sup>	Member	N.A.
Sh. Ashutosh Choudhury <sup>2</sup>	Member	4

1. He ceased to be member of the Committee post his resignation w.e.f. June 19, 2021.

2. Inducted as member of the Committee w.e.f. July 19, 2021.

The details relating to remuneration of Directors and disclosure regarding Remuneration Policy, as required under Listing Regulations have been given under a separate section, viz. 'Directors' Remuneration' in this report.

### **(C) Stakeholders' Relationship Committee**

The role and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The terms of reference of Stakeholders' Relationship Committee, inter-alia includes, overseeing the redressal of stakeholders' grievances; to review the measures taken for effective exercise of voting rights by shareholders; review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent etc. During the year 2021-22, two meetings of the Committee were held on November 10, 2021 and March 29, 2022.

The composition of Stakeholders' Relationship Committee and the attendance of the Members is as under:

<b>Names of Director</b>	<b>Position held in the Committee</b>	<b>No. of Committee Meetings attended</b>
Smt. Uma Relan	Chairperson	2
Sh. P. P. Pareek	Member	2
Sh. Vikas Goel	Member	2

The Company attends to investor grievances/correspondence expeditiously and usually reply is sent within a period of 5 to 7 days of receipt, except in the cases that are constrained by disputes or legal impediments.

During the FY 2021-22, the Company had received 116 complaints from the shareholders/ investors. All the complaints have been redressed to the satisfaction of the complainants.

No shareholder / investor complaint was pending as on the beginning of the financial year i.e. on April 1, 2021 as well as at the end of the financial year i.e. on March 31, 2022.

Company Secretary acts as Compliance Officer.

### **(D) Corporate Social Responsibility (CSR) Committee**

The CSR Committee discharges the role of Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013 which includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company. During the financial year 2021-22, four CSR Committee meetings were held on July 12, 2021, November 10, 2021, December 22, 2021 and March 29, 2021. The composition of the Committee and attendance of the Members is as under:

<b>Names of Director</b>	<b>Position held in the Committee</b>	<b>No. of Committee Meetings attended</b>
Sh. P. P. Pareek	Chairman	4
Smt. Uma Ajay Relan	Member	4
Dr. T. M. Bhasin	Member	4
Sh. Vikas Goel	Member	4

The terms of reference of the CSR Committee are as per the provisions of the Companies Act, 2013. A detailed Report on CSR activities/ initiatives is also attached with the Board's Report.

### **(E) Risk Management Committee**

The Risk Management Committee framed in accordance with the RBI guidelines for Primary Dealers and NBFCs and the Listing Regulations reviews the overall risk management plan and framework and recommend changes to ensure their adequacy. The Committee ensures that the Company is complying with the internal policies already documented, controls, and procedures concerning the operation of the risk measurement system.

The role of Committee, inter-alia, include the following:

1. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
7. monitoring and reviewing of the risk management plan, cyber security function and such other functions as the Board may deem fit.

During the financial year 2021-22, two Risk Management Committee meetings were held on September 15, 2021 and March 8, 2022. The composition of the Committee and attendance of the Members is as under:

Names of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Kalra	Chairman	2
Smt. Uma Ajay Relan	Member	2
Sh. V.K Srivastava <sup>1</sup>	Member	N.A.
Sh. Ashutosh Choudhury <sup>2</sup>	Member	2
Sh. Vikas Goel	Member	2

1. He ceased to be member of the Committee post his resignation w.e.f. June 19, 2021.
2. Inducted as member of the Committee w.e.f. July 19, 2021.

#### **(F) Share Transmission and Issue of Duplicate Share Certificates Committee**

The Board of Directors of the Company have changed the nomenclature of Share Transfer and issue of Duplicate Share Certificates Committee to Share Transmission and issue of Duplicate Share Certificates Committee w.e.f. July 12, 2021. The Committee oversees, inter-alia, transmission of shares, issue of duplicate share certificate etc. besides other matters as referred by the Board of Directors. During the financial year 2021-22, ten meetings of the said committee were held on 12<sup>th</sup> and 26<sup>th</sup> April, 2021, 10<sup>th</sup> and 24<sup>th</sup> May, 2021, 7<sup>th</sup> and 21<sup>st</sup> June, 2021, 5<sup>th</sup> July, 2021, 20<sup>th</sup> September, 2021, 21<sup>st</sup> October, 2021 and 25<sup>th</sup> March, 2022.

The composition of the Committee and the attendance record of the Members is as under:

Names of Director	Position held in the Committee	No. of Committee Meetings attended
Dr. T. M. Bhasin	Chairman	9
Sh. S. K. Kalra	Member	10
Smt. Uma Ajay Relan	Member	10
Sh. Vikas Goel	Member	9

## II Directors' Remuneration

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is available on the website of the Company at the link:

[https://www.pnbgilts.com/uploads/corporate\\_governance/REMUNERATION\\_POLICY.pdf](https://www.pnbgilts.com/uploads/corporate_governance/REMUNERATION_POLICY.pdf)

The remuneration policy was amended during the year 2021-22 so as to include a provision that remuneration to senior management who are on deputation from parent bank, PNB shall be paid in accordance with applicable service regulations/provisions of the parent bank. The Company's remuneration policy is directed towards rewarding performance based on achievement of results and attracting and retaining the best talent.

Matters of remuneration of Managing Director are considered by the Board of Directors of the Company, with the Interested Directors not participating. The terms of remuneration of these Directors are approved by the shareholders at the general body meeting. The details of remuneration paid to the Managing Director in the financial year 2021-22 are as under:

(₹ in lacs)

	Sh. Vikas Goel, Managing Director & CEO
Salary	115.08
Perquisites and allowances	2.64
Company's Contribution to PF	6.68
Performance Linked Incentive	40.00

Above remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2021-22, variable pay of ₹ 40 lacs (Prev. Year: ₹ 35 lacs) was paid to Sh. Vikas Goel..

Apart from above, benefit on account of leave encashment, which is provided based on actuarial valuation for the company as a whole, is also available.

The tenure of office of Sh. Vikas Goel, Managing Director & CEO was upto January 31, 2022. Based on the recommendation of Nomination & Remuneration Committee, the Board extended his tenure for one year w.e.f. February 1, 2022. This was also approved by the members in the Extra Ordinary General Meeting held on March 29, 2022 in accordance with Regulation 17(1C) of SEBI Listing Regulations. Thus, his tenure is upto January 31, 2023.

Service conditions of the Managing Director & CEO are governed by the service regulations of the Company. As per Regulation 15(iii) of the service regulations, his services can be terminated by a notice period of 3 months. No other severance fees is payable.

Sitting fee is payable only to Independent Directors. The sitting fee structure payable to Independent Directors during FY 2021-22 was as under -

- For Chairman of Board for attending each meeting of Board, sitting fee was ₹ 50000/- and for other members of the Board, sitting fee was ₹ 40000/- per meeting.
- For Chairman of Audit Committee / Nomination & Remuneration Committee / CSR Committee / Risk Management Committee / IT Strategy Committee, the sitting fee was ₹ 30000/- for attending each such committee meeting and for the members of the said committees the sitting fee was ₹ 25000/- for attending each such committee meeting.
- Sitting fee for each Only Independent Directors' Meeting was be ₹ 25000/- and for attending each meeting of (a) Share Transfer/Transmission and Issue of Duplicate Shares Committee; and (b) Stakeholders' Relationship Committee, the sitting fee was ₹ 10000/-.

In addition to the sitting fee, the Company also pays out of pocket expenses if incurred by them for attending such meetings.

The details of sitting fee paid to Independent Directors during the financial year 2021-22 are as under:



(in ₹ lacs)

Names of the Director	Sitting Fees*
Sh. P. P. Pareek	7.65
Sh. S. K. Kalra	7.85
Smt. Uma Ajay Relan	7.45
Dr. T.M. Bhasin	6.05

\* Applicable GST paid extra. Out of pocket expenses, if any incurred by them, not taken into account.

No other remuneration or stock option is in place. Apart from the sitting fees and reimbursement of expenses, there were no other pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company.

### III Resume of Directors Proposed to be Appointed / Re-Appointed

The brief resume of Directors to be appointed or re-appointed is given in the explanatory statement/annexure to the notice convening the Annual General Meeting.

### IV Code of Conduct for Directors and Senior Management

The Code of Conduct for Directors and Senior Management of the Company has been posted at the Company's website ([www.pnbgilts.com](http://www.pnbgilts.com)). All the Board Members and Senior Management Personnel have affirmed the compliance of the said Code during the year 2021-22. A declaration of Managing Director to this effect is also appended to this report at Annexure A.

### V Certificate on Corporate Governance

As required under Schedule V of the Listing Regulations, a certificate from practicing company secretaries regarding compliance of conditions of corporate governance is appended to this report as Annexure B.

### VI CEO/CFO Certification

The Chief Executive Officer and Chief Financial Officer of the Company had submitted required certification to the Board along with the annual financial statements as per the provisions of Regulation 17(8) read with Para B of the Schedule II of the Listing Regulations.

### VII General Body Meetings

Location and time of last three General Meetings are as under:

Financial year	Type of Meeting	Venue	Date and time
2021-22	Extra Ordinary General Meeting (EGM)	Meeting conducted through Video Conferencing pursuant to the MCA Circular(s)	March 29, 2022 at 1100 hrs
2020-21	Annual General Meeting (AGM)		September 20, 2021 at 1100 hrs
2019-20			September 30, 2020 at 1030 hrs
2018-19		Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi 110 075.	August 28, 2019 at 1030 hrs

Two special resolutions were passed in the AGM held on August 28, 2019 i.e. for increase in borrowing powers of the company and for re-appointment of Sh. P.P. Pareek as an Independent Director for another term of five consecutive years. In the AGM held on September 30, 2020, a special resolution was passed for alteration of articles of the association of the company. In AGM held on September 20, 2021, no special resolution was passed.

In the EGM held on March 29, 2022, a special resolution for increase in borrowing power limit as required under Section 180(1)(c) of the Companies Act, 2013 was also passed.

During 2021-22, no resolution was passed through postal ballot. As on the date of this report, no business is proposed to be conducted through postal ballot.

### VIII Management Discussion and Analysis

Management Discussion and Analysis has been given separately in the Annual Report.

### IX Disclosures

- a) Related Party Transactions:** During financial year 2021-22, the Company did not enter into any 'materially significant related party transactions', which are considered to have potential conflict with the interests of the Company at large. None of Director is related to each other. The Company has formulated a policy on materiality of related party transactions and also on procedure for dealing with such transactions. The said policy is also available on the website of the Company at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/SOP-POLICY\\_ON\\_RELATED\\_PARTY\\_TRANSACTIONS\\_W\\_E\\_F\\_01\\_04\\_2022.pdf](https://www.pnbgilts.com/uploads/corporate_governance/SOP-POLICY_ON_RELATED_PARTY_TRANSACTIONS_W_E_F_01_04_2022.pdf). Details of all related party transactions including transactions with PNB, promoter having shareholding of 74.07% in the company and others are given in Note No. 34 of the Financial Statements. No other entity is holding more than 1% of shareholding in the company.
- b) Compliance by the Company:** There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.
- c) Whistle Blower Policy/Vigil Mechanism:** The Company has put in place the Whistle Blower Policy (including Vigil Mechanism). The Audit Committee on time-to time basis reviews the functioning of the same and no person has been denied access to the Audit Committee and its Chairman. For further detail(s), please refer the Board's Report.
- d) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 –**
- i. Number of complaints filed during FY 2021-22 : Nil
  - ii. Number of complaints disposed of during FY 2021-22 : Nil
  - iii. Number of complaints pending as on end of the FY 2021-22: Nil
  - iv. No. of complaints pending at the beginning of FY 2021-22 : Nil
- e) Commodity price risk or foreign exchange risk and hedging activities:** The Company does not deal in commodities and foreign exchange. Since there is no exposure in commodities and foreign exchange, the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. Regarding, exposure in hedging activities, the Company is having exposure in Interest Rate Swaps and other derivatives. Details of the same are given in Note No. 5 of the Financial Statements.
- f) Certificate from Practicing Company Secretary as required under Part C of Schedule V of Listing Regulations:** A certificate has been received from M/s Ashu Gupta & Co., Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed with this Report at Annexure C.
- g) Total fees paid to Statutory Auditors of the Company:** During financial year 2021-22, a fee of Rs. 36.00 lacs plus GST thereon (totaling to Rs. 42.48 lacs) for all services, was paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
- h) List of Credit Ratings obtained and any revisions thereto for debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad:** CRISIL and ICRA have rated A1+ to ₹ 1000 crore Commercial Paper programme of the Company. The rating

indicates highest safety. There was no revision in the said ratings. During the year, your Company issued commercial papers and as on March 31, 2022, outstanding value of commercial papers of the Company was ₹ Nil.

The Company also received 'IND A1+' rating for INR 20 billion Short-term bank loans (of which limit of INR 19000 million has been utilized) and 'IND A1+' rating for INR10 billion Inter-corporate deposit, both ratings from India Ratings & Research Pvt. Ltd.

#### **i) Others**

The Company is complying with all the mandatory requirements related to corporate governance under the Listing Regulations. Compliance with respect to non-mandatory requirement(s) under the Part E of Schedule II of said Regulations is also given in this report.

As per RBI guidelines, the Primary Dealers are not permitted to set up step-down subsidiaries. As such, the Company, being a Primary Dealer, has not formed any subsidiary and thus the policy for determining material subsidiary has not been framed.

The Company has not given any loans and advances in the nature of loans to firms/companies in which directors are interested.

The Company has complied with all the requirements as specified in Regulations 17 to 27 (except Regulation 24 on corporate governance requirements with respect to subsidiary of listed entity, which is not applicable to the Company as it is not having any subsidiary company) and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

### **X Means of communication**

#### **Print**

The Company publishes unaudited quarterly financial results and half-yearly financial results reviewed by Statutory Auditor and audited annual financial results in one national daily newspaper circulating in the whole or substantially the whole of India in English language and in one daily newspaper published in the language of the region, where the registered office of the Company is situated i.e. New Delhi. Generally, these are published in Financial Express and Jansatta or Business Standard - English and Business Standard - Hindi. Besides, other notices / communications were also published in the same newspapers.

#### **Internet**

For the financial results, official news and other information, shareholders may log on to the website of the Company i.e. [www.pnbgilts.com](http://www.pnbgilts.com).

No presentations were made to institutional investors or to the analysts.

### **XI General Shareholder Information**

#### **1. Annual General Meeting**

Date and time	: September 2, 2022 at 11:00 A.M.
Venue	: Annual General Meeting through Video Conferencing/ Other Audio Visual Means (VC/OAVM facility)
Financial Year	: April 1, 2021 to March 31, 2022
Record Date	: August 26, 2022
Dividend Payment Date	: Within 30 days of declaration in AGM.

#### **2. Listing on Stock Exchange**

: Listed in September, 2000
BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

National Stock Exchange of India Ltd.,

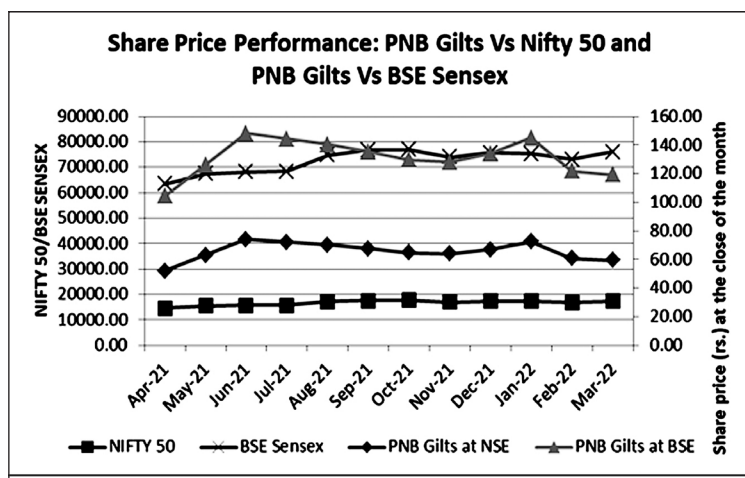
Exchange Plaza, 5th Floor, Plot No. C/1, G - Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

Annual listing fee of the above-mentioned Stock Exchanges has been paid in time.

3. **Market Price Data:** High/low share price data in each month during 2021-22 on the National Stock Exchange of India Ltd. and BSE Ltd. is given as under:

(₹)

Month	NSE		BSE	
	High	Low	High	Low
Apr-21	55.10	48.35	55.00	48.55
May-21	64.40	51.30	64.40	51.50
Jun-21	94.65	62.65	94.65	62.70
Jul-21	78.70	71.00	78.75	71.00
Aug-21	74.70	62.10	74.90	62.70
Sep-21	72.00	62.80	72.00	62.80
Oct-21	71.50	63.50	71.90	63.45
Nov-21	72.00	62.50	71.75	62.65
Dec-21	71.40	60.50	71.00	63.05
Jan-22	76.35	61.65	76.30	61.65
Feb-22	77.40	59.00	77.25	58.85
Mar-22	64.20	59.00	65.00	59.20



Source : NSE and BSE website

**Information on the daily share prices:** The quotes can be known from any financial daily like Economic Times, Financial Express, Business Standard, etc. The Company has been marked under group B by BSE.

The Stock Code at BSE and NSE is as under:

**BSE:** 532366 **NSE:** PNBGILTS

#### 4. Share Transfer Agents:

MCS Share Transfer Agent Limited

F-65, 1st Floor, Okhla Industrial Area Phase – I, New Delhi-110 020

Tel No.: (011) 41406149-52

Fax No.: (011) 41709881

E-mail : helpdeskdelhi@mcsregistrars.com

5. **Outstanding ADRs / GDRs / Warrants or any convertible instruments, conversion date and likely impact on equity:** Not applicable.

Further, during the financial year 2021-22, the Company has not raised the funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

6. **For the shareholders holding shares in physical form:** Investors' queries/requests for change in address/bank details, transmission, issue of duplicate share certificates, registration of e-mail IDs etc. may please be sent directly to MCS Share Transfer Agent Limited at the above address.
7. **For the shareholders holding shares in dematerialized form:** Shareholders holding shares in electronic/dematerialized mode should address all their correspondence like change of address/bank details, registration of e-mail IDs etc. to their respective depository participants (DPs). The updation of particulars in the records of the DP shall result in automatic updation of records of the Company.

**8. Share Transfer / Dematerialisation System:** The shares of the Company are traded compulsorily in demat mode. Hence, most of the transfers are executed electronically. However, a few cases of transfer/ transmission were received by the Company/Registrar in physical mode. For transfer/transmission of shares in physical mode, the Share Transfer and Issue of Duplicate Share Certificates Committee met every fortnight. In accordance with Regulation 40 of Listing Regulations, physical transfer of shares is prohibited with effect from April 1, 2019. Further, in pursuance of SEBI's circular, Reconciliation of Share Capital Audit is also being conducted regularly on a quarterly basis. During the course of audit, no discrepancy in updation / maintenance of the Register of Members or processing of the demat requests was found and the capital held in physical mode and demat mode tallied with the issued capital.

9. The Company is not in manufacturing industry and thus there are no plants of the Company.

**10. Distribution of Shareholding as on March 31, 2022**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 500	66551	84.16	7694051	4.27
501-1000	6357	8.04	5111527	2.84
1001-2000	3247	4.11	4962488	2.76
2001-3000	963	1.22	2519351	1.40
3001-4000	442	0.56	1610554	0.89
4001-5000	382	0.48	1814270	1.01
5001-10000	650	0.82	4808516	2.67
10001 and above	487	0.61	151489377	84.16
<b>Total</b>	<b>79079</b>	<b>100.00</b>	<b>180010134</b>	<b>100.00</b>

**11. Shareholding pattern as on March 31, 2022**

Particulars	No. of shares held	% of Shareholding
Promoter (PNB)	133333333	74.07
Bodies Corporate, Trust & Foundations and NBFCs	2449187	1.36
Indian Public and Directors	41741255	23.19
NRIs and FPIs	2331180	1.30
Investor Education and Protection Fund Authority	155179	0.08
<b>Total</b>	<b>180010134</b>	<b>100.00</b>

**12. Glance at Equity History of the Company**

Date	Particulars of Issue	Number of Shares	Total Number of shares	Nominal value of Shares (₹ lacs)
July, 1996	Initial Equity Base	50000000	50000000	5000.00
August, 1999	Issue of Bonus shares in the ratio of 1:2	25000000	75000000	7500.00
September, 1999	Issue of Right shares in the ratio of 1:3	25000000	100000000	10000.00
July, 2000	Initial Public Offer	35007600	135007600	13500.76
July, 2013	Issue of Bonus shares in the ratio of 1:3	44992534	180010134	18001.01

### 13. Dematerialisation of shares

The shares of the Company are traded compulsorily in demat mode. As on March 31, 2022, 179667230 equity shares i.e. 99.81 per cent of the shareholding is in demat mode.

There are no outstanding GDRs/ADRs/warrants or any convertible instruments.

### 14. Unclaimed dividend

Dividends that are not claimed, within seven years from the date of its transfer to unpaid/unclaimed dividend account, will, in terms of the provisions of Section 124 of the Companies Act, 2013, be transferred to Investor Education and Protection Fund (IEPF) established by the Government. In respect of transfers made after coming into effect of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), shareholders will be entitled to claim the dividend transferred from IEPF in accordance with such procedure and on submission of such documents, as may be prescribed by the IEPF Authority.

The details of unclaimed dividend as on March 31, 2022 are as follows:

Financial Year	Amt of dividend (₹ Lacs)	Unclaimed Dividend as on 31.3.2022 (₹ Lacs)	Unclaimed dividend Percentage	Last date for making claim*	Last date for making transfer to IEPF
2014-15 (Final Dividend)	2700.15	11.95	0.44	20 <sup>th</sup> Oct 2022	19 <sup>th</sup> Nov 2022
2015-16 (Final Dividend)	1980.11	8.95	0.45	19 <sup>th</sup> Oct 2023	18 <sup>th</sup> Nov 2023
2016-17 (Final Dividend)	4500.25	23.44	0.52	16 <sup>th</sup> Oct 2024	15 <sup>th</sup> Nov 2024
2017-18 (Final Dividend)	1800.10	8.75	0.49	15 <sup>th</sup> Oct 2025	14 <sup>th</sup> Nov 2025
2018-19 (Final Dividend)	2520.14	9.63	0.38	29 <sup>th</sup> Sep 2026	29 <sup>th</sup> Oct 2026
2019-20 (Final Dividend)	5400.30	18.27	0.34	30 <sup>th</sup> Oct 2027	29 <sup>th</sup> Nov 2027
2020-21 (Interim Dividend)	5400.30	18.78	0.35	13 <sup>th</sup> Dec 2027	12 <sup>th</sup> Jan, 2028
2020-21 (2 <sup>nd</sup> Interim Dividend)	7200.40	26.06	0.36	7 <sup>th</sup> Mar 2028	6 <sup>th</sup> Apr, 2028
2020-21 (Final Dividend)	5400.30	21.49	0.40	20 <sup>th</sup> Oct 2028	19 <sup>th</sup> Nov 2028

\*The Company is regularly sending individual advice letters (along with format of indemnity bond) to shareholders for claiming their dividend(s) not claimed by them. It is hereby once again requested to shareholders who have not yet claimed the said dividend(s), to lodge their claim with the Company by submitting an application and an indemnity bond on or before the last date for making claim. A format of indemnity bond in this respect is also available at the Company's website ([www.pnbgilts.com](http://www.pnbgilts.com)).

In addition, as per above Rules, all the shares, in respect of which dividend has not been claimed by the shareholders for seven consecutive years, will also be transferred to IEPF. During the year 2021-22, the company had transferred 26270 shares to IEPF Authority. The shareholders whose dividend/ shares has been transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority <http://iepf.gov.in/IEPFA/refund.html>

For shares which are due for transfer in FY 2022-23, the Company would be sending a specific communication

to the concerned shareholders at their address registered with the Company/Depository Participant, inter alia, providing the details of the shares liable for such transfer and for taking appropriate action. These details will also be made available on the Company's website (www.pnbgilts.com).

**15. Shareholders holding shares under more than one Folio/ Client ID:** This is in the interest of the shareholders who are holding shares under more than one Folio/Client ID that they get their holding consolidated under a single Folio/Client ID. This leads to a better follow-up on their grievances. Further, this will also help in avoiding multiple mailing of the Annual Reports, dividend instruments and other communication(s) to single person. Consolidation also provides convenience in maintaining the track of shares in best and easiest manner.

16. The Board had accepted all the recommendations of the Board level Committees which are mandatorily required, in the FY 2021-22.

17. The Company complies the following non-mandatory requirements under the Listing Regulations: -

**i. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

Separate persons have been appointed for the post of Chairperson and Managing Director & CEO. The Chairperson is non-executive director and not related to the Managing Director & CEO of the Company.

**ii. Reporting of Internal Auditor**

The Internal Auditor reports to Audit Committee through top management of the Company. The Internal Auditor participate and discuss freely in each meeting of the Audit Committee and the reports submitted by them, are discussed by the Audit Committee.

**18. Compliance Officer and contact details:**

Ms. Monika Kochar,  
Company Secretary and Sr. Vice President  
PNB Gilts Ltd.,  
5, Sansad Marg New Delhi 110 001  
Tel : 011-23325759/ 23325779 Fax : 011-23325751  
Email : pnbgilts@pnbgilts.com, m.kochar@pnbgilts.com

**On behalf of Board of Directors**

A handwritten signature in black ink, appearing to read 'Kalyan Kumar'.

**(Kalyan Kumar)**

Chairman  
DIN: 09631251

Date : July 26, 2022  
Place: New Delhi

---

**DECLARATION**

---


To  
The Members of  
PNB Gilts Ltd.  
5, Sansad Marg New Delhi – 110 001  
Dear Member,

It is hereby certified that as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Code of Conduct for Directors and Senior Management Personnel has already been laid down and also posted on company's website (www.pnbgilts.com).

Based on the affirmations received from Directors and Senior Management Personnel as covered under the said Code, I, Vikas Goel, hereby declare that all the Directors and Senior Management Personnel of the company have complied with the Company's "Code of Conduct for Directors and Senior Management" during the year 2021-22.

For and on behalf of Board of Directors

Dated : May 25, 2022  
Place : New Delhi

  
(Vikas Goel)  
Managing Director & CEO  
DIN: 08322541

---

**Annexure - B****PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members,  
PNB GILTS LIMITED  
5, Sansad Marg, New Delhi-110001

We have examined the compliance of conditions of Corporate Governance by **PNB GILTS LIMITED** ("the Company"), for the year ended on March 31, 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").


The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, and the representations made by the Directors and the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India on account of the COVID19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended March 31, 2022.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 16.06.2022  
Place: Ghaziabad

For **Pranav Kumar & Associates**  
Company Secretaries  
ICSI Unique Code: P2005BI010 400  
Firm Peer Review No. -1035/2020

  
(Pranav Kumar)  
Partner

Mem. No : 5013: CP No.: 3429  
UDIN : F005013D000499474



**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

To,  
The Members of  
PNB GILTS LIMITED  
5, Sansad Marg,  
New Delhi- 110001


We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of PNB GILTS LIMITED (hereinafter referred to as 'the Company') having Registered office at 5, Sansad Marg, New Delhi- 110001, produced before us by the company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in), as considered necessary and explanations furnished to us by the Company & its directors, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority :

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Sh. Swarup Kumar Saha	08963678	18/06/2021
2	Sh. Prem Prakash Pareek	00615296	10/02/2009
3	Sh. Satish Kumar Kalra	01952165	15/09/2018
4	Sh. Uma Ajay Relan	07087902	28/06/2019
5	Sh. Tejendra Mohan Bhasin	03091429	30/07/2019
6	Sh. Ashutosh Choudhury	09245804	19/07/2021
7	Sh. Vikas Goel	08322541	01/02/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Ashu Gupta & Co.**  
Company Secretaries



**Ashu Gupta**  
(Prop.)

Place : New Delhi  
Date : 24/05/2022

FCS No.: 4123  
CP No. : 6646

**UDIN: F004123D000374405**

## Annual Business Responsibility Report

### Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L74899DL1996PLC077120
2	Name of the Company	PNB Gilts Limited.
3	Registered address	5, Sansad Marg, New Delhi – 110001
4	Website	www.pnbgilts.com
5	E-mail id	pnbgilts@pnbgilts.com
6	Financial Year reported	2021-22
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Securities Trading NIC Code – 6599
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	a) Underwriting & bidding in primary auctions of Government Securities conducted by RBI. Acting as Arrangers to privately placed debt securities and non-convertible redeemable preference shares. b) Trading in Govt. Securities, Treasury Bills, money market instruments, NSLR etc. in secondary market. c) Handling of Constituent Subsidiary General Ledger (CSGL) Accounts.
9	Total number of locations where business activity is undertaken by the Company	
	i) Number of International Locations (Provide details of major 5)	None
	ii) Number of National Locations	3 Branches and 1 Corporate Office
10	Markets served by the Company – Local/State/ National/ International.	National

### Section B: Financial Details of the Company

1	Paid up Capital (INR)	₹ 18001.01 lacs
2	Total Turnover (INR)	₹ 292210.24 crore (of 2020-21)*
3	Total profit after taxes (INR)	₹ 16571.13 lacs (of 2021-22)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	₹ 556.69 lacs was spent towards CSR. This is detailed in the Annual Report of CSR Activities, Annexure A to the Board's Report.
5	List the activities in which expenditure in 4 above has been incurred.	Please refer Annexure – A to the Board's Report.

\*above figure denotes sales turnover.

### Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	No
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Not Applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [ Less than 30%, 30-60%, More than 60%]	No

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

Sl. No.	Particulars	Details	
1	Details of the Director/Director responsible for implementation of the BR policy/policies	DIN	08322541
		Name	Mr. Vikas Goel
		Designation	Managing Director & CEO
2	Details of BR Head	DIN, if applicable	NA
		Name	Ms. Monika Kochar
		Designation	Company Secretary
		Telephone Number	011 – 23325759
		E-mail Id	m.kochar@pnbgilts.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine principles of Business Responsibility. These briefly are as follows:

P1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect and make efforts to restore the environment
P7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

### 3. Details of Compliance (Reply in Y/N)

S.No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have policy/policies for....	Y	N.A.	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y		Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y		Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y		Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	The Company might not have specific committees to oversee some of these principles, however the Board is actively involved through various other committees i.e. Audit Committee, Nomination & Remuneration Committee, CSR Committee, Stakeholders Relationship Committee etc. to oversee these principles under various segments of business operations.								

6.	Indicate the link for the policy to be viewed online?	<a href="https://www.pnbgilts.com/uploads/corporate_governance/1599216408.pdf">https://www.pnbgilts.com/uploads/corporate_governance/1599216408.pdf</a>									
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, wherever appropriate.									
8.	Does the company have in-house structure to implement the policy/policies?	Y	N.A	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y		Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Company has not carried out a separate/specific independent audit of working of this policy. But the internal audit function of the Company periodically looks at the implementation of the policy, in general.									

#### 4. Governance related to BR

S. No.	Particulars	Details
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3- 6 months, Annually, More than 1 year	The Board of Directors of the Company, either directly or through its Committees, assesses various initiatives forming part of the BR performance of the Company atleast once in two years.
2	Does the Company publish a BR or Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes, the Business Responsibility Report is published as a part of the Annual Report and can be accessed at Company's website at the page <a href="https://www.pnbgilts.com/investors-relations#annual_report">https://www.pnbgilts.com/investors-relations#annual_report</a>

#### Section E: Principle-wise performance

##### Principle 1

##### Business should conduct and govern themselves with ethics transparency and accountability

S No.	Particulars	Details
1	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No	Yes
2	Does it extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?	No
3	How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so	The Company received 116 investor complaints during 2021-22. With regard to Client and other stakeholders' complaints, the company has not received any complaint during the year 2021-22.  It is of utmost importance to the Company to ensure that its stakeholders' concerns are resolved expeditiously. To this end, the Company is happy to report that all the reported complaints were resolved i.e. 100% resolved.

**Principle 2:**

**Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

The Company is a Non -Banking Financial Company and is not engaged in a business concerning design of products and related activities that could raise economic risks and/or hazardous opportunities. Accordingly, keeping in view the business of the Company, the Company is not required to undertake product life cycle sustainability.

**Principle 3:**

**Business should promote the well-being of all employees**

S. No.	Particulars	Details
1	Please indicate the total number of employees	45
2	Please indicate the total number of employees hired on temporary/ contractual/ casual basis	-
3	Please indicate the Number of permanent women employees	17
4	Please indicate the Number of permanent employees with disabilities	Being an equal opportunity employer and following the law, the Company does not mandate disclosure of disability. No employee has voluntarily declared any disability.
5	Do you have an employee association that is recognised by management	There is no employee association
6	What percentages of your permanent employees are members of this recognised employee association?	Not Applicable
7	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	No complaints relating to child labour, forced labour, involuntary labour and sexual harassment were received during the FY 2021-22.
8	What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?	
	a) Permanent Employees	59% ( 24 Employees)
	b) Permanent Women Employees	41% (17 Employees)
	c) Casual/Temporary/Contractual Employees	NA
	d) Employees with Disabilities	0%

**Principle 4:**

**Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

S. No.	Particulars	Details
1	Has the company mapped its internal and external stakeholders?	Yes, the Company's key stakeholders are promoters, employees, customers, business associates, investors (including shareholders), suppliers, regulatory agencies, CSR implementation agencies etc. The Company values the support of all its stakeholders and respects their interest and concerns. The Company has continuous engagement with its various stakeholders to understand their concerns, assess their requirements and respond to their needs in an effective manner.

2	Out of the above, has the company identified the disadvantaged, vulnerable and marginalized stakeholders	Yes, to certain extent. The Company through its CSR activities has partnered with implementing agencies towards projects aimed at underprivileged and marginalised sections of the society.
3	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof, in about 50 words or so	Through its CSR initiatives, the Company is committed to design and implement projects that work towards socio-economic upliftment of underprivileged and marginalised sections of the society. In partnership with various implementing agencies, the company has extended its support towards social issues like promotion of education, providing meals and rations etc.

**Principle 5:**

**Business should respect and promote human rights.**

S. No.	Particulars	Details
1	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/Suppliers/ Contractors NGOs/ Others?	The Company appreciates and believes that human rights are inherent, universal, indivisible and interdependent in nature. The Company respects and promotes human rights for all individuals. The policies of the Company strive to ensure that the operations be conducted with honesty, integrity and openness with respect for human rights and interests of employees but the policies don't extend to Suppliers/ Contractors/NGOs/others etc. The Company respects and adheres to all the human rights laws framed under the Constitution of India. The Company treats every stakeholder with respect and dignity. Every customer, employee and other stakeholders beyond the workplace are treated with dignity irrespective of his/ her position. The Company will continue to conduct its business in a manner that respects the rights and dignity of all the people, complying with all legal requirements.
2	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	The Company received 116 investor complaints during 2021-22. With regard to Client and other stakeholders' complaints, the company has not received any complaint during the year 2021-22.  It is of utmost importance to the Company to ensure that its stakeholders' concerns are resolved expeditiously. To this end, the Company is happy to report that all the reported complaints were resolved i.e. 100% resolved.

**Principle 6:**

**Business should respect, protect and make efforts to restore the environment.**

S. No.	Particulars	Details
1	Does the policy related to Principle 5 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors /NGOs/others	The policy is applicable to the Company only.
2	Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y / N. If yes, please give hyperlink for webpage etc.	Not applicable, since the Company is engaged in Financial Activity.

3	Does the company identify and assess potential environmental risks? Y/N	Yes, the Company is aware of the direct and indirect environmental risks and considers them in decision making. The Company assesses the impact of potential environmental risks and has an active Business Continuity Plan (BCP) in case of exigencies/Natural Calamities.
4	Does the company have any project related to Clean Development Mechanism? If Yes, whether any environmental compliance report is filed	The Company does not have any project related to Clean Development Mechanism
5	Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.?	All the initiatives of the company are towards clean technology. The Company deploys such hardware in its offices, which uses optimum energy and saves in energy consumption. The Air conditioning equipment is maintained regularly thereby saving energy and costs. The electronic devices are star rated, hence consume less energy. Regular efforts are made to conserve the energy, viz. use of low energy consuming LED lightings, switching of lights when not in use etc. are being encouraged.
6	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Not applicable
7	Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	Nil

**Principle 7:**

**Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

S. No.	Particulars	Details
1	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	Primary Dealers Association of India (PDAI) and The Fixed Income Money Market and Derivatives Association of India (FIMMDA)
2	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	No

**Principle 8:**

**Business should support inclusive growth and equitable development**

S. No.	Particulars	Details
1	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, as a responsible corporate citizen, PNB Gilts promotes sustainable and inclusive development. Some of its initiatives include promotion of education in the rural areas, providing access to better health care services, providing cooked meals and happiness kits to poor etc.

2	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	As part of the CSR interventions, the Company has partnered with various implementing agencies. In addition, the company also donates directly as well every year to either of Prime Minister's National Relief Fund/ PM Cares Fund / Swachh Bharat Kosh/Army Welfare CSR Fund.  The Company is in the practice of making such donations in the areas/activities specified under Schedule VII of the Companies Act, 2013.
3	Have you done any impact assessment of your initiative	Not as yet, although the progress on the Company's CSR initiatives is periodically reviewed by the CSR Committee and the Board of Directors. The Company is in the process of establishing suitable framework to capture the impact (social/ economic and developmental) of its initiatives.
4	What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?	These are detailed in the Report on CSR Activities/ Initiatives i.e., Annexure A to the Board's Report.
5	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	At PNB Gilts, the CSR projects and programs are undertaken after identifying the need of the project and its implications. The Company has partnered with few Implementation Agencies having a regular track record, while extending its CSR contribution. The Company also monitors and regulates to ensure that its projects are being implemented effectively either through internal tracking mechanisms or field visits.

**Principle 9:**

**Business should engage with and provide value to their customers and consumers in a responsible manner.**

S. No.	Particulars	Details
1	What percentage of customer complaints/consumer cases are pending as on the end of financial year.	Nil
2	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks(additional information)	The Company is a Primary Dealer, duly registered with Reserve Bank of India. The Company is permitted to maintain Constituent Subsidiary General Ledger account (CSGL account) with Reserve bank of India for its clients, which is different from its own SGL account and used exclusively for maintaining Government securities of its constituents in dematerialized form. The transactions on behalf of constituents and the operations in the CSGL accounts are conducted in accordance with the guidelines issued by RBI on CSGL accounts.  However, the Company provides Updates/statements in accordance with RBI guidelines to all its CSGL account holders.  The Company does not sell any product, hence it is not applicable. However, the Company complies with all regulatory requirements relating to its business.



3	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No such instance.
4	Did your company carry out any consumer survey/ consumer satisfaction trends?	No

**On behalf of Board of Directors**



**(Kalyan Kumar)**  
Chairman  
DIN: 09631251

Date : July 26, 2022  
Place: New Delhi

# Financial Review

---



## INDEPENDENT AUDITOR'S REPORT

To

**The Members of PNB Gilts Ltd**

### **Report on the Audit of the Ind AS Financial Statements**

We have audited the accompanying financial statements of PNB Gilts Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its profit, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the standards on Auditing as specified under section 143(10) of the Act (SAs). 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 to the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Evaluation of uncertain income tax positions:</p> <p>The Company has material uncertain income tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Note 37 to the Financial Statements.</p>	<p>Principle Audit Procedures:</p> <p>Obtained detailed positions of tax assessments and demands from the management duly certified by the tax retainers of the Company. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in valuating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at the time of audit to evaluate whether any change was required to management's position on these uncertainties.</p>

Sr. No.	Key Audit Matter	Auditor's Response
2.	<p>Classification and Valuation of Investments, Identification of and provisioning for Non- Performing Investments (Note 7) to the financial Statements). Investments include investments made by the Company in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. Investments constitute more than 90% of the Company's total assets. These are governed by the circulars and directives of the RBI. These directions of RBI, inter-alia, cover valuation of Investments, classification of investments, identification of non-performing Investments, the corresponding non-recognition of income and provision there against. The valuation of unquoted investments and thinly traded Investments is an area of inherent risk because of market volatility, unavailability of reliable prices and macro economic uncertainty. Accordingly, our audit was focused on valuation of investments, classification, identification of non-performing investments and provisioning related to Investments. The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, we determined the above area as a Key Audit Matter.</p>	<p>Our audit approach towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non - performing investments (NPIs), provisioning related to Investments. In our audit-</p> <p>a) We have observed that the company has created a new category of investment in its books i.e. 'Amortized Cost Portfolio' which is held at cost adjusted with the premium paid / discount received at the time of purchase, considering the residual maturity of the investment. We have checked and verified the amortization adjustment and relevant disclosures.</p> <p>b) We evaluated and understood the Company's internal control system to comply with relevant RBI guidelines regarding valuation and provisioning related to investments.</p> <p>c) For the selected sample of investments in hand, we tested accuracy and compliance with the RBI Master Circulars and directions by re-performing valuation.</p> <p>d) We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision;</p> <p>e) We carried out substantive audit procedures to re-compute independently the provision to be maintained in accordance with the circulars and directives of the RBI.</p> <p>Accordingly, we selected samples and tested for NPIs as per the RBI guidelines and recomputed the valuations and provision to be maintained in accordance with the RBI Circular for those selected sample.</p>

### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after that date of audit.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business

Responsibility Report, Corporate Governance and Shareholder's Information are finalized and supplied to us for our review, we will read them and if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance and describe actions applicable under the applicable laws and regulations.

### **Management's Responsibility for the Financial Statements**

The Company's Management/ Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. The responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 is 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) Planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report that
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A\*".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:
 

In our opinion and to the best of our Information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

- ii. The Company has made provision, as required under the applicable law or accounting standards for, material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
2. 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 Act, we give in Annexure "B", a statement on the matters specified in paragraphs 3 and 4 of the Order.
3. As required by the Comptroller and Auditor General of India through directions issued under section 143(5) of the Act, we give a report in the attached Annexure C.

For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)

A handwritten signature in black ink, appearing to read 'Jitender Goel'.

**(CA Jitender Goel)**

Partner

Membership No. 074227

UDIN: 2074227AIMKDE2436

Date: May 05, 2022

Place : New Delhi

## **“Annexure-A” to the Independent Auditor's Report**

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

### **Report on the Internal Financial Controls with reference to financial statements 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 Gilts Ltd. ("the Company") as of 31st March, 2022 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 Board of Directors of the Company 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 respective 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal financial controls. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit 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-

Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;

and Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or



disposition of the 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, to the best of our information and according to the explanations given to us, 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, 2022 based on the internal control over financial reporting criteria approved by the company's Board, 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 **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)

A handwritten signature in black ink, appearing to read 'Jitender Goel'.

**(CA Jitender Goel)**  
Partner

Membership No. 074227  
UDIN: 2074227AIMKDE2436

Date: May 05, 2022  
Place : New Delhi

## "Annexure B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of PNB Gilts Limited of even date).

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, 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 has maintained proper records showing full particulars of intangible assets;
  - (b) As reported by the management of the company, the physical verification of Property, Plant and Equipment is conducted by its own staff on quarterly basis for the head office and yearly for the branch offices. No discrepancies were reported during the physical verification of these assets.
  - (c) The Company owns 19 flats as immovable properties and 3 flats as Investment Properties. The title deeds of the flats are in the name of the company.
  - (d) The Company has not revalued any of its assets during the year.
  - (e) During the year under consideration, no proceedings have been initiated against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) (a) The Company's inventory comprising of Treasury Bills and Dated Government Securities are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified by the management with the confirmation certificates received from Reserve Bank of India on a monthly basis. The stock of other securities held by the company in de-materialized form with NSDL/SHCIL, is verified by the management with the confirmation certificates received from them on a monthly basis. In our opinion, the frequency of such verification is reasonable. No discrepancies were observed during the physical verification of inventory as compared to book records.
    - (b) The Company has a working capital limit of Rs. 1900 crores from Punjab National Bank against pledge of securities having market value of Rs.192.03 crores as on 31.03.2022. No returns or statements is required to be submitted to bank, hence no question of our verification of the Information submitted arises.
  - (iii) Whether during the year, the Company has made 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 or any other parties, If so,-
    - (a) During the year, the Company has not provided any loan or advances in the nature of loan, or stood guarantee, or provided security to any other entity except to its employees.
    - (b) The terms and conditions of the investments made by the company are not prejudicial to the company's interest. During the year, the company has not given any guarantees for other entity.
    - (c) The Company has not given any loans except to its employees and all the staff loans are regular in repayments.
    - (d) No loan is overdue for payment as at year end.
    - (e) During the year, no loan has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
    - (f) The Company has not granted any loans or advances in the nature of loans repayable on demand or without specifying any terms or period of repayment.
  - (iv) According to the information and explanations given to us, no loans, investments, guarantees and securities have been given by the company to concerns which are covered under section 185 of the Companies Act, 2013 and section 186 of the Companies Act, 2013.

- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act, 2013 and rules framed there under.
- (vi) According to the information/explanations given to us, maintenance of the cost records for the products/ services/activities of the Company has not been prescribed by the Central Government under Section 148 (1) of the Companies Act, 2013.
- (vii) (a) According to the information/explanations given to us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, Provident fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues to the appropriate authorities.
- (b) According to the information/explanations given to us, the Company has some disputes which have resulted into demands under the Income Tax Act, 1961 which have been not deposited. The details of which are given below:

(Rs. In Lacs)

Name of the Statute	Nature of the Dues	Amount Provided in the books and not paid	Amount not provided for and treated as contingent liability	Period to which, the amount relates (Assessment Year)	Forum where dispute is pending	Remarks, If any
Income Tax Act, 1961	Income Tax Dues	0.40	1.77	2008-09	AO	-
Income Tax Act, 1961	Income Tax Dues	-	0.13	2008-09	AO	-
Income Tax Act, 1961	Income Tax Dues	126.16	-	2010-11	AO	-
Income Tax Act, 1961	Income Tax Dues	1.13	-	2016-17	CIT(A)	-
Income Tax Act, 1961	Income Tax Dues	-	6.48	2017-18	CIT(A)	-
Income Tax Act, 1961	Income Tax Dues	-	316.70	2020-21	AO	-
<b>Total</b>		<b>126.95</b>	<b>325.08</b>			

- (viii) According to the information/explanations given to us, no transaction has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial Institution or banks.
- (b) According to the information/explanations given to us, the Company is not declared wilful defaulter by any bank or financial institution or other lender;
- (c) Term loans and short-term borrowings through commercial paper, raised by the Company, were applied for the purposes for which those are raised.
- (d) The Company is a RBI approved primary dealer of Gilts securities. As its principal line of business, company borrows funds from call money market, bankers, financial institution etc on overnight and short term basis to invest in securities held for trading as well as long term investments. As at the close of the year, the company has long-term investment held at amortised cost amounting to Rs. 2,13,332.87 Lacs.

- (e) According to the Information/explanations given to us, 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 any loan during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) According to the information and explanations given to us, the Company has not raised any money out of initial public offer or further public offer (including debt instruments). Term loans and short term borrowings through commercial paper raised by the company, were applied for the purposes for which those are raised.
- (b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year under review.
- (xi) (a) According to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor have we been informed of such case by the management during the course of our audit.
- (b) No report under sub-section (12) of section 143 of the Companies Act, 2013, has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the information and explanations given to us, during the year, no Whistle blower complaint has been received by the company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company, thus this para does not apply to it.
- (xiii) According to the information and explanations given to us, the Company has complied with requirements of section 177 of the Companies Act, 2013 and Section 188 of the Companies Act, 2013 in relation to the related parties. The company has also disclosed the requirements as laid down in the accounting standards in the relation to the related parties in the financial statements in the note no. 34 Related Party Information.
- (xiv) (a) The Company has an Internal audit system commensurate with the size and nature of its business.
- (b) we have considered the reports on the Internal Auditors for the period under audit.
- (xv) According to the information and explanations given to us, the Company has not entered into any non- cash transactions with the Directors or persons connected with it during the year under review,
- (xvi) (a) According to the information and explanations given to us, the Company is a NBF1 duly registered under section 45 I-A of the Reserve Bank of India Act, 1934.
- (b) The Company has a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) None of the Group, the Company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (xvii) The Company has not incurred losses in the financial year and in the immediately preceding financial year.
- (xviii) There is no resignation by the statutory auditors during the year.
- (xix) According to the information and explanations given to us and as per management plan duly approved by the Board, no material uncertainty exists as on the date of the audit report about company's capability to meet 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.

(xx) The Company has no unspent amount of CSR activity, whether ongoing project or otherwise, at the close of previous financial year and as such no amount is transferred to a Fund specified in Schedule VII to the Companies Act, 2013, in compliance with second proviso to sub-section (5) & sub-section (6) of section 135 of the said Act.

(xxi) Not applicable being a standalone financial statement

For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)

A handwritten signature in black ink, appearing to read 'Jitender Goel', written over a horizontal line.

**(CA Jitender Goel)**  
Partner

Membership No. 074227  
UDIN: 2074227AIMKDE2436

Date: May 05, 2022  
Place : New Delhi

### Annexure 'C' to the Independent Auditor's Report

Directions indicating the areas to be examined by the Statutory Auditors during the course of Audit of annual accounts of PNB Gilts Limited for the year 2021-22 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

Sr. No.	Area Examined	Observations/Findings
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial Implications, if any, may be stated.	The Company has system of processing of accounting transactions partially through system with human intervention and partially by direct feeding manually. The implication of processing of accounting transactions outside IT system has no effect on the integrity of the accounts.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender 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).	There is no case of restructuring/ waiver/ write off of debts/ loans/ interest reported by the Management and/or observed during our audit of the year.
3.	Whether funds received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilized as per its terms and condition? List the cases of deviations.	There is no case of funds received/ receivable for specific schemes from Central/ State Government or its agencies reported by the management and/or observed during our audit of the year.

Date: May 05, 2022  
Place : New Delhi

For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)



**(CA Jitender Goel)**  
Partner

Membership No. 074227  
UDIN: 2074227AIMKDE2436

## Non-Banking Financial Companies Auditor's Report for the Year Ended 31.03.2022

To  
The Board of Directors  
PNB Gilts Limited  
5, Sansad Marg, New Delhi-110001

In terms of Reserve Bank of India, Master Direction-Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016 we report that –

The Company is engaged in the business of Non-Banking Financial Institution as Primary Dealer (PD). The Company has received Registration Certificate No.14.00007, as provided in Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) from Reserve Bank of India on February 10, 1998. The Company is entitled to continue to hold Certificate of Registration in terms of its Principal Business criteria (financial asset/income pattern) as on March 31, 2022.

The Company is meeting the required net owned fund required in terms of Master Direction Non-Banking Financial Company-Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve bank) Directions, 2016.

A resolution for non-acceptance of any public deposits was passed in the meeting of the Board held on April 22, 2021 and the Company has not accepted any public deposits during the year ended March 31, 2022.

The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Master Direction Non- Banking Financial Company-Systemically Important Non- Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

There is no requirement to file form NBS-7 exists for the year under review, hence we are unable to comment on that.

For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)

A handwritten signature in black ink, appearing to read 'Jitender Goel'.

**(CA Jitender Goel)**  
Partner

Membership No. 074227  
UDIN: 2074227AIMKDE2436

Date: May 05, 2022  
Place: New Delhi

## Balance Sheet as at 31st March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	5,012.78	140.32
Bank balance other than above	4	160.31	627.76
Derivative financial instruments	5	82,632.48	91,558.37
Loans	6	25,999.09	6,571.05
Investments	7	15,26,726.17	10,90,686.81
Other financial assets	8	33,368.79	23,793.08
		<b>16,73,899.62</b>	<b>12,13,377.39</b>
<b>Non- financial assets</b>			
Current tax assets (net)	9	591.30	224.26
Deferred tax assets (net)	10	132.81	-
Investment property	11A	17.49	18.37
Property, plant and equipment	11B	226.51	233.72
Intangible assets	11C	14.74	30.38
Right of use asset	11D	95.67	24.42
Other non-financial assets	12	59.83	59.82
		<b>1,138.35</b>	<b>590.97</b>
	<b>TOTAL</b>	<b>16,75,037.97</b>	<b>12,13,968.36</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	5	78,059.48	92,523.13
Payables	13	-	-
Trade payables		-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		98.02	74.28
Other payables		-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt Securities	14 (a)	-	-



## Balance Sheet as at 31st March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Borrowings (other than debt securities)	14(b)	14,53,029.99	9,86,323.93
Lease liability	11D(ii)	99.47	27.02
Other financial liabilities	15	325.34	402.42
		<b>15,31,612.30</b>	<b>10,79,350.77</b>
<b>Non financial liabilities</b>			
Current tax liabilities (net)	16	126.95	1,258.60
Provisions	17	510.38	1,223.45
Deferred tax liabilities (net)	10	-	245.70
Other non-financial liabilities	18	57.17	252.59
		<b>694.50</b>	<b>2,980.35</b>
<b>Equity</b>			
Equity share capital	19	18,001.01	18,001.01
Other equity	20	1,24,730.16	1,13,636.22
		<b>1,42,731.17</b>	<b>131,637.24</b>
	<b>TOTAL</b>	<b>16,75,037.97</b>	<b>12,13,968.36</b>

Significant accounting policies and notes to accounts 1 to 57 are an integral part of these financial statements.

### For and on behalf of the Board



**(S. K. Kalra)**  
Director  
DIN: 01952165



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)



**(CA Jitender Goel)**  
Partner  
Membership No. 074227

Date: May 05, 2022  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Statement of Profit and Loss for the year ended 31st March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
<b>Revenue from operations</b>			
Interest income	21	97,072.68	77,883.38
Dividend income		0.06	1.98
Rental income	22	8.40	9.60
Net gain on securities (Realised & Unrealised)	23	-	25,255.85
Fees and commission income	24	1,891.04	2,046.96
<b>Total revenue from operations</b>		<b>98,972.19</b>	<b>1,05,197.78</b>
Other income	25	190.98	29.62
<b>Total income</b>		<b>99,163.16</b>	<b>1,05,227.40</b>
<b>Expenses</b>			
Finance costs	26	51,042.72	39,481.15
Fees and commission expense	27	1,404.77	1,193.65
Net loss on securities (Realised & Unrealised)	23	23,408.55	-
Employees benefit expense	28	1,509.38	1,251.11
Other expenses	29	1,358.87	804.95
Depreciation, amortization and impairment	11A,B,C,D	115.07	189.23
<b>Total expenses</b>		<b>78,839.35</b>	<b>42,920.08</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>20,323.82</b>	<b>62,307.32</b>
Exceptional items (Income)/ Expense	30	(691.28)	872.62
<b>Profit/(loss) before tax</b>		<b>21,015.10</b>	<b>61,434.70</b>
Tax expense/(credit)			
(1) Current tax		4,738.71	16,257.91
(2) Earlier year taxes		57.91	398.70
(3) Deferred tax		(352.67)	(633.59)
<b>Total Tax Expenses</b>		<b>4,443.96</b>	<b>16,023.02</b>
<b>Profit for the year</b>		<b>16,571.13</b>	<b>45,411.68</b>

## Statement of Profit and Loss for the year ended 31st March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Notes	Year ended 31 March 2022	Year ended 31 March 2021
<b>Other comprehensive income</b>		
(i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(102.77)	(35.40)
(ii) Income tax relating to items that will not be reclassified to profit or loss	25.86	8.91
<b>Other comprehensive income</b>	<b>(76.90)</b>	<b>(26.49)</b>
<b>Total comprehensive income for the year (comprising profit/ (loss) and other comprehensive income for the year)</b>	<b>16,494.23</b>	<b>45,385.19</b>
Earnings per share (for continuing operations)      31		
Basic (Rs.)	9.21	25.23
Diluted (Rs.)	9.21	25.23

Significant accounting policies and notes to accounts 1 to 57 are an integral part of these financial statements.

### For and on behalf of the Board



**(S. K. Kalra)**  
Director  
DIN: 01952165



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)



**(CA Jitender Goel)**  
Partner  
Membership No. 074227

Date: May 05, 2022  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Statement of Changes in Equity for the year ended 31st March, 2022

### a. Equity share capital

(Amounts in Rs. Lakhs, unless otherwise stated)

#### (1) Current Reporting Period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated Balance at the beginning of the current reporting period	Changes in Equity Share capital during the current year	Balance at the end of the current reporting period
18,001.01	-	18,001.01	-	18,001.01

#### (2) Previous Reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated Balance at the beginning of the current reporting period	Changes in Equity Share capital during the current year	Balance at the end of the current reporting period.
18,001.01	-	18,001.01	-	18,001.01

### b. Other equity

Particulars	Reserves and surplus						Total
	Statutory reserve	Securities premium reserve	General reserve	Market fluctuation reserve	Capital reserve	Retained earning	
<b>Balance as at 31st March, 2020</b>	<b>28,881.79</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>32,472.45</b>	<b>86,252.09</b>
Profit for the year	-	-	-	-	-	45,411.68	45,411.68
Other comprehensive income for the year	-	-	-	-	-	(26.49)	(26.49)
Other Opening adjustments	-	-	-	-	-	-	-
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>28,881.79</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>77,857.64</b>	<b>1,31,637.28</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividends (including dividend tax)	-	-	-	-	-	(18,001.01)	(18,001.01)
Transferred from retained earnings	<b>9,082.34</b>	-	-	-	-	-	<b>9,082.34</b>
Transferred to other reserves	-	-	-	-	-	(9,082.34)	(9,082.34)
<b>Balance as at 31st March, 2021</b>	<b>37,964.13</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>50,774.27</b>	<b>1,13,636.25</b>
Profit for the year	-	-	-	-	-	16,571.13	16,571.13
Other comprehensive income for the year	-	-	-	-	-	(76.90)	(76.90)
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>37,964.13</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>67,268.50</b>	<b>1,30,130.48</b>

## Statement of Changes in Equity for the year ended 31st March, 2022

Particulars	Reserves and surplus						Total
	Statutory reserve	Securities premium reserve	General reserve	Market fluctuation reserve	Capital reserve	Retained earning	
<b>Transactions with owners in their capacity as owners:</b>							
Dividends	-	-	-	-	-	(5,400.30)	(5,400.30)
Transferred from retained earnings	3,314.23	-	-	-	-	-	3,314.23
Other adjustments						(0.02)	(0.02)
Transferred to other reserves	-	-	-	-	-	(3,314.23)	(3,314.23)
<b>Balance as at 31st March, 2022</b>	<b>41,278.36</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>58,553.95</b>	<b>1,24,730.16</b>

Loss of Rs. 76.90 lacs (P.Y. Rs. 26.49 lacs) on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for the years ended March 31, 2022 and March 31, 2021 respectively

Significant accounting policies and notes to accounts 1 to 57 are an integral part of these financial statements.

### For and on behalf of the Board



**(S. K. Kalra)**  
Director  
DIN: 01952165



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date

For **Rasool Singhal & Co**

Chartered Accountants

(FRN: 500015N)



**(CA Jitender Goel)**

Partner

Membership No. 074227

Date: May 05, 2022  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Statement of Cash Flows for the year ended 31st March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Profit before tax</b>	<b>21,015.10</b>	<b>61,434.70</b>
<i>Adjustments for</i>		
Add: Depreciation and amortisation expense	115.07	189.23
Changes in provisions	(904.85)	470.81
Loss/(profit) on sale of property, plant and equipment	(5.01)	(1.62)
Interest expense on leased liability	5.20	3.79
Interest paid	51,037.52	39,477.36
Less: Discount and interest received	(97,072.68)	(77,883.38)
Dividend received	(0.06)	(1.98)
<b>Operating Profit/(loss) before changes in operating activity</b>	<b>(25,809.72)</b>	<b>23,688.91</b>
<b>Cash flow from operating activity</b>		
Add: Discount and interest received	97,072.68	77,883.38
Dividend received	0.06	1.98
Less: Interest expense on leased liability	(5.20)	(3.79)
Interest paid	(51,037.52)	(39,477.36)
<i>Adjustment for changes in operating activity</i>		
Changes in investments in FDR	467.45	(62.81)
Changes in investments at fair value through profit and loss	(4,41,577.12)	2,01,713.50
Changes in financial assets and non-financial assets	(29,003.77)	(53.73)
Changes in financial liability and non-financial liabilities	(256.32)	(9.36)
<b>Cash used in operations</b>	<b>(4,50,149.45)</b>	<b>2,63,680.72</b>
Less: Net taxes paid	(6,206.06)	(15,409.80)
<b>( A ) Net cash used in operating activity</b>	<b><u>(4,56,355.51)</u></b>	<b><u>2,48,270.92</u></b>
<b>Cash flow from investing activities</b>		
<i>Adjustment for changes in investing activity</i>		
Sale proceeds of property, plant and equipment	7.35	3.36
Purchase of property, plant and equipment	(70.44)	(123.57)
<b>( B ) Net cash used in investing activity</b>	<b><u>(63.09)</u></b>	<b><u>(120.21)</u></b>

## Statement of Cash Flows for the year ended 31st March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

	Year ended 31 March 2022	Year ended 31 March 2021
<b>Cash flow from financing activity</b>		
Adjustment for changes in financing activity		
Changes in borrowings and debt securities	4,66,706.07	(2,30,110.11)
Lease accounting adjustment	(22.27)	(36.79)
Dividend distribution	(5,400.30)	(18,001.01)
Changes in unclaimed dividends and bonus fractional entitlement	7.55	63.13
<b>( C ) Net cash flow from financing activity</b>	<b>4,61,291.06</b>	<b>(2,48,084.79)</b>
Consolidated cash flow during the year (A+B+C)	4,872.46	65.92
Cash and cash equivalent at the beginning of the year	140.32	74.40
<b>Cash and cash equivalent at the end of the year</b>	<b>5,012.78</b>	<b>140.32</b>
<b>Balances with banks</b>		
Balances with Reserve Bank of India	29.14	125.96
Balances with PNB Current Accounts	4,983.64	14.36
	5,012.78	140.32

Significant accounting policies and notes to accounts 1 to 57 are an integral part of these financial statements.

### For and on behalf of the Board



**(S. K. Kalra)**  
Director  
DIN: 01952165



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)



**(CA Jitender Goel)**  
Partner  
Membership No. 074227

Date: May 05, 2022  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

### NOTE 1

#### A. Corporate information

PNB Gilts Limited is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company has been granted the License of NBFC by the Reserve Bank of India and working as a Standalone Primary Dealer. The Company's primary activities entail supporting government borrowing program via underwriting of government securities issuances and trade in a gamut of fixed income instruments such as Government securities, Treasury Bills, State Development Loans, Corporate Bonds, Interest Rate Swaps and various Money Market Instruments such as Certificates of Deposits, Commercial Papers etc. The Company has dedicated trading desk managed by experienced professionals having strong research and market insights. The Company is also providing custodian services to its constituents. The Company's registered office is at 5, Sansad Marg, New Delhi, India. The Company is also a subsidiary of one of the largest Indian commercial banks Punjab National Bank.

#### B. Basis of preparation

##### Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto and comply with the relevant provisions of the Companies Act, 2013 and the Reserve Bank of India guidelines as applicable to the Primary Dealers and NBFC.

##### Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy no. VII regarding financial instruments) which have been measured at fair value.

##### Functional & presentation Currency

The Company's presentation and functional currency is Indian rupees. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in lakhs.

##### Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note no. 39 "Maturity Analysis of assets and liabilities".

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

### NOTE 2

#### C. Summary of significant accounting policies

##### 1a. Property, plant and equipment (PPE) and intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and



equipment and intangible assets as at 31 March 2017, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on 1 April 2017.

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss when the asset is derecognised.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

#### **Ib. Investment Properties**

The Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost on the transition date, vis 1<sup>st</sup> April, 2017.

The flats classified as Investment Property are purchased for the staff. However, in view of no requirement by the staff members, they are given to the PNB employees only for a period of 11 months with two/ more extensions.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

The Company depreciates investment property over 60 years from the date of original purchase.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the Note 11A of the financial statements.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit or loss in the period of derecognition.

#### **Ic. Depreciation on Property, plant and equipment, Investment Properties and Amortization of intangible assets**

The depreciation on the Property plant and equipment is calculated on a Written Down Value (WDV) basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. Residual value of Land & Building and Vehicles is taken as 5 percent of the original cost, whereas for assets other than those specified above the residual value is taken as Re.1.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in

the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

## **II. Leases**

The Company has applied Ind AS 116 - 'Leases' using the modified retrospective approach.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Company as a lessee:**

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the Incremental borrowing rates in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

Leases which have expired have not been accounted as per Ind AS 116.

### **The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

## Transition

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 1, 2019 using simplified approach under the modified retrospective method. Under this option, the Company has recognised lease liability measured at an amount equal to present value of remaining lease payments using the incremental borrowing rate as at April 1, 2019 and corresponding ROU asset is measured at an amount equivalent to lease liability the Company applied a single discount rate to a portfolio of leases of similar assets in similar economic environment.

## III. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use (i.e. the present value of the future cash flows expected to be derived from an asset or cash generating unit). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss, if any, will be charged to statement of profit and loss, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other standard.

## IV. Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is charged/provided in the statement of profit and loss.

The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Contingent liabilities are reviewed at each reporting date.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

## V. Accounting of Expenses

Expenses as interest and other expenses are accounted for on accrual basis

## VI. Employee Benefit Expenses

Employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc. are recognised in the statement of profit and loss in the period in which the employee renders the related service.

## Defined contribution

- i. Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

## Defined benefit Plan

Leave liability is defined benefit obligation which is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each reporting date. Gratuity under the employee group gratuity cum life insurance scheme of LIC is defined benefit obligation which is funded and the cost of providing benefits under the defined benefit plan is determined using the projected unit credit method provided by LIC.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- i. The date of the plan amendment or curtailment, and
- ii. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ii. Net interest expense or income

## VII. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Classification

The Company classifies its financial assets in the following measurement categories:

those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL)), and

those to be measured subsequently at amortised cost.

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For assets classified as 'measured at amortised cost', this will depend on the business model and contractual terms of the cash flows.

#### Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed

- The expected frequency, value and timing of sales are also important aspects of the Company’s assessment. However, this assessment is performed on the basis of scenarios that the Company reasonably expects to occur and not so-called ‘worst case’ or ‘stress case’ scenarios.

The Company considers sale of Investment (Government Security – SDL) measured at amortised cost portfolio as consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if these sales are:

- In case of liquidity crisis faced by the company which can hit the funding operations. Company may liquidate the amortised cost portfolio if the funding cost exceeds MIBOR plus 50 bps for three successive working days. The decision to sell under such circumstances shall be taken by the Investment Committee.
- Catastrophic scenarios, which could be termed as one off situations (GFC, COVID crisis etc) wherein portfolio liquidation needs to be carried out. However, sale under such scenarios shall only be undertaken post approval from the Risk Management Committee.

The sale window shall however remain open for 30 days from trigger of the stress event.

### ***Initial recognition and measurement***

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date.

### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost
  - Debt instruments at fair value through other comprehensive income (FVTOCI)
  - Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Debt Instruments at Amortised cost:*  
A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:
    - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
    - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

- Debt instruments at FVTOCI*  
A ‘debt instrument’ is classified as at the FVTOCI if both of the following criteria are met:
  - The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
  - The asset’s contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

iii. *Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)*

**Debt instrument at FVTPL:** FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Equity investments:** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as per provisions of relevant Ind AS.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derivative financial instruments:** The Company uses derivative financial instruments, such as Future contracts, Options, Interest rate Future contracts for trading purpose and interest rate swaps for trading as well as to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value and the resulting gain or loss is recognized in statement of profit and loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

**Financial liabilities**

**Initial recognition and measurement**

A financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**Subsequent measurement**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## VIII. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effect of transactions of a non cash nature, any deferral or accruals of past and future operating cash receipts or payments and items of income associated with investing or financing cash flows.

## IX. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits and other highly liquid investments, with an original maturity of three months or less and are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

For the purpose of the Financial Statements, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## X. Fair value measurement

The Company has used the following methods for deriving the fair values:

- i. Fair Value of Government dated Securities, Treasury Bills (including Cash Management Bills), State development loans, Interest Rate Swaps, Certificates of Deposit and PSU/Corporate bonds & debentures, is determined by the prices or yield, as applicable, declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/Financial Benchmark India Private Limited (FBIL) on last working day of the Financial Year.
- ii. In case of Commercial Papers, the Company shall use market observable spread over T-Bill curve and based on that new benchmark (T-Bill+constant spread across the curve) the Company shall interpolate and calculate CP prices corresponding to the residual maturities.
- iii. Fair value of Equity Shares is determined by the closing rates provided by the stock exchanges on last working day of the Financial Year
- iv. In case of units of Mutual Fund, valuation is done on the basis of closing NAV declared by the Mutual Fund.
- v. In case of Future & Options contracts (i.e IRF, Equity futures & Nifty futures) valuation is done as per the closing prices provided by Stock Holding Corporation of India Limited (SHCIL).

## XI. Revenue recognition

- i. Interest income, for all debt instruments measured either at amortised cost (Short term lending and Fixed deposits) or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are incrementally directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.
- ii. Changes in fair value of securities classified at fair value through profit and loss (FVTPL) (Certificates of Deposit, Commercial Papers, Bills Re-discounted, Treasury Bills (including Cash Management Bills), Zero Coupon Bonds, Government dated securities (including State Development Loan), Corporate bonds & debentures, Equity shares and Mutual funds) shall be taken to Profit and Loss.
- iii. The difference between the acquisition cost and maturity value of Certificates of Deposit, Commercial Papers, Bills Re-discounted, Treasury Bills (including Cash Management Bills) and Zero Coupon Bonds is apportioned on time basis. The above is recognised as accrued income.
- iv. Interest income on Government Dated Securities and Corporate Bonds & Debentures is recognised at its coupon rate and that of Floating Rate Bonds is recognised on the yield of instruments to which these are linked.
- v. Dividend income is recognized when the Company's right to receive payment is established by the reporting date.

- vi. Underwriting fees: Underwriting fee earned on the government securities is credited in the statement of profit and loss account.
- vii. Commission & other fees: Commission & other fees will be recognized as and when the performance obligation is satisfied as per IND AS 115.
- viii. Other income received through rent, interest on staff loans, house rent recovery and Misc. Income are accounted for on accrual basis.

## **XII. Taxes**

Tax expense comprises current tax, earlier year taxes and deferred tax.

### **Current income tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## **XIII. Segment Reporting**

There is no separate reportable segment of the Company as per Ind AS-108- Operating segments.

## **XIV. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity



shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **XIV. Dividend to Shareholders**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### **XVI. Corporate Social Responsibility ('CSR') expenditure**

The Company charges its CSR expenditure during the year to the statement of profit and loss.

#### **XVII. Accounting for Repo Transactions**

Sales / Purchases of Treasury Bills (including Cash Management Bills) and Government Dated Securities, as disclosed in Statement of Profit and Loss do not include Repo/Reverse Repo transactions in accordance with RBI guidelines No. RBI/2009-2010/356/IDMD/4135/11.08.43/2009-10 dated March 23, 2010.

In conformity with RBI guidelines, securities sold under Repo transactions are not excluded from the portfolio and the securities purchased under Reverse Repo are not included in the portfolio. Contra heads are used to reflect the transfer of securities.

Repo seller continues to accrue coupon/ discount on securities, as the case may be, even during the repo period while the repo buyer shall not accrue the same.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 3: Cash and cash equivalents

	31st March, 2022	31st March, 2021
<b>Balances in current account with:</b>		
- Reserve Bank of India	29.14	125.96
- Scheduled Banks	4,983.64	14.36
<b>Total</b>	<b>5,012.78</b>	<b>140.32</b>
<b>Note 4: Bank balance other than above</b>	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Bank deposits (more than 3 months and upto 12 months)^	13.00	488.00
Balance with scheduled banks (earmarked balances)*	147.31	139.76
<b>Total</b>	<b>160.31</b>	<b>627.76</b>
<b>*Earmarked balances with banks</b>		
Balance with Scheduled Banks earmarked towards Unclaimed Dividends	147.31	139.76
<b>Total</b>	<b>147.31</b>	<b>139.76</b>

^ As at 31st March, 2022, Rs. 13.00 lacs are in the joint name of the company with NSEIL, hence not freely available for use of the Company.

^ As at 31st March, 2021, fixed deposits amounting to Rs. 475.00 lacs are in the joint name of the Company with NSCCLA/C Stock Holding Corporation of India Limited and Rs. 13.00 lacs are in the joint name of the Company with NSEIL, hence not freely available for use of the Company.

### Note 5: Derivative financial instruments

#### Part I

The Company enters into derivatives for risk management purposes and trading purposes. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. For management of risks, see note 40.

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Interest Rate Swaps (Asset)	61,47,000.00	82,632.48	-	33,15,500.00	91,558.37	-
Interest Rate Swaps (Liability)	59,65,500.00	-	78,059.48	37,16,500.00	-	92,523.13
Interest Rate Futures/ Index Option (equity linked derivatives)	-	-	-	-	-	-
<b>Total derivative financial instruments</b>	<b>1,21,12,500.00</b>	<b>82,632.48</b>	<b>78,059.48</b>	<b>70,32,000.00</b>	<b>91,558.37</b>	<b>92,523.13</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Part II (The information in the below section forms part of Part I above)

#### Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk.

#### Derivatives not designated as hedging instruments (Undesignated derivatives)

The Company uses interest rate swaps to manage its interest rate risk arising from INR denominated borrowings. The interest rate swaps are not designated in a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 6 to 36 months. Details of the derivative instruments held for hedging purpose is given below, the same are not designated as hedging instruments and therefore, hedge accounting is not done.

Particulars	As at 31st March, 2022				As at 31st March, 2021			
	Notional amount	Derivative asset	Notional amount	Derivative liability	Notional amount	Derivative asset	Notional amount	Derivative liability
Interest Rate Swaps (Asset)	3,12,500.00	1,926.24	-	-	42,500.00	1,056.18	-	-
Interest Rate Swaps (Liability)	-	-	2,57,500.00	667.51	-	-	3,73,500.00	4,353.76
Interest Rate Futures/Index Option (equity linked derivatives)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,12,500.00</b>	<b>1,926.24</b>	<b>2,57,500.00</b>	<b>667.51</b>	<b>42,500.00</b>	<b>1,056.18</b>	<b>3,73,500.00</b>	<b>4,353.76</b>

#### Note 6: Loans\*

Particulars	31st March, 2022	31st March, 2021
<b>At amortised Cost</b>		
<b>Others</b>		
Reverse Repo Lending	25,832.49	6,389.71
	25,832.49	6,389.71
<b>Term loans</b>		
Staff loans	166.60	181.34
<b>Total (A) Gross</b>	<b>25,999.09</b>	<b>6,571.05</b>
Less: Impairment loss allowance	-	-
<b>Total (A) Net</b>	<b>25,999.09</b>	<b>6,571.05</b>
Secured by tangible assets and intangible assets	25,992.83	6,569.27
Unsecured	6.26	1.78
<b>Total (B) Gross</b>	<b>25,999.09</b>	<b>6,571.05</b>
Less: Impairment loss allowance	-	-
<b>Total (B) Net</b>	<b>25,999.09</b>	<b>6,571.05</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>Loans in India</b>		
Others (to be specified)		
-Lending under Reverse Repo	25,832.49	6,389.71
-Staff loans	166.60	181.34
<b>Total (C) Gross</b>	<b>25,999.09</b>	<b>6,571.05</b>
Less: Impairment loss allowance	-	-
<b>Total (C) Net</b>	<b>25,999.09</b>	<b>6,571.05</b>

\*The company has assessed that there is no risk of default. Hence, no Expected Credit Loss (ECL) is computed on the same.

### Note 7: Investments

	31st March, 2022	31st March, 2021
<b>Investments At Amortised Cost #</b>		
Government Securities	2,13,332.87	-
<b>Investments (Stock-in-Trade) At fair value through profit or loss (FVTPL)</b>		
Government Securities	11,79,890.31	9,32,797.23
<b>Bonds, debentures, Certificate of Deposits (CDs) and Commercial Paper (CPs)</b>	1,33,502.98	1,57,824.34
Equity Instruments	-	65.24
<b>Total gross (A)</b>	<b>15,26,726.17</b>	<b>10,90,686.81</b>
Investments in India	15,26,726.17	10,90,686.81
<b>Total (B)</b>	<b>15,26,726.17</b>	<b>10,90,686.81</b>
<b>Total (A) to tally with (B)</b>	<b>15,26,726.17</b>	<b>10,90,686.81</b>
Less: Allowance for impairment loss (C )	-	-
<b>Total Net D = (A) -(C)</b>	<b>15,26,726.17</b>	<b>10,90,686.81</b>

The Company is providing custodian services to its constituents and total holdings of 76 (P.Y. 68) constituents in government securities as at 31st March, 2022 in SGL II with RBI is Rs.90,60,111.65 lacs (P.Y. Rs. 85,11,942.35 lacs)

(#) The Portfolio (Government Security) measured at amortised cost is as per the Company business model to hold Investment in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding.

Accordingly, during the year, the Company has classified Government Securities of Rs. 2,10,001.96 lacs at amortized cost out of the total investment. The interest accrued on the same is Rs. 3,330.91 lacs during the year ended March 31, 2022. If the Company would have classified these investments under the fair value through profit and loss (FVTPL) category, the MTM impact on the Statement of Profit and Loss would be Rs (-)1,262.91 lacs.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 8: Other financial assets

	31st March, 2022	31st March, 2021
<b>Interest accrued but not due on :</b>		
- Government dated and approved securities	15,097.62	11,201.83
- Bonds and debentures	4,656.22	4,220.90
- Reverse Repo Lending	4.51	0.51
- Deposit with Clearing Corporation of India Limited (CCIL)	43.78	12.05
- Fixed deposits with Scheduled Banks	0.17	14.62
- Interest on non competitive bids	-	0.03
<b>Security deposit</b>		
- with CCIL	12,260.00	7,645.00
- For Future & Options margin money with Stock Holding Corporation of India Ltd.(SHCIL)	331.69	309.60
- Interest Rate Futures Margin Money with SHCIL	856.66	297.46
- Peak Margin Money for equity segment with SHCIL	68.75	68.75
- For working as an arranger	9.20	4.00
- For water meters and electricity meters	2.89	2.91
- Rental advance at Ahmedabad branch	0.39	0.39
- For petrol	0.14	0.15
- For telephone connections	-	0.04
<b>Advance given to vendors</b>	12.82	10.69
<b>Trade receivables</b>		
- Rent receivables	0.43	0.20
- Arranger Fee receivable	22.77	3.48
- Misc. amount receivable	0.77	0.46
<b>Total</b>	<b>33,368.79</b>	<b>23,793.08</b>

### Trade Receivables Aging Schedule

2021-22 Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	23.97	-	-	-	-	23.97
(ii) Undisputed Trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables -credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good	-	-	-	-	-	-

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022**

(Amounts in Rs. Lakhs, unless otherwise stated)

(v) Disputed trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables -credit impaired	-	-	-	-	-	-
<b>2020-21</b>	<b>Outstanding for following periods from due date of payment</b>					
<b>Particulars</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>
(i) Undisputed trade receivables- considered good	4.14	-	-	-	-	4.14
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables -credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good	-	-	-	-	-	-
(v) Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables -credit impaired	-	-	-	-	-	-

**Note 9: Current Tax Assets**

<b>Particulars</b>	<b>31st March, 2022</b>	<b>31st March, 2021</b>
<b>Income Tax Refundable</b>		
FY 2005-06	13.71	13.71
FY 2006-07 (FBT)	1.33	1.33
FY 2006-07	-	0.05
FY 2008-09	43.24	-
FY 2011-12	-	83.35
FY 2013-14	-	48.42
FY 2019-20	0.01	0.01
FY 2020-21	0.00	32.50
FY 2021-22	531.43	-
FY 2021-22 (TCS)	0.25	-
<b>GST TDS RECEIVABLE</b>		
FY 2021-22 (GST TDS)	1.34	44.91
<b>Total</b>	<b>591.30</b>	<b>224.26</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 10: Tax Expenses

#### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31<sup>st</sup> March, 2022

Particulars	Year ended March 31, 2022	Year ended March 31 2021
Accounting profit before tax	21,015.10	61,434.70
At India's statutory income tax rate	5,289.08	15,461.89
Interest under section 234B and 234C	-	133.11
Adjustments in respect of current income tax of prior years	57.91	398.70
<b>Income not subject to tax</b>		
Interest earned on PSU Bond- Taxfree	-	(18.28)
Profit on sale of Fixed Assets	1.26	0.41
<b>Deferred tax adjustments</b>		
Fair value of Financial Instruments	(1,294.15)	
Provision reversal of 9.60% SREI and its interest accrued	243.24	
Performance linked incentive	-	(16.88)
Others	(0.78)	11.76
CSR Expenses	147.40	52.33
<b>Income tax expense reported in the statement of profit &amp; loss</b>	<b>4,443.96</b>	<b>16,023.02</b>

Deferred Tax (liabilities) / assets	Year ended March 31, 2022	Year ended March 31 2021
<b>Deferred tax liability</b>		
Fair value of financial instruments	-	(525.51)
<b>Gross deferred tax liability</b>	<b>-</b>	<b>(525.51)</b>
<b>Deferred tax asset</b>		
Provision for leave liability	24.85	4.42
Provision for gratuity	-	0.55
Provision for post retirement benefit plan	15.39	-
Provision for lease as per Ind AS 116	0.96	0.65
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	27.96	28.55
Amortised cost category	61.68	-
Fair value of financial instruments	-	-
Discounting of staff loans	1.97	2.39

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Provision of Investment and I.A. on 9.60% SREI Equipment Finance Limited	-	243.24
<b>Gross deferred tax asset</b>	<b>132.81</b>	<b>279.80</b>
<b>Net Deferred Tax (Liability)/ Asset</b>	<b>132.81</b>	<b>(245.70)</b>

The following table shows the changes recorded during the year in the deferred tax expense

2021-22	Income Statement	OCI
Fair value of financial instruments	(525.52)	-
Remeasurements of defined benefit plan	(9.41)	(25.86)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	0.59	-
Discounting of Staff Loans	0.42	-
Deferred tax on performance linked incentive (PLI)	-	-
Amortised cost category	(61.68)	-
Provision of Investment and I.A. on 9.60% SREI Equipment Finance Limited	243.24	-
Lease liability	(0.31)	-
Charges (in P&L)	-	-
<b>Net Deferred Tax</b>	<b>(352.67)</b>	<b>(25.86)</b>
2020-21	Income Statement	OCI
Fair value of financial instruments	(470.55)	-
Remeasurements of defined benefit plan	92.05	(8.91)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(12.10)	-
Discounting of staff loans	0.18	-
Deferred tax on performance linked incentive (PLI)	-	-
MAT credit	(243.24)	-
Lease liability	0.07	-
Charges (in P&L)	-	-
<b>Net Deferred Tax</b>	<b>(633.59)</b>	<b>(8.91)</b>



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 11A: Investment Property

#### FY 2021-22

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2022	As at 1 April 2021	For the period	Adjustments/ Deductions during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
1	Buildings* (Built Up Flats)	46.90	-	-	46.90	28.53	0.89	-	29.42	17.49	18.37
	<b>Total</b>	<b>46.90</b>	<b>-</b>	<b>-</b>	<b>46.90</b>	<b>28.53</b>	<b>0.89</b>	<b>-</b>	<b>29.42</b>	<b>17.49</b>	<b>18.37</b>

\* Market Value of 1 Chennai flat is Rs 58.75 lacs.

\* Market Value of 2 Bengaluru flats is Rs. 177.74 lacs i.e. 88.87 lacs each

\* The company had purchased these flats for its staff. However, in view of no requirement by the staff members, these were given to PNB employees only for a period of 11 months with two/more extensions.

The valuation of the above mentioned flats is done by the registered valuers and the valuation model used by the valuers for Chennai flat and for Bangalore flat is Composite Rate Method.

#### FY 2020-21

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2020	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2021	As at 1 April 2020	For the period	Adjustments/ Deductions during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
1	Buildings* (Built Up Flats)	65.81	-	(18.90)	46.90	38.77	1.31	(11.55)	28.53	18.37	27.04
	<b>Total</b>	<b>65.81</b>	<b>-</b>	<b>(18.90)</b>	<b>46.90</b>	<b>38.77</b>	<b>1.31</b>	<b>(11.55)</b>	<b>28.53</b>	<b>18.37</b>	<b>27.04</b>

\* Market Value of 1 Chennai flat is Rs 53.00 lacs.

\* Market Value of 2 Bengaluru flats is Rs. 152.36 lacs i.e. 76.18 lacs each

\* The company had purchased these flats for its staff. However, in view of no requirement by the staff members, these were given to PNB employees only for a period of 11 months with two/more extensions.

The valuation of the above mentioned flats is done by the registered valuers and the valuation model used by the valuers for Chennai flat is comparative sale method and for Bengaluru flats is Composite rate method.

### Note 11B: Property, plant and equipment

#### FY 2021-22

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2022	As at 1 April 2021	For the period	Adjustments/ Deductions during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
1	Buildings (Built Up Flats)	542.54	-	-	542.54	355.08	9.10	-	364.19	178.35	187.45
2	Office equipments	71.37	11.67	3.20	79.84	64.82	10.74	3.20	72.36	7.48	6.55
3	Computers	262.76	6.87	56.62	213.00	245.52	21.92	56.62	210.81	2.19	17.24

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

4	Furnitures and fixtures	135.48	2.25	30.10	107.63	134.17	1.17	30.10	105.24	2.39	1.31
5	Vehicles	46.66	29.12	13.73	62.04	25.49	12.08	11.62	25.95	36.09	21.17
	<b>Total</b>	<b>1,058.80</b>	<b>49.91</b>	<b>103.66</b>	<b>1,005.06</b>	<b>825.08</b>	<b>55.01</b>	<b>101.54</b>	<b>778.55</b>	<b>226.51</b>	<b>233.72</b>

### FY 2020-21

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2020	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2021	As at 1 April 2020	For the period	Adjustments/ Deductions during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
1	Buildings (Built Up Flats)	523.63	-	(18.90)	542.54	334.34	9.19	(11.55)	355.08	187.45	189.29
2	Office equipments	64.18	10.33	3.14	71.37	59.64	8.31	3.14	64.82	6.55	4.54
3	Computers	240.46	39.13	16.84	262.76	174.44	87.08	16.00	245.52	17.24	66.02
4	Furnitures and fixtures	136.12	0.49	1.12	135.48	133.93	1.36	1.12	134.17	1.31	2.18
5	Vehicles	38.75	16.54	8.63	46.66	28.54	4.87	7.93	25.49	21.17	10.21
	<b>Total</b>	<b>1,003.14</b>	<b>66.49</b>	<b>10.83</b>	<b>1,058.80</b>	<b>730.90</b>	<b>110.82</b>	<b>16.64</b>	<b>825.08</b>	<b>233.72</b>	<b>272.24</b>

### Note 11C: Intangible Assets

### FY 2021-22

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2022	As at 1 April 2021	For the period	Adjustments/ Deductions during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
1	Software	316.21	20.53	36.77	299.98	285.83	35.49	36.09	285.24	14.74	30.38
	<b>Total</b>	<b>316.21</b>	<b>20.53</b>	<b>36.77</b>	<b>299.98</b>	<b>285.83</b>	<b>35.49</b>	<b>36.09</b>	<b>285.24</b>	<b>14.74</b>	<b>30.38</b>

\* Useful life of Intangibles is 6 years.

### FY 2020-21

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2020	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2021	As at 1 April 2020	For the period	Adjustments/ Deductions during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
1	Software	271.22	57.79	12.80	316.21	258.05	40.59	12.80	285.83	30.38	13.17
	<b>Total</b>	<b>271.22</b>	<b>57.79</b>	<b>12.80</b>	<b>316.21</b>	<b>258.05</b>	<b>40.59</b>	<b>12.80</b>	<b>285.83</b>	<b>30.38</b>	<b>13.17</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 11D: Right to Use Asset

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2022	As at 1 April 2021	For the period	Adjustments/ Deductions during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
1	Right of Use Asset	97.56	94.93	-	192.48	73.14	23.68	-	96.82	95.67	24.42
	<b>Total</b>	<b>97.56</b>	<b>94.93</b>	<b>-</b>	<b>192.48</b>	<b>73.14</b>	<b>23.68</b>	<b>-</b>	<b>96.82</b>	<b>95.67</b>	<b>24.42</b>

### FY 2020-21

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2020	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2021	As at 1 April 2020	For the period	Adjustments/ Deductions during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
1	Right of Use Asset	97.56	-	-	97.56	36.62	36.52	-	73.14	24.42	60.94
	<b>Total</b>	<b>97.56</b>	<b>-</b>	<b>-</b>	<b>97.56</b>	<b>36.62</b>	<b>36.52</b>	<b>-</b>	<b>73.14</b>	<b>24.42</b>	<b>60.94</b>

As per Ind AS 116- Leases applicable from April 01, 2019, the amount of depreciation charged on Right of Use Asset for the financial year ending March 31, 2022 amounts to Rs.24.69 lacs (P.Y. Rs. 36.52 lacs), amount charged as interest expense on leased liability under the Finance cost amounts to Rs.5.20 lacs (P.Y. Rs. 3.79 lacs) and the actual lease rent reversed from the administrative expenses for the period 21-22 amounts to Rs. 27.49 lacs (P.Y. Rs. 40.58 lacs). The net charge to the statement of Profit and Loss account comes to Rs. 2.40 lacs (P.Y. Rs. -0.27 Lacs). The policy relating to Leases is explained in Note 2 (II).

The company has applied Ind AS 116 using the modified retrospective approach, details of which are as under:

i. Following are the changes in the carrying value of right of use assets for the year ended March 31, 2022:

#### Buildings

Particulars	March 31, 2022	March 31, 2021
Opening balance	24.42	60.94
Additions	94.93	-
Depreciation	23.68	36.52
<b>Balance</b>	<b>95.67</b>	<b>24.42</b>

ii. The following is the movement in lease liabilities year ended March 31, 2022:

Particulars	March 31, 2022	March 31, 2021
Opening balance	27.02	63.81
Additions	94.74	-
Interest on lease liabilities	5.20	3.79
Payment of lease liabilities	27.49	40.58
<b>Balance</b>	<b>99.47</b>	<b>27.02</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 11D: Right to Use Asset (contd.)

iii. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particular	March 31, 2022	March 31, 2021
Less than one year	18.48	18.16
One to five years	68.00	9.07
More than five years	58.28	3.49
<b>Total undiscounted lease liabilities</b>	<b>144.76</b>	<b>30.72</b>

The lessee's interest rate implicit applied to lease liabilities is 7.60 % p.a.

### Note 12: Other non financial assets

	31st March, 2022	31st March, 2021
Prepaid expenses	39.91	30.72
Unamortised expenses towards staff	19.92	29.09
<b>Total</b>	<b>59.83</b>	<b>59.82</b>

### Note 13: Payables

	31st March, 2022	31st March, 2021
<b>Trade payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	98.02	74.28
<b>(a)</b>	<b>98.02</b>	<b>74.28</b>
<b>Other payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	-	-
<b>(b)</b>	<b>-</b>	<b>-</b>
<b>Total (a) + (b)</b>	<b>98.02</b>	<b>74.28</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Trade Payables aging schedule	Outstanding for following periods from due date of payment				
<b>2021-22</b>					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	98.02	-	-	-	98.02
(iii) Disputed Dues- MSME	-	-	-	-	-
(iv) Disputed Dues- Others	-	-	-	-	-

<b>2020-21</b>					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	74.28	-	-	-	74.28
(iii) Disputed Dues- MSME	-	-	-	-	-
(iv) Disputed Dues- Others	-	-	-	-	-

- (a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.-NIL (P.Y.-NIL)
- (b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during each accounting year.-NIL (P.Y.-NIL)
- (c) 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 (PY-NIL)
- (d) The amount of interest accrued and remaining unpaid at the end of each accounting year;-NIL (P.Y. NIL) and
- (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.-NIL (P.Y. NIL)

### Note 14 (a): Debt Securities

	31st March, 2022	31st March, 2021
Commercial Paper Borrowings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 14 (b): Borrowings (Other than debt securities)</b>		
	31st March, 2022	31st March, 2021
<i>At amortised cost</i>		
Secured		
Term loans		

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>-From Banks</b>		
- From RBI (LAF borrowing, Term LAF and Refinance borrowing)*3	-	-
- Loans from Related Party (Punjab National Bank)* 6	97,015.00	53,009.73
<b>-From Other Parties</b>		
- TREPS (Tri-Party Repo System) borrowing from CCIL *4	1,82,470.18	70,747.37
- REPO borrowings*5	8,99,184.82	6,88,231.83
<b>Unsecured</b>		
<b>Term loans</b>		
<b>-From Banks</b>		
- Call, short notice and term money borrowings	2,65,360.00	1,74,335.00
<b>- From Other Parties</b>		
- Inter corporate borrowing	9,000.00	-
<b>Total gross (A)</b>	<b>14,53,029.99</b>	<b>9,86,323.93</b>
Borrowings in India	14,53,029.99	9,86,323.93
Borrowings outside India	-	-
<b>Total gross (B)</b>	<b>14,53,029.99</b>	<b>9,86,323.93</b>
<b>Total (B) to tally with (A)</b>	<b>14,53,029.99</b>	<b>9,86,323.93</b>

- All the borrowings are of short term in nature and are repayable within 12 months with a fixed rate of interest. There is no default as on the balance sheet date in repayment of borrowings and interest thereon.
- During the year, Net Average and Peak borrowings in Call money amounted to Rs. 2,06,450.65 lacs and Rs. 3,84,990.00 lacs respectively (Previous year 2021 Net Average and Peak borrowings - Rs 2,13,101.91 lacs and Rs. 4,69,090.00 lacs respectively). For the year 2022, average and peak leverage ratio stands at 10.86 and 13.49 respectively (Previous year 2021 average and peak leverage ratio stands at 10.41 and 15.16 respectively).
- Pledge of Security Face Value for year 2022 -Rs. Nil lacs and Book value Rs.Nil lacs (Pledge of Security Face Value for Previous Year 2021-Rs. Nil lacs and Book Value Rs. Nil lacs).
- Pledge of Security Face Value for year 2022-Rs. 2,09,000 lacs and Book value Rs. 2,07,782.23 lacs (Pledge of security Face Value for Previous Year 2021-Rs. 81,500.00 lacs and Book Value Rs. 81,500.00 lacs) .
- Pledge of Security Face Value for year 2022-Rs. 8,72,141.00 lacs and Book value Rs.8,95,883.26 lacs (Pledge of security Face Value for Previous Year 2021-Rs. 6,65,310.00 lacs and Book Value Rs. 6,77,523.51 lacs).
- Pledge of Security Face Value for year 2022-Rs. 19,500.00 lacs and Book value Rs.19,861.60 lacs (Pledge of security Face Value for Previous Year 2021-Rs.10,000.00 lacs and Book Value Rs. 9,981.50 lacs).\

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

The weighted average rate of interest for the borrowings are as follows:

-TREPS from CCIL	3.74%
- Repo	3.75%
- Call & Notice Money Borrowing	3.70%
- Term Borrowing	3.55%
- Loan from related party (PNB)	8.65%
- Inter corporate Deposit	3.51%

### Note 15: Other financial liabilities

	31st March, 2022	31st March, 2021
<b>Interest accrued but not due</b>		
Short term borrowings	177.86	165.91
Unclaimed dividend	147.31	139.76
Stale cheques	-	0.03
Amount payable	0.17	0.50
Advance received from constituent	-	96.23
<b>Total</b>	<b>325.34</b>	<b>402.42</b>

### Note 16: Current Tax Liabilities

Particulars	31st March, 2022	31st March, 2021
<b>Income Tax Provisions</b>		
FY 2007-08	0.40	0.40
FY 2008-09	-	2.11
FY 2009-10	125.16	200.91
FY 2010-11	-	6.64
FY 2012-13	-	4.76
FY 2015-16	1.13	48.17
FY 2016-17	0.27	9.95
FY 2017-18	-	26.74
FY 2020-21	-	958.91
<b>Total</b>	<b>126.95</b>	<b>1,258.60</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 17: Provisions

	31st March, 2022	31st March, 2021
<b>Provision for employee benefits</b>		
Leave liability	98.74	17.55
Gratuity	-	2.20
Post retirement medical benefits	61.16	-
Provision for performance linked incentive	250.00	192.00
<b>Others</b>		
Provision for expenses	71.50	45.23
Provision for CSR expenses	28.98	-
Provision for I.A. on 9.60% SREI Equipment Fin Ltd	-	226.22
Provision for 9.60% SREI Equipment Fin Ltd (Invt)	-	740.25
<b>Total</b>	<b>510.38</b>	<b>1,223.45</b>

### Note 18: Other Non-Financial Liabilities

	31st March, 2022	31st March, 2021
TDS Payable	50.95	114.15
GST Payable	6.22	138.44
<b>Total</b>	<b>57.17</b>	<b>252.59</b>

### Note 19. Share Capital

Particulars	31st March-2022		31st March-2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised:</b>				
50,00,00,000 Equity shares of Rs. 10/- each	50,00,00,000	5,00,00.00	50,00,00,000	50,000.00
<b>Issued, subscribed and Paid Up</b>	18,00,10,134	18,001.01	18,00,10,134	18,001.01
18,00,10,134 Equity shares of Rs.10/- each fully paid up				
<b>Promoter:</b>				
Punjab National Bank	13,33,33,333	13,333.33	13,33,33,333	13,333.33



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

13,33,33,333 Equity shares of Rs.10/- each fully paid up				
Share holding (%)	74.07%	74.07%	74.07%	74.07%
<b>Share holding more than 5% details:</b>				
Punjab National Bank	<b>13,33,33,333</b>	<b>13,333.33</b>	<b>13,33,33,333</b>	<b>13,333.33</b>
13,33,33,333 Equity shares of Rs.10/- each fully paid up				
Share holding (%)	74.07%	74.07%	74.07%	74.07%

### Reconciliation of the number of shares (face value Rs 10 paid up)

	31st March, 2022	31st March, 2021
Opening number of shares	18,00,10,134	18,00,10,134
Add: Additions during the year	-	-
Less: Reduction during the year	-	-
Closing number of shares	<b>18,00,10,134</b>	<b>18,00,10,134</b>

### Shareholding of Promoter (Punjab National Bank)

#### 2021-22

Shares held by Promoter (Punjab National Bank) at the end of the year				% change during the year
S.No.	Promoter Name	No. of shares	% of Total Shares	
1	Punjab National Bank	13,33,33,333	74.07%	Nil

#### 2020-21

Shares held by Promoter (Punjab National Bank) at the end of the year				% change during the year
S.No.	Promoter Name	No. of shares	% of Total Shares	
1	Punjab National Bank	13,33,33,333	74.07%	Nil

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The company has only one class of shares having a par values of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts :** NIL (Previous Year : NIL).

**For the periods of five years immediately preceding the date as at which the Balance Sheet is prepared:**

**a. Aggregate number and class of shares allotted as fully paid pursuant to contracts(s) without payment being received in cash :** NIL (Previous year: NIL).

**b. Aggregate number and class of shares allotted as fully paid -up by way of bonus shares is:** The Company issued bonus shares in August, 1999 and number of equity shares issued as bonus were 2,50,00,000 and in July, 2013 and the number of equity shares issued as bonus were 4,49,92,534. Aggregate of equity shares issued as bonus shares are 6,99,92,534. During current year, equity shares issued as bonus shares NIL (previous Year: NIL).

**c. Aggregate number and class of shares bought back:** NIL (Previous year : Nil)

**Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from farthest such date:** Nil (Previous Year : Nil)

**Calls unpaid (showing aggregate value of calls unpaid by directors and officers):** Nil (Previous Year NIL)

**Forfeited Shares (amount originally paid up) :** NIL (Previous Year Nil)

**Detailed disclosure on capital management is given in Note 35.**

### Note 20: Other equity

#### Reserve and surplus

(Amounts in Rs. Lakhs, unless otherwise stated)

#### Statutory reserve

	31st March, 2022	31st March, 2021
Opening balance	37,964.13	28,881.79
Addition during the year	3,314.23	9,082.34
<b>Closing balance</b>	<b>41,278.36</b>	<b>37,964.13</b>

#### Securities premium reserve

	31st March, 2022	31st March, 2021
Opening balance	2,501.27	2,501.27
Addition during the year	-	-
<b>Closing balance</b>	<b>2,501.27</b>	<b>2,501.27</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### General reserve

	31st March, 2022	31st March, 2021
Opening balance	9,776.54	9,776.54
Addition during the year	-	-
<b>Closing balance</b>	<b>9,776.54</b>	<b>9,776.54</b>

### Capital reserve

	31st March, 2022	31st March, 2021
Opening balance	6,320.04	6,320.04
Addition during the year	-	-
<b>Closing balance</b>	<b>6,320.04</b>	<b>6,320.04</b>

### Market fluctuation reserve

	31st March, 2022	31st March, 2021
Opening balance	6,300.00	6,300.00
Addition during the year	-	-
<b>Closing balance</b>	<b>6,300.00</b>	<b>6,300.00</b>

### Retained earning

	31st March, 2022	31st March, 2021
Opening balance	50,774.27	32,472.43
Addition during the year	16,494.23	45,385.19
Transferred to other reserves	(3,314.23)	(9,082.34)
Other adjustments	(0.02)	-
Dividends	(5,400.30)	(18,001.01)
	<b>58,553.95</b>	<b>50,774.27</b>
<b>Total</b>	<b>1,24,730.16</b>	<b>1,13,636.22</b>

- A sum of Rs. 3314.23 lacs (P.Y. 2021 Rs.9082.34 lacs) (20 per cent of Profit After Tax) has been transferred to Statutory Reserve Fund as per RBI Guidelines. The same is not free for distribution of dividend.
- Market Fluctuation Reserve - For the financial year 2021-22, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on 31st March , 2022 in this reserve is Rs.6300 lacs (P.Y. 2020 Rs.6300 lacs). The same is not free for distribution of dividend.
- The Board of Directors have recommended a final dividend of Rs.5.00/- per equity share amounting to Rs. 9000.51 lacs for FY 21-22 after the balance sheet date. The same is subject to approval by the shareholders at the ensuing

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Annual General Meeting of the company and therefore proposed final dividend of Rs. 9000.51 lacs has not been recognised as a liability as at the balance sheet date. Proposed final dividend for FY 2020-21 of Rs 3/- per equity share of Rs. 10 each amounting to Rs.5400.30 lacs lacs has been accounted for in the current financial year.

- The company has made a policy choice to recognise the effect of Taxation Laws Amendment Ordinance 2019 ('the Ordinance') for the financial year ended 31st March, 2022. Accordingly, the effective tax rate for the FY ended 21-22 is 25.168% .

### Nature and purpose of reserves:

- (a) **Statutory reserve** - Statutory reserve is created pursuant to section 45-IC of Reserve Bank of India Act. 1934. Company shall transfer therein a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the Company except for the purpose as may be specified by RBI.
- (b) **Securities premium reserve** - Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- (c) **General reserve** - General reserves are the free reserves of the Company which are kept aside out of company's profits to meet future obligations. General reserves is a free reserve which can be utilised for any purpose after fulfilling certain conditions. No amount has been transferred to general reserve during the year ended 31st March, 2022 and 31st March, 2021.
- (d) **Capital reserve** - Capital reserve represents the amount of net profit (after tax) through sale of securities from HTM category of investments maintained as per earlier RBI guidelines. The same will be utilized as per the regulatory guidelines and is not free for distribution of dividend.
- (e) **Market fluctuation reserve** - The Board of Directors, in its meeting held on January 9, 2003, had decided to build up Market Fluctuation Reserve over a period of time with the cap equal to paid up capital of the company. At the time of adoption of annual accounts each year, the Board may decide the quantum of amount to be transferred to this Reserve, if necessary. The same is not free for distribution of dividend.
- (f) **Retained Earnings** - These represent the surplus in the profit and loss account and is free for distribution of dividend.

### Note 21: Interest income

#### On financial assets measured at amortised cost

	Year ended 31st March, 2022	Year ended 31st March, 2021
(a) <b>Interest on loans</b>		
-Short term lending	818.58	705.78
(b) <b>Other interest income</b>		
-Deposit with CCIL	142.74	36.15
-Interest on deposits with banks	9.66	28.87
(c) <b>Interest income from Investments</b>		
-Government securities	3,210.70	-
	<b>4,181.68</b>	<b>770.79</b>

(I)

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### *On financial assets classified at fair value through profit and loss*

(d) <b>Interest income from Investments</b>		
-Government securities and swaps (Net)	74,397.87	59,921.99
-Corporate bonds and debentures	11,972.34	10,696.56
(e) <b>Other interest income</b>		
-Interest on non competitive sales	16.75	17.68
<b>(II)</b>	<b>86,386.95</b>	<b>70,636.23</b>

### *On financial assets classified at fair value through profit and loss*

(f) Commercial papers	-	433.57
Treasury bills/cash management bills	6,504.06	6,042.79
<b>(III)</b>	<b>6,504.06</b>	<b>6,476.36</b>
<b>Total Interest Income (I+II+III)</b>	<b>97,072.68</b>	<b>77,883.38</b>

### **Note 22: Rental income**

Rent received*	8.40	9.60
<b>Total</b>	<b>8.40</b>	<b>9.60</b>

\*As per the policy of the company the flats owned by the company are given to its employees only. However, in remote situations flats are given to PNB employees.

### **Note 23: Net gain/ (loss) on securities (Realised & Unrealised)**

#### *Net gain/ (loss) on financial instruments at fair value through profit or loss*

On trading portfolio

	Year ended 31st March, 2022	Year ended 31st March, 2021
- Investment	(29,509.52)	20,561.91
- Derivatives	6,100.97	4,693.95

**Total net gain/(loss) (Realised & Unrealised)** **(23,408.55)** **25,255.85**

### **A. Trading Profit/(loss) (Realised)**

#### (a) **Government securities**

Sales	2,46,22,381.43	2,72,07,742.92
Add: Closing stock	10,01,249.82	7,50,179.03
Less: Purchases	2,48,86,633.91	2,70,15,601.12
Less: Opening stock	7,50,179.03	9,21,111.10
<b>Total</b>	<b>(13,181.69)</b>	<b>21,209.74</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>(b) T-Bills and CMBs</b>		
Sales	30,69,786.33	45,79,368.02
Add: Closing stock	1,89,963.64	1,78,339.26
Less: Purchases	30,81,386.71	45,42,234.22
Less: Opening stock	1,78,339.26	2,15,513.14
<b>Total</b>	<b>24.00</b>	<b>(40.08)</b>
<b>(c) Commercial Papers (CPs)</b>		
Sales	-	14,802.06
Add: Closing stock	-	-
Less: Purchases	-	5,267.3
Less: Opening stock	-	9,504.25
<b>Total</b>	<b>-</b>	<b>30.50</b>
<b>(d) Bonds &amp; Debentures</b>		
Sales	19,80,390.63	27,83,760.98
Add: Closing stock	1,34,948.12	1,59,630.05
Less: Purchases	19,57,174.33	27,96,427.32
Less: Opening stock	1,59,630.05	1,41,413.70
<b>Total</b>	<b>(1,465.62)</b>	<b>5,550.02</b>
<b>(e) Equity Shares</b>		
Sales	2,204.06	1,700.64
Add: Closing stock	-	48.78
Less: Purchases	1,783.51	1,518.16
Less: Opening stock	48.78	-
<b>Total</b>	<b>371.77</b>	<b>231.25</b>
<b>(f) Derivatives</b>		
Interest Rate Futures	530.71	34.16
Futures & Options	26.54	148.66
<b>Total</b>	<b>557.25</b>	<b>182.82</b>
<b>Total Trading profit/(loss) (Realised) (a+b+c+d+e+f) (A)</b>	<b>(13,694.29)</b>	<b>27,164.24</b>
<b>B. Fair value changes: Unrealised</b>		
<b>(a) Government Securities</b>		
Add: Closing Stock	(11,138.36)	4,324.52
Less: Opening Stock	4,324.52	8,584.95
<b>Total</b>	<b>(15,462.88)</b>	<b>(4,260.43)</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>(b) T-Bills and CMBs</b>		
Add: Closing Stock	(184.79)	(45.58)
Less: Opening Stock	(45.58)	279.12
<b>Total</b>	<b>(139.21)</b>	<b>(324.70)</b>
<b>(c) Commercial Papers (CPs)</b>		
Add: Closing Stock	-	-
Less: Opening Stock	-	18.10
<b>Total</b>	<b>-</b>	<b>(18.10)</b>
<b>(d) Bonds &amp; Debentures</b>		
Add: Closing Stock	(1,445.14)	(1,805.71)
Less: Opening Stock	(1,805.71)	27.04
<b>Total</b>	<b>360.57</b>	<b>(1,832.75)</b>
<b>(e) Equity Shares</b>		
Add: Closing Stock	-	16.46
Less: Opening Stock	16.46	-
<b>Total</b>	<b>(16.46)</b>	<b>16.46</b>
<b>(f) Derivatives</b>	5,543.72	4,511.13
<b>Total fair value changes (Unrealised) (a+b+c+d+e+f) (B)</b>	<b>(9,714.26)</b>	<b>(1,908.39)</b>
<b>Total Net gain/ (loss) on securities (Realised &amp; Unrealised) (A+B)</b>	<b>(23,408.55)</b>	<b>25,255.85</b>

### Note 24: Fees and commission income

	Year ended 31st March, 2022	Year ended 31st March, 2021
Underwriting fees	1,549.07	1,591.30
Commission and other fees	341.97	455.66
<b>Total</b>	<b>1,891.04</b>	<b>2,046.96</b>

### Note 25: Other income

	Year ended 31st March, 2022	Year ended 31st March, 2021
Amount received from MMCBL**	100.00	-
Profit on sale of property, plant and equipment	5.01	1.62
House Rent Recovery	1.64	1.31
Interest on Income Tax Refund	67.64	-

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Interest on Consumer Loan	0.19	0.06
Interest on Housing Loan	6.96	12.62
Interest on Vehicle Loan	0.98	1.38
Staff Loan income on concessional loans as per EIR	7.97	9.28
Other miscellaneous income	0.60	3.35
<b>Total</b>	<b>190.98</b>	<b>29.62</b>

\*\*An amount of Rs. 1.00 crore was received from Madhavpura Mercantile Cooperative Bank Limited (MMCBL) under liquidation proceedings to whom Rs. 1000.00 lacs was lent in call money in the year 2001. An amount of Rs. 761.88 lacs was to be received from MMCBL and the same was written off from the books in the year 2016.

### Note 26: Finance Cost

	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>On financial liabilities measured at amortised cost</b>		
<b>Interest on borrowings</b>		
Call and short notice borrowing	7,130.12	7,924.98
TREPS borrowing	2,085.72	560.76
Repo borrowing	40,148.13	28,102.10
RBI borrowing	53.59	810.87
Overdraft borrowing	193.79	164.48
Interest expense on lease liability	5.20	3.79
Interest expense on CP Borrowing	66.76	1,851.05
ICD borrowing	1,359.41	63.11
<b>Total</b>	<b>51,042.72</b>	<b>39,481.15</b>

### Note 27: Fee and commission expense

	Year ended 31st March, 2022	Year ended 31st March, 2021
Brokerage on securities and financial instruments	12.37	12.69
Financial information services	101.63	82.41
Operating expenses for futures and options	5.20	26.55
Operating expenses for equity	6.46	12.22
Operating expenses for IRF	22.52	2.35
Operating expenses for CP	2.75	16.28
Stamp Duty charges on NSLR stock and OIS	3.95	1.72
Transaction charges etc	1,036.58	863.24
Bank charges and Processing fee	213.31	176.18
<b>Total</b>	<b>1,404.77</b>	<b>1,193.65</b>



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 28: Employees benefit expenses

	Year ended 31st March, 2022	Year ended 31st March, 2021
Salaries and allowances*	1,193.56	958.58
Stipend expenses	20.92	60.16
Contribution to PF and gratuity fund	94.71	137.49
Staff welfare and other establishment expenses	190.20	72.89
Staff recruitment and training	9.98	21.99
<b>Total</b>	<b>1,509.38</b>	<b>1,251.11</b>

\*The Provision for Performance linked incentive is Rs. 250.00 lacs. (P.Y. : Rs.192.00 lacs)

### Note 29: Other expenses

	Year ended 31st March, 2022	Year ended 31st March, 2021
Rent on business premises *	172.01	162.52
Less: Rent reversal as per Ind AS 116	(27.48)	(40.58)
Postage, telegram, couriers and telephone	17.86	10.25
Travelling and conveyance and motor car expense	27.67	22.17
Printing and stationery	4.36	1.85
Repairs to building	51.60	34.61
Repairs and maintenance - Others	143.52	98.47
Internal audit fees and expense	36.82	22.77
Legal and professional expense	105.63	52.27
Listing fees	7.43	7.61
Books and periodicals	0.69	0.49
Workshops and business meets	23.06	20.94
Water and electricity expenses	24.10	19.34
Insurance charges	2.85	3.65
Director's sitting fees	34.22	43.78
Auditors remuneration (refer note a)	42.48	40.47
Adhoc staff expenses	70.88	63.10
Share transfer fees	7.68	6.50
Corporate membership	3.75	4.38
Advertisement and publicity	9.55	5.97
Board / statutory meeting expenses	6.70	(3.73)
Miscellaneous expenses	7.50	15.79
Bank Charges (other than demat charges)	0.32	4.38
CSR expenses (refer Note 47)**	585.66	207.91
<b>Total</b>	<b>1,358.87</b>	<b>804.95</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

\*Lease agreements of New Delhi and Chennai office expired in October 2018 and September 2016 respectively. PNB (Lessor) issued notice in October 2018 to PNB Gilts Limited to vacate the office in Delhi. In the meanwhile, the Company has been paying rent to PNB as per the earlier agreement only. The company is in the process of finding suitable place in Delhi. PNB has allotted office space for Chennai, Bengaluru, Kolkata and Mumbai branches out of which possession has been taken for Chennai, Kolkata and Bengaluru branches.

\*\* Figure for the year ended March 31, 2022 includes Rs. 28.97 lacs which the company intends to spend in the future for ongoing projects.

### Payment to Auditors

	Year ended 31st March, 2022	Year ended 31st March, 2021
<b>As auditor:</b>		
- Audit fee	28.03	25.20
- Tax audit fee	3.15	3.00
-GST Audit Fee	-	1.50
In other capacity:		
- Certification fees	4.82	4.60
<b>Total Auditor fee</b>	<b>36.00</b>	<b>34.30</b>
Add: GST@18%	6.48	6.17
<b>Total cost to the company</b>	<b>42.48</b>	<b>40.47</b>

### Note 30: Exceptional Items

	Year ended 31st March, 2022	Year ended 31st March, 2021
Exceptional Items comprise the following:		
i) Write off of 9.60% SREI Equipment Finance Limited and interest accrued on it(#1 and #2)	1,700.70	-
ii) Provision of I.A. on 9.60% SREI Equipment Finance Limited (#1)	-	226.22
iii) Provision for Investment in 9.60% SREI Equipment Finance Limited (#2)	-	740.25
iv) Underwriting fee pertaining to prior years (July 17 to March 2020)	-	(93.88)
v) Amount received on account of DHFL (#3)	(1,099.79)	-
vi) Debenture of Piramal Capital received on account of DHFL (#3)	(1,321.29)	-
vii) Prior Period expenses(#4)	29.10	-
viii) Extra TDS booked in 2019-20, reversed	-	0.03
<b>Total</b>	<b>(691.28)</b>	<b>872.62</b>

#### #1 and #2

The Company holds 9.60% SREI Equipment Finance Limited DB 25-05-2028 security. Due to downgrading in the rating of the debenture, the same has been fully written off from the books along with its interest accrued. Earlier, 100% provision was created on account of Investment and interest accrued on the same.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### #3

The Company has written off an amount of Rs. 4971.86 lacs on account of investment and Rs. 451.26 lacs on account of Interest accrued on DHFL in the FY 19-20. However, in the current year, the company has received an amount of Rs. 1099.78 lacs in the bank account and Rs. 1321.29 lacs by way of debenture of 6.75% Piramal Capital & Housing Finance Limited on account of DHFL.

### #4

Certain expenses pertaining to the previous years which could not be provided for during the last year, have been booked in the current year and shown under exceptional items. As the amount is not material, retrospective effect is not taken.

### Note 31: Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company after adjusting for the effect of dilution, by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into equity shares.

	2021-22	2020-21
Net profit from continued operation attributable to equity holders of the parent	16,571.13	45,411.68
Net profit from continuing operation attributable to equity holders of the parent adjusted for the effect of dilution	16,571.13	45,411.68
Weighted average number of equity shares for basic earnings per share	18,00,10,134.00	18,00,10,134.00
Weighted average number of equity shares adjusted for the effect of dilution	18,00,10,134.00	18,00,10,134.00
<b>Earnings per share</b>		
Basic earnings per share	9.21	25.23
Diluted earnings per share	9.21	25.23

### Note 32: Retirement benefit plan

#### (I) Defined Contribution Plan

The Company makes contributions towards provident fund, in respect of qualifying employees

Particulars	31-Mar-22	31-Mar-21
Employer's contribution to Provident Fund	56.32	51.72

#### (II) Defined benefit plan

##### (A) Leave Liability

The benefit on account of leave liability are provided based on actuarial valuation for the company as a whole.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Key assumptions	31st March, 2022	31st March, 2021
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2012-14 ultimate
Attrition Rate	5.00%p.a.	5.00%p.a.
Imputed Rate of Interest (Discounting)	7.23% p.a.	6.76% p.a.
Imputed Rate of Interest (Interest Cost)	6.76% p.a.	6.77% p.a.
Salary Rise	10.00% p.a.	10.00% p.a.
Return on Plan Assets	N.A.	N.A.
Remaining working life	19.55 years	19.53 years

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for the respective plans:

### Changes in the defined benefit obligation as at 31st March, 2022

Particulars	01-Apr-21	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Remeasurement (gains)/losses in other comprehensive income	31-Mar-22
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	17.55	120.75	-	120.75	(78.79)	39.24	98.75

### Changes in the defined benefit obligation as at 31st March, 2021

Particulars	01-Apr-20	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Remeasurement (gains)/losses in other comprehensive income	31-Mar-21
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	350.10	2.07	10.83	12.90	(380.21)	34.76	17.55

### (B) Gratuity

The disclosure on account of gratuity are provided based on actuarial valuation for the company as a whole.

Key assumptions	31st March, 2022	31st March, 2021
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2012-14 ultimate
Attrition Rate	5% p.a.	5% p.a.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Imputed Rate of Interest (Discounting)	7.23% p.a.	6.76% p.a.
Imputed Rate of Interest (Interest Cost)	6.76% p.a.	6.77% p.a.
Salary Rise	10.00% p.a.	10.00% p.a.
Return on Plan Assets	6.76% p.a.	6.77% p.a.
Remaining working life	19.91 years	19.90 years

### Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2022

Particulars	01-Apr-21	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement (gains)/losses in other comprehensive income	Contributions by employer	31-Mar-22
	(i)			(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (i) to (vi)
Defined benefit obligation	186.38	22.97	12.52	<b>35.49</b>	(2.21)	-	(3.18)	-	216.48
Fair value of plan assets	216.60	-	-	-	(2.21)	16.07	(7.09)	44.48	267.85

### Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2021

Particulars	01-Apr-20	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement (gains)/losses in other comprehensive income	Contributions by employer	31-Mar-21
	(i)			(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (i) to (vi)
Defined benefit obligation	156.37	56.97	9.43	<b>66.40</b>	(34.15)	-	(2.24)	-	186.38
Fair value of plan assets	157.09	-	-	-	(34.15)	12.33	(2.89)	84.22	216.60

### (C) Post Retirement medical Insurance for in service employees and super annuated employees

The disclosure on account of Post retirement medical insurance for in service employees and super annuated employees is given below:

Key assumptions	31st March, 2022
Mortality Table	I.A.L-2012-14 ultimate
Attrition Rate	5% p.a.
Imputed Rate of Interest (Discounting)	7.25% p.a.
Premium Inflation	4.00%p.a.
Return on Plan Assets	N.A.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Changes in the present value of obligation as at 31st March, 2022

Particulars	01-Apr-21	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Remeasurement (gains)/losses in other comprehensive income	31-Mar-22
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	-	1.54	-	1.54	-	59.62	61.16

### (D) Expected payment for future years

#### (i) Gratuity

Based on past service	31st March, 2022	31st March, 2021
Within the next 12 months (next annual reporting period)	9.65	7.78
Between 2 and 5 years	47.00	39.71
Between 5 and 10 years	150.55	135.93
Beyond 10 years	286.04	233.06
<b>Total expected payments</b>	<b>493.24</b>	<b>416.48</b>

Based on terminal service	31st March, 2022	31st March, 2021
Within the next 12 months (next annual reporting period)	10.09	8.10
Between 2 and 5 years	62.36	55.19
Between 5 and 10 years	235.45	218.92
Beyond 10 years	1,182.80	963.70
<b>Total expected payments</b>	<b>1,490.70</b>	<b>1,245.91</b>

#### (ii) Leave Liability

Based on terminal service	31st March, 2022	31st March, 2021
Within the next 12 months (next annual reporting period)	29.27	14.17
Between 2 and 5 years	34.00	0.78
Between 5 and 10 years	23.01	2.33
Beyond 10 years	31.14	4.44
<b>Total expected payments</b>	<b>117.42</b>	<b>21.72</b>

#### (iii) Post Retirement Medical Insurance

Expected payouts	31st March, 2022
Within the next 12 months (next annual reporting period)	1.74
Between 2 and 5 years	7.33

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Between 5 and 10 years	12.39
Beyond 10 years	328.49
<b>Total expected payments</b>	<b>349.95</b>

### (D) Sensitivity analysis

#### (i) Gratuity

Assumptions	31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21	
	Discount rate				Future salary increases				Attrition Rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(9.73)	10.46	(8.90)	9.59	10.14	(9.53)	9.26	(8.69)	(2.00)	2.15	(2.14)	2.31

#### (ii) Leave Liability

Assumptions	31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21	
	Discount rate				Future salary increases				Attrition Rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.23)	0.25	(0.16)	0.17	0.24	(0.23)	0.16	(0.15)	(2.37)	2.52	(0.04)	0.04

#### (iii) Post retirement Medical Insurance

Assumptions	31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21		31-Mar-22		31-Mar-21	
	Discount rate				Premium Inflation				Attrition Rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(5.10)	5.80	-	-	1.14	(1.07)	-	-	(1.93)	2.12	-	-

### Note 33

#### 1. FVTPL financial assets

Ind AS requires FVTPL investments to be measured at fair value and account for both depreciation and appreciation in fair value.

#### 2. Derivative adjustment

Under Ind AS all the Derivatives contracts (Hedging as well as Trading purpose) are measured at Fair value and both depreciation as well as appreciation will be accounted for.

Also, Credit Value Adjustment has been recorded under Ind AS for outstanding derivative liabilities under Ind AS.

#### 3. Fair value of Staff loans

Under Ind AS loans are fair valued and the difference between Fair value and nominal value is recognized as employee cost. This benefit is passed over the tenure of the loan & not on origination, so employee cost would be deferred over the tenure of the loan/ remaining service period whichever is shorter. Also interest income is redetermined by the market rate and the differential amount is charged under Interest income.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### 4. Defined benefit liabilities

Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

### 5. Amortised Cost Financial Assets

Under this category, Ind AS requires it to be measured as per Effective Interest Rate Method and no mark to market needs to be done.

### 6. Company's consultants:

Tax Consultant- Vinod Krishna & Associates

Actuary-Dr. Y.P. Sabharwal

GST Consultant- A.K. Batra and Associates

TDS Consultant- A.R. & Co.

### 7. Standards not yet Effective

The Ind AS notified on 16.02.2015 included Ind AS 104, Insurance Contracts (Converged with IFRS 4 Insurance Contracts). The Institute of Chartered Accountants of India (ICAI) issued an exposure draft of Ind AS 117, Insurance Contracts which is consistent with IFRS 17. However, this is not applicable to our company.

### Note 34: Related party disclosures

#### 1.1 Details of Related Party

Particulars	Relationship
<b>MAJOR LIST OF RELATED PARTY</b>	
Punjab National Bank	Parent
Punjab National Bank (International) Ltd.	Subsidiary of Parent
PNB Investment Services Ltd.	Subsidiary of Parent
PNB Cards & Services Limited	Subsidiary of Parent
Druk PNB Bank Ltd.	Subsidiary of Parent
Dakshin Bihar Gramin Bank	Associates of Parent
Sarva Haryana Gramin Bank	Associates of Parent
Himachal Pradesh Gramin Bank	Associates of Parent
Punjab Gramin Bank	Associates of Parent
Prathama UP Gramin Bank	Associates of Parent
PNB Housing Finance Ltd.	Associates of Parent
PNB Metlife India Insurance Co. Ltd.	Associates of Parent
JSC Tengri Bank, Kazakhstan	Associates of Parent
Everest Bank Ltd.	Associates of Parent
Canara HSBC OBC Life Insurance Co. Ltd.	Associates of Parent
India SME Asset Reconstruction Company Limited	Associates of Parent
Assam Gramin Vikash Bank	Associates of Parent
Bangiya Gramin Vikash Bank	Associates of Parent
Tripura Gramin Bank	Associates of Parent



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Manipur Rural Bank	Associates of Parent
Peheil Foundation	Subsidiary of PNB Housing Finance Ltd.
PHFL Home Loans & Services Ltd.	Subsidiary of PNB Housing Finance Ltd.
PNB Employees Pension Fund	Post Employment benefit plan of Parent
PNB Employees PF Trust	Post Employment benefit plan of Parent
PNB Employees Gratuity Fund	Post Employment benefit plan of Parent
Sarva Haryana Gramin Bank Employess Provident Fund	Post Employment benefit plan of Related Party
Bangiya Gramin Vikash Bank (Employees) Provident Fund Trust	Post Employment benefit plan of Related Party
Assam Gramin Vikash Bank Employees Pension Fund	Post Employment benefit plan of Related Party
Mr. S.K. Saha (non-Executive and Non-Independent)	Key Managerial Personnel
Mr. Ashutosh Chowdhary (Non Executive and Non Independent)	Key Managerial Personnel
Mr. P.P. Pareek (Independent Director)	Key Managerial Personnel
Mr. S.K. Kalra (Independent Director)	Key Managerial Personnel
Mrs. Uma Ajay relan (Independent Director)	Key Managerial Personnel
Dr. T.M. Bhasin (Independent Director)	Key Managerial Personnel
Mr. Vikas Goel (Managing Director & CEO)	Key Managerial Personnel
Mr. Chandra Prakash (CFO)	Key Managerial Personnel
Mrs. Monika Kochar (Company Secretary)	Key Managerial Personnel

### 1.2 Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

	2022	2021
	₹ in Lacs	₹ in Lacs
Short-term employee benefits		
- Mr. Vikas Goel-MD & CEO	157.72	157.70
- Mrs. Sunita Gupta (ED & CFO) (from April 01, 2020 to August 31, 2020)	6.68	49.76
- Mrs. Monika Kochar (Company Secretary)	40.98	54.33
- Mr. Chandra Prakash (CFO) (w.e.f. 28.02.2021)	17.40	1.29
- Sitting Fee to Non-Executive Directors	34.22	43.78
Termination benefits	10.31	69.06
<b>TOTAL</b>	<b>267.31</b>	<b>375.92</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

Above remuneration includes performance linked incentive (PLI), which is paid based on the performance of the company and employee in the previous Financial year i.e. on deferred basis, as recommended by Nomination & Remuneration Committee and approved by the Board.

During FY 21-22, PLI paid to Mr. Vikas Goel was Rs. 40.00 lacs, to Mrs Sunita Gupta was Rs. 6.68 lacs and to Ms. Monika Kochar was Rs. 8.77 lacs. During FY 20-21, PLI paid to Mr. Vikas Goel (Managing Director) was Rs.35 lacs, to Mrs. Sunita Gupta (Executive Director and CFO) was Rs. 23.50 lacs and to Mrs. Monika Kochar (Company Secretary) was Rs. 5.50 Lacs. An amount of Rs.2.09 lacs to Mr.S.K.Dubey (previous MD) for air tickets as per board approval. Mrs.Sunita Gupta (ED & CFO) on retirement was paid a Gratuity Amount of Rs.26.34 lacs and Rs.42.72 lacs as leave encashment.

Apart from above, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

### 1.3 Transactions with other related parties

All the transactions with related parties are at arm's length prices except leasing of property (renting of business and residential premises of the company) etc. The required disclosure of the same is being given in form AOC-2 forming part of Board's Report.

(Rs in Lacs)

	2021-22 (Book Value)	2020-21 (Book Value)
<b>1 Security Purchase/Subscription</b>		
Punjab Gramin Bank	61,890.19	76,785.52
PNB Employees PF Trust	-	-
Himachal Gramin Bank	12,902.16	13,047.23
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	1,73,369.04	72,999.37
Sarva Haryana Gramin Bank	61,647.63	49,695.29
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	20,325.64	13,166.09
Punjab National Bank	43,254.54	2,587.97
PNB Metlife India Insurance Co. Ltd.	5,636.85	-
Assam Gramin Vikash Bank	1,23,594.18	2,97,414.30
Bangiya Gramin Vikash Bank	1,37,972.46	1,30,731.39
Canara HSBC OBC Life Insurance Co. Limited	-	1,389.82
Manipur Rural Bank	-	2,214.20
Tripura Gramin Bank	20,701.55	69,460.54
<b>2 Security Purchase Against Short Sale</b>		
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	54,469.25	14,266.90
Punjab Gramin Bank	-	1,581.00
Sarva Haryana Gramin Bank	-	17,147.20
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	8,097.97	-
Assam Gramin Vikash Bank	39,339.70	187,165.15
Bangiya Gramin Bank	59,991.13	65,737.86
Manipur Rural Bank	1,933.00	3,222.10
Tripura Gramin Bank	15,946.70	273,409.75

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022**

(Rs. in Lacs)

	2021-22 (Book Value)	2020-21 (Book Value)
<b>3 Security Sale/ Redemption</b>		
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	1,51,691.80	74,558.35
Punjab National Bank	45,959.56	1,25,618.12
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	2,85,314.33	2,04,388.68
Himachal Pradesh Gramin Bank	29,243.83	72,307.20
PNB Housing Finance Ltd.	29,002.39	-
PNB Employees PF Trust	23,396.25	13,497.75
Punjab Gramin Bank	60,231.32	35,495.11
Sarva Haryana Gramin Bank	21,999.63	2,54,886.95
PNB Metlife India Insurance Co. Ltd.	4,741.12	16,772.35
PNB Employees Pension Fund	42,748.86	-
Assam Gramin Vikash Bank	1,76,509.95	6,02,917.20
Assam Gramin Vikash Bank Employees Pension Fund	1,464.75	-
Bangiya Gramin Bank	2,76,881.82	4,02,645.60
Bangiya Gramin Vikash Bank Employees PF Trust	1,508.05	310.99
Canara HSBC OBC Life Insurance Co. Limited	-	3,526.06
Manipur Rural Bank	1,987.10	4,039.65
Sarva Haryana Gramin Bank Employees Provident Fund	288.35	455.07
Tripura Gramin Bank	67,438.20	4,91,763.12
<b>4 Short Sale</b>	-	-
<b>5 Reverse Repo Lending</b>		
Punjab Gramin Bank	-	-
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	16,346.62	7416.94
<b>6 Interest income on repo lending</b>		
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	3.84	1.52
<b>7 Borrowing of Call, Notice and Term Money</b>		
Assam Gramin Vikash Bank	38,500.00	-
Dakshin Bihar Gramin Bank	3,04,000.00	-
Prathama UP Gramin Bank	1,47,500.00	-
Tripura Gramin Bank	1,17,500.00	-
<b>8 Interest paid on Borrowing of Call, Notice &amp; Term Money</b>		
Assam Gramin Vikash Bank	4.59	-
Dakshin Bihar Gramin Bank	107.26	-

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022**

(Rs. in Lacs)

	2021-22 (Book Value)	2020-21 (Book Value)
Prathama UP Gramin Bank	37.71	-
Tripura Gramin Bank	24.50	-
<b>9 Repo</b>	-	-
<b>10 Interest expense on Repo</b>	-	-
<b>11 Profit on Sale of securities</b>		
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	138.92	351.91
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	66.54	241.70
Punjab National Bank	(8.96)	35.00
Himachal Pradesh Gramin Bank	27.70	141.38
PNB Housing Finance Ltd.	(170.90)	-
PNB Employees PF Trust	0.47	(2.25)
Punjab Gramin Bank	41.15	47.09
PNB Employees Pension Fund	(50.73)	-
PNB Metlife India Insurance Co. Ltd.	(17.66)	28.86
Sarva Haryana Gramin Bank	7.22	594.58
Assam Gramin Vikash Bank	166.81	1,079.68
Assam Gramin Vikash Bank Employees Pension Fund	0.51	-
Bangiya Gramin Bank	58.79	13.04
Bangiya Gramin Vikash Bank (Employees) Provident Fund Trust	3.51	-
Canara HSBC OBC Life Insurance Co. Limited	-	7.72
Manipur Rural Bank	1.00	6.90
Sarva Haryana Gramin Bank Employees Provident Fund	0.25	5.05
Tripura Gramin Bank	(29.20)	159.47
<b>12 Fee Income</b>		
Himachal Pradesh Gramin Bank	2.73	2.22
PNB Housing Finance Ltd.	0.39	0.32
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	3.46	1.39
Punjab Gramin Bank	1.98	1.25
Sarva Haryana Gramin Bank	1.85	2.14
PNB Employees Pension Fund	1.79	2.04
PNB Employees PF Trust	1.39	1.48
PNB Employees Gratuity Fund	0.38	0.40
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	2.85	1.59

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022**

(Rs. in Lacs)

	<b>2021-22</b>	<b>2020-21</b>
	<b>(Book Value)</b>	<b>(Book Value)</b>
Assam Gramin Vikash Bank	0.55	0.74
Assam Gramin Vikash Bank Employees Pension Fund	0.01	-
Bangiya Gramin Bank	1.86	1.68
Manipur Rural Bank	0.14	0.17
Sarva Haryana Gramin Bank Employees Provident Fund	0.05	0.01
Tripura Gramin Bank	1.17	1.08
<b>13 Rent Paid</b>		
Punjab National Bank	169.99	160.68
<b>14 Bank Charges Paid</b>		
Punjab National Bank	11.33	32.76
<b>15 Rent booked in P&amp;L from PNB</b>	8.40	9.60
<b>16 Term Insurance premium paid</b>		
PNB Metlife India Insurance Co. Ltd.	6.50	5.70
<b>17 Rent receivable from PNB</b>	0.42	0.20
<b>18 TDS receivable on rent from PNB</b>	-	0.56
<b>19 Line of credit availed</b>		
Punjab National Bank	-	1,16,305.91
<b>20 Outstanding Overdraft facility availed</b>		
Punjab National Bank	97,015.00	53,010.00
<b>21 Interest paid on line of credit</b>		
Punjab National Bank	195.74	164.47
<b>21 Refund of Interest</b>		
Punjab National Bank	1.94	-
<b>22 Processing fee paid/payable to PNB</b>	193.32	147.50
<b>23 Bank Balance with PNB</b>	5,130.95	154.12
<b>24 Dividend paid/payable to PNB</b>	4,000.00	13,333.33
<b>25 Arranger Services to Punjab National Bank (Gross Basis)</b>	4.42	15.60
<b>26 Power, Fuel &amp; Water charges to PNB</b>	15.16	12.26

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 35: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a capital adequacy ratio, which is weighted assets divided by total capital derived as per the RBI requirements. As per the RBI guidelines, Company being a Non Banking Finance Company has to maintain 15% of capital adequacy ratio.

The actual Capital Adequacy Ratio is as under:

	31st March, 2022	31st March, 2021
Capital Adequacy Ratio	66.41%	45.58%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2022 and 31st March, 2021. For the purpose of calculation of capital adequacy ratio, Company has excluded Amortised Cost Portfolio as this portfolio is non marked to market portfolio, if amortised cost portfolio would be included then the CRAR would be 57.12%.

### Note 36: Change in liabilities arising from financing activities

Particulars	01-Apr-21	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-22
Payables	74.28	23.74	-	-	-	98.02
Borrowing other than debt securities	9,86,323.93	4,66,706.06	-	-	-	14,53,029.99
Other financial liabilities	402.42	(77.09)	-	-	-	325.34

Particulars	01-Apr-20	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-21
Payables	110.31	(36.03)	-	-	-	74.28
Borrowing other than debt securities	11,67,114.29	(1,80,790.36)	-	-	-	9,86,323.93
Other financial liabilities	539.96	(137.54)	-	-	-	402.42

### Note 37: CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (to the extent not provided for)

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### CONTINGENT LIABILITIES (to the extent not provided for)

#### CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT

Under the Income Tax Act, the following amounts are under dispute, the details of which are as under:

Assessment year	2021-22	2020-21	Forum where pending
2008-09 under section 115WE(1) of the Income Tax Act, 1961	0.13	-	AO
2008-09 under section 143(3) of the Income Tax Act, 1961	1.77	3.59	AO
2016-17 under section 143(3) of the Income Tax Act, 1961	-	120.53	CIT(A)
2017-18 under section 143 (3) of the Income Tax Act, 1961	6.48	31.57	CIT(A)
2018-19 under section 143 (3) of the Income Tax Act, 1961	-	40.02	CIT(A)
2020-21 under section 143 (1) of the Income Tax Act, 1961	316.70	-	AO
<b>TOTAL</b>	<b>325.08</b>	<b>195.71</b>	

\*The above contingent liabilities will be increased by the interest payable for delay in payment and penalties, if any. The amount is not quantified.

### CAPITAL COMMITMENTS (to the extent not provided for)

(1) The company is in the process of implementing Integrated Treasury Management Solution (ITMS) and for the same M/s. Tata Consultancy Services Ltd. Has been selected. The payment schedule for the same is as under:

Items	Year 1	Year 2	Year 3	Year 4	Year 5	Total Amount for 5 years
Software	153.31	130.46	130.46	130.46	130.46	675.15
Hardware	103.22	-	-	-	-	103.22
Software Implementation Cost	315.29	-	-	-	-	315.29
Hardware Installation and commissioning	27.13	-	-	-	-	27.13
AMC, ATS and others	20.24	-	-	-	-	20.24
FM-manpower	56.98	77.33	81.21	84.99	91.20	391.71
Database and peripherals	108.55	21.53	21.53	21.96	22.40	195.97
<b>Total Cost of ownership</b>	<b>784.72</b>	<b>229.32</b>	<b>233.20</b>	<b>237.41</b>	<b>244.06</b>	<b>1,728.71</b>

First payment was made on 05.04.2022 of Rs. 2.17 cr.

(2) The company is in the process of implementing the Asset Management Software which is not yet operationalised and amount of Rs. 3.25 lacs is yet to be paid towards future contractual commitments.

### Note 38: Segment information

There is no separate reportable segment for the company as per Ind AS 108- Operating Segments.

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022**

(Amounts in Rs. Lakhs, unless otherwise stated)

**Note 39: Maturity analysis of assets and liabilities**

	31st March-2022			31st March-2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Assets</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5,012.78	-	5,012.78	140.32	-	140.32
Bank balance other than above	13.00	147.31	160.31	488.00	139.76	627.76
Derivative financial instruments	82,632.48	-	82,632.48	91,558.37	-	91,558.37
Loans	25,832.49	166.60	25,999.09	6,389.71	181.34	6,571.05
Investments	13,13,393.29	2,13,332.87	15,26,726.17	10,90,686.81	-	10,90,686.81
Other financial assets	20,987.32	12,381.46	33,368.79	16,057.13	7,735.95	23,793.08
<b>Non- financial assets</b>						
Current tax assets (net)	591.30	-	591.30	224.26	-	224.26
Deferred tax assets (net)	-	132.81	132.81	-	-	-
Investment property	-	17.49	17.49	-	18.37	18.37
Right of Use Asset	-	95.67	95.67	-	24.42	24.42
Property, plant and equipment	-	226.51	226.51	-	233.72	233.72
Other Intangible assets	-	14.74	14.74	-	30.38	30.38
Other non- financial assets	39.91	19.92	59.83	30.72	29.09	59.82
<b>Total Assets</b>	<b>14,48,502.59</b>	<b>2,26,535.38</b>	<b>16,75,037.97</b>	<b>12,05,575.33</b>	<b>8,393.03</b>	<b>12,13,968.36</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Derivative financial instruments	78,059.48	-	78,059.48	92,523.13	-	92,523.13
Trade Payables (other than MSME)	98.02	-	98.02	74.28	-	74.28
Debt Securities	-	-	-	-	-	-
Borrowing (other than debt securities)	14,53,029.99	-	14,53,029.99	9,86,323.93	-	9,86,323.93
Lease Liability	-	99.47	99.47	-	27.02	27.02
Other financial liabilities	177.86	147.48	325.34	262.14	140.28	402.42
<b>Non financial liabilities</b>						
Current tax liabilities (net)	126.95	-	126.95	1,258.60	-	1,258.60
Provisions	350.47	159.91	510.38	463.45	17.55	481.00



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Deferred tax liabilities (net)	-	-	-	-	245.70	245.70
Other Non financial liabilities	57.17	-	57.17	252.59	-	252.59
<b>Total Liabilities</b>	<b>15,31,899.94</b>	<b>406.86</b>	<b>15,32,306.80</b>	<b>10,81,158.12</b>	<b>430.55</b>	<b>10,81,588.67</b>

### Note 40: Risk Management

#### Introduction and risk profile

The company is primarily a dealer in debt and money market instruments. In view of the intrinsic nature of operations, the company is exposed to a variety of risks, which can be broadly classified into credit risk, market risk and liquidity risk. It is also subject to various regulatory risks and operational risks. Well-established systems and procedures provide adequate defense against the regulatory and operational risk.

#### Risk management structure and policies

In terms of RBI guidelines for NBFCs, the Risk Management Committee, has been entrusted with the responsibility by the Board in laying down procedures for risk assessment and minimization. The Committee also reviews these procedures periodically to ensure that executive management is implementing and controlling the risks through means of a properly defined risk framework. Risk Management Policy is reviewed by the Risk Management Committee and on the basis of the Committee's recommendation, the Board approves the same. On the recommendation of the Committee, PVBP (Price value of a basis point) limit on the entire marked to market portfolio was revised from Rs. 550 lacs to 0.50% of audited NOF or quarter end NOF (whichever is lower). The one day VaR limit stands unchanged at 7.5% of audited NOF or quarter end NOF (whichever is lower) on the entire marked to market portfolio (PY Rs. 60 cr). Leverage limit also stood unchanged at 20 times quarter end Board approved NOF. Non banker borrowing limit has been increased to Rs. 25,000 crore from Rs. 20,000 crore post shareholder approval.

#### (A) Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

The Company manages its liquidity requirement by analysing the maturity pattern of Company's cash flows of financial assets and financial liabilities. The Asset Liability Management of the Company is periodically reviewed by the Board.

The Liquidity Coverage Ratio (LCR) for 21-22 is 140.32 (P.Y. 119.31). This ratio is not applicable on Primary Dealers. The LCR is calculated by dividing High-Quality Liquid assets (HQLA) by its total net cash flows over a 30 day stress period.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2022:

31-Mar-22	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from Banks	2,35,469.07	30,142.74	-	-	-	-	-	-	2,65,611.81
Market Borrowing	10,91,111.15	-	-	-	-	-	-	-	10,91,111.15
	13,26,580.22	30,142.74	-	-	-	-	-	-	13,56,722.96

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2021:

31-Mar-21	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from Banks	2,27,575.55	-	-	-	-	-	-	-	2,27,575.55
Market Borrowing	7,59,337.21	-	-	-	-	-	-	-	7,59,337.21
	<b>9,86,912.76</b>	-	-	-	-	-	-	-	<b>9,86,912.76</b>

### (B) Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Counterparty exposure limits and instrument-wise exposure limits are the primary tools used for managing the credit risk in the business. The company uses the Current Exposure (CE) method for calculating credit exposure on derivative transactions as mentioned in RBI's capital adequacy guidelines for Primary Dealer's.

#### Analysis of risk concentration

In terms of paragraph 18 of the RBI notification DNBS (PD) CC No.178/03.02.001/2010-11 dated 1st July 2010, all the non-deposit taking non-banking financial companies shall adhere to the specific regulations limiting concentration in credit / investment to a single borrower or group of borrowers in a company. However, these concentration/ceilings would not be applicable where principal and interest are fully guaranteed by the Government of India. The maximum credit exposure, to any single borrower or counterparty was Rs. 19010.00 lacs (P.Y. 2021 Rs.31500.00 lacs) and to single group of borrower or counterparty was Rs. 21701.00 lacs (P.Y. 2021 Rs. 26975.00 lacs), before and after taking into account collateral or other credit enhancements.

### (C) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. Value-at-Risk (VaR), Price Value of a Basis Point (PVBP) limits, sensitivity analysis and cut-loss policies form the core of market risk management system. Impact of interest rate movements on the business and earnings profile, is mitigated by operating within a well-defined proactive stop loss limit and value-at-risk (VaR) limit. The company also conducts sensitivity analysis of its portfolio to assess impact of parallel and non-parallel shifts in the yield curve on its earnings profile. Risk concentrations are restricted with specific limits mentioned above.

The Company's exposure to market risk is segregated into trading and non-trading portfolios :

	31-Mar-22			31-Mar-21			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
<b>ASSETS</b>							
<b>Financial assets</b>							
Cash and cash equivalents	5,012.78	-	5,012.78	140.32	-	140.32	Interest rate
Bank balance other than above	160.31	-	160.31	627.76	-	627.76	Interest rate
Derivative financial instruments	82,632.48	82,632.48	-	91,558.37	91,558.37	-	Interest rate

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

Loans	25,999.09	-	25,999.09	6,571.05	-	6,571.05	Interest rate
Investments	15,26,726.17	13,13,393.30	2,13,332.87	10,90,686.81	10,90,686.81	-	Interest rate
Other financial assets	33,368.79	-	33,368.79	23,793.08	-	23,793.08	
<b>Total</b>	<b>16,73,899.62</b>	<b>13,96,025.78</b>	<b>2,77,873.84</b>	<b>12,13,377.39</b>	<b>11,82,245.18</b>	<b>31,132.21</b>	
<b>LIABILITIES</b>							
<b>Financial liabilities</b>							
Derivative financial instruments	78,059.48	78,059.48	-	92,523.13	92,523.13	-	Interest rate
Trade Payables							
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	98.02	-	98.02	74.28	-	74.28	-
<b>Other payables</b>	-	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Debt Securities</b>	-	-	-	-	-	-	-
Borrowing (other than debt securities)	14,53,029.99	-	14,53,029.99	9,86,323.93	-	9,86,323.93	Interest rate
Lease Liability	99.47	-	99.47	27.02	-	27.02	
Other financial liabilities	325.34	-	325.34	402.42	-	402.42	
<b>Total</b>	<b>15,31,612.30</b>	<b>78,059.48</b>	<b>14,53,552.82</b>	<b>10,79,350.78</b>	<b>92,523.13</b>	<b>9,86,827.65</b>	

### Market risk – trading

Internal Value-At-Risk model( VaR model) is performed to compute the market risk of trading portfolio. For computing market risk, the Company uses the historical simulation non-parametric approach. Under this approach, the risk measure is an estimate of the amount that could be lost on trading portfolio in a 1 day holding period due to general market movements such as Interest rate risk, Spread risk, price risk etc over 250 trading days, at 99% confidence level.

### Objective

Historical Simulation is the procedure for predicting value at risk (VaR) by “simulating” or constructing the cumulative distribution function of asset returns over time. It does not require any statistical assumption beyond stationary of the distribution of returns or, in particular, their volatility.

### Limitation:

The limitation of the historical simulation lies in its I.I.D. (independent, identically distributed ) assumption of returns. From empirical evidence, it is known that asset returns are clearly not independent as they exhibit certain patterns such as volatility clustering. Unfortunately historical Simulation does not take into account such patterns.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

I. Random chance (a very low probability event).

II. Markets moved by more than the likely prediction of the model (i.e. volatility was significantly higher than expected).

III. Markets did not move together as expected (i.e. correlations were significantly different than what was assumed by the model).

### Assumptions:

This approach requires fewer statistical assumptions for underlying market factors.:

- A horizon of 1 trading day
- A 99% confidence interval
- An observation period based on at least 250 Days of historical data

(Rs. In Lacs)

	Interest Rate Risk	Equity & Equity F&O	Other*
2020-21 -31st March	2,114.79	3.82	-
2020-21 -Average	3,782.99	48.83	-
2020-21- Maximum	6,313.26	207.66	-
2020-21 -Minimum	1,872.32	0.80	-

(Rs. In Lacs)

	Interest Rate Risk	Equity & Equity F&O	Other*
2021-22 -31st March	1,716.77	-	-
2021-22 -Average	3,055.62	9.36	18.53
2021-22- Maximum	6,031.55	44.52	82.44
2021-22 -Minimum	1,619.35	0.10	0.21

\*Other includes Currency Derivative and IRF

### Back testing

It is the Company's policy to perform regular back-testing to validate the Company's VaR calculations. When back-testing, the Company compares daily profits and losses with the estimates derived from the Company's VaR model. The Company presents the results of back-testing to the RBI quarterly.

During 2021-22, the Company recorded one back-testing exception (2020-21: one exception), when hypothetical losses exceeded daily VaR limit and three back testing exceptions on comparison of actual losses with daily VaR.

### Market risk – Non trading

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company have fixed rate bank deposits, non traded govt securities and borrowings and hence not exposed to interest rate risk as far as these financial instruments are concerned.

### Note 41 Fair value measurement

#### 41.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

### 41.2 Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by the management. The responsibility of ongoing measurement resides with the risk department.

The Risk department validates fair value estimates by:

- Benchmarking prices against observable market prices given by Financial Benchmark India Private Limited (FBIL) or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters.

### 41.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31st March, 2022					31st March, 2021				
	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>										
<i>Derivative financial instruments</i>										
Interest rate swaps	82,632.48		82,632.48		82,632.48	91,558.37		91,558.37		91,558.37
<b>Total derivative financial instruments</b>	<b>82,632.48</b>	-	<b>82,632.48</b>	-	<b>82,632.48</b>	<b>91,558.37</b>	-	<b>91,558.37</b>	-	<b>91,558.37</b>
<i>Financial investment held for trading</i>										
Government Securities	11,79,890.31		11,79,890.31		11,79,890.31	9,32,797.23		9,32,797.23		9,32,797.23
Debt Securities	1,33,502.98		1,33,502.98		1,33,502.98	1,57,824.34		1,57,824.34		1,57,824.34
Equity instruments	-	-			-	65.24	65.24			65.24
<b>Total financial investment held for trading</b>	<b>13,13,393.29</b>	-	<b>13,13,393.29</b>	-	<b>13,13,393.29</b>	<b>10,90,686.81</b>	<b>65.24</b>	<b>10,90,621.57</b>	-	<b>10,90,686.81</b>
<b>Total assets measured at fair value</b>	<b>13,96,025.77</b>	-	<b>13,96,025.77</b>	-	<b>13,96,025.77</b>	<b>11,82,245.18</b>	<b>65.24</b>	<b>11,82,179.94</b>	-	<b>11,82,245.18</b>
<b>Liabilities measured at fair value</b>										
<i>Derivative financial instruments</i>										
Interest rate swaps/ IRF	78,059.48	-	78,059.48		78,059.48	92,523.13	-	92,523.13		92,523.13
<b>Liabilities measured at fair value</b>	<b>78,059.48</b>	-	<b>78,059.48</b>	-	<b>78,059.48</b>	<b>92,523.13</b>	-	<b>92,523.13</b>	-	<b>92,523.13</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### 41.4 Valuation techniques

#### Government Securities (Central Government Securities and State Government Securities)

Government securities are financial instruments issued by Central and State Governments. The valuation under this category is done on the basis of prices provided by Fixed Income Money Market and Derivatives Association (FIMMDA) and hence classified as level 2.

#### Treasury Bills (T-Bills)

Treasury Bills are short-term financial instruments issued by sovereign governments. FBIL has developed the FBIL-TBILL, a benchmark for the money market based on Treasury bills traded in the market. FBIL-TBILL is announced for fourteen tenors of 7 days, 14 days, 1 month, 2 months, 3 months, 4 month, 5 months, 6 months, 7 months, 8 months, 9 months, 10 months, 11 months and 12 months. FBIL-TBILL is calculated on the basis of secondary market trades executed. For Valuation, company use FBIL-TBILL benchmark and based on that benchmark company interpolate and calculate T-Bills prices corresponding to there residual maturities and are classified as Level 2.

#### Certificate of Deposits (CD)

Certificate of Deposits are short-term financial instruments issued by Banks. FBIL has developed the FBIL- CD, a new benchmark for the money market based on traded CDs reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform of CCIL. FBIL-CD is announced for seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 months and 12 months. For Valuation, company use FBIL-CD benchmark and based on that benchmark company interpolate and calculate CD prices corresponding to there residual maturities and are classified as Level 2.

#### Commercial Papers (CP)

Commercial Paper is a monetary instrument issued by corporate bodies in the nature of promissory note. The issue of commercial papers is highly regulated and supervised by the Reserve Bank of India (RBI). Commercial Papers are reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform. As currently, CP curve is not published by FBIL/FIMMDA till then for valuation, company shall use market observable spread over T-Bill curve and based on that new benchmark ( T-Bill + constant Spread across the curve) company shall interpolate and calculate CP prices corresponding to the residual maturities. Investments in CPs shall be classified as Level 2.

#### Corporate bonds and debentures

Whilst most of these instruments are standard fixed or floating rate securities, some may have more complex coupon or embedded derivative characteristics. For valuation, Company uses last 15 days market prices when available, or other observable inputs (i.e. FIMMDA credit spread matrix and G-sec par curve) in discounted cash flow models . As corporate bonds and debenture fair valuations are based on the FIMMDA methodology, either directly (i.e. as prices) or indirectly (i.e. derived from related curve and spread), such instruments are classified as Level 2.

#### Equity instruments

The equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. All the company's equity instruments are traded ones.

#### Mutual Funds

Units held in Liquid debt mutual funds are valued based on their published net asset value (NAV), such instruments are classified under Level 1.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

### Exchange traded derivative

These derivative instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. All the company's exchange traded derivatives are traded ones.

### Interest rate derivatives

Interest rate derivatives include interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3. Company is having all the Level 2 interest rate derivatives.

**41.5** There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2022.

### 41.6 Valuation adjustments

Credit and Debit valuation adjustments (CVA/DVA)

The Company calculates CVA/DVA on a counterparty basis over the entire life of the exposure. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.

A Debit valuation adjustment (DVA) is applied to incorporate the company's own credit risk in the fair value of derivatives (i.e., the risk that the company might default on its contractual obligations), using the same methodology as for CVA (i.e., applying the company's PD and multiplying it with LGD and EE).

The Company applies CVA and DVA to all relevant (not fully collateralised) over-the-counter positions with the exception of positions settled through central clearing houses. During the FY 2021-22, there was no over the counter position in the derivative segment. Hence, CVA and DVA have not been calculated for this financial year.

### 41.7 Impact of valuation adjustments

The following table shows the amount recorded in the statement of profit and loss:

	2021-22	2020-21
<b>Type of adjustment</b>		
Credit value adjustment	-	-
<b>Total</b>	-	-

### 41.8 Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Amounts in Rs. Lakhs, unless otherwise stated)

	31st March, 2022					31st March, 2021				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>										
Cash and cash equivalents	5,012.78	5,012.78	-	-	5,012.78	140.32	140.32	-	-	140.32
Bank balance other than above	160.31	160.31	-	-	160.31	627.76	627.76	-	-	627.76
Investment in Govt. Securities (including accrued interest as per coupon)	2,13,332.87	2,12,194.84			2,12,194.84					
Loans	25,999.09	-	25,999.09	-	25,999.09	6,571.05	-	6,571.05	-	6,571.05
Other Financial assets	33,368.79	-	33,368.79	-	33,368.79	23,793.08	-	23,793.08	-	23,793.08
<b>Total financial assets</b>	<b>2,77,873.84</b>	<b>5,173.09</b>	<b>2,71,562.72</b>	<b>-</b>	<b>2,76,735.81</b>	<b>31,132.21</b>	<b>768.08</b>	<b>30,364.13</b>	<b>-</b>	<b>31,132.21</b>
<b>Financial Liabilities:</b>										
Trade payables	98.02	-	98.02	-	98.02	74.28	-	74.28	-	74.28
Other payables	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-
Borrowing (other than debt securities)	14,53,029.99	-	14,53,029.99	-	14,53,029.99	9,86,323.93	-	9,86,323.93	-	9,86,323.93
Other financial liabilities	325.34	-	325.34	-	325.34	402.42	-	402.42	-	402.42
<b>Total financial liabilities</b>	<b>14,53,453.35</b>	<b>-</b>	<b>14,53,453.35</b>	<b>-</b>	<b>14,53,453.35</b>	<b>9,86,800.63</b>	<b>-</b>	<b>9,86,800.63</b>	<b>-</b>	<b>9,86,800.63</b>

### 41.9 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables

#### Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, balances other than cash and cash equivalents, loans, other financial assets, trade payables, Short term borrowings and other financial liabilities. Such amounts have been classified as Level 1 and 2 on the basis that no adjustments have been made to the balances in the balance sheet.

#### Financial asset at amortised cost

These includes staff loans . The carrying amount of such loans after applying Effective Interest Rate are a reasonable approximation of their fair value and have been classified as Level 2.

#### Government Securities (Central Government Securities and State Government Securities)

Government securities are financial instruments issued by Central and State Governments. The valuation under this category is done on the basis of prices provided by Fixed Income Money Market and Derivatives Association (FIMMDA) and hence classified as level 2.



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note 42: Disclosures on Interest Rate Swaps

(Rs. in Lacs)

	Hedging Swaps		Trading Swaps	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Notional Principal (Gross)	570000.00	416000.00	11542500.00	6616000.00
Marked to Market Positions	1216.74	(2403.47)	3925.28	2001.77
Max. of 100 * PV01 observed during the year	6664.14	8259.82	7757.36	5679.05
Min. of 100 * PV01 observed during the year	993.76	4779.29	32.36	22.89
Market Risk	<p>In the event of 100 basis points adverse movement in interest rate there will be a negative impact of Rs. 993.76 lacs (prev. year Rs. 4779.89 lacs) on Hedging Swaps and Rs. 1660.84 lacs (prev. year Rs. 2474.96 lacs) on Trading Swaps in Swap Book.</p> <p>The losses, which would be incurred if, counter parties fail to fulfill their obligations works out to Rs. NIL lacs (prev. year Rs. Nil lacs)</p> <p>The Company's exposure with regard to outstanding swap transactions is limited to CCIL.</p>			
Collateral	No Collateral is insisted upon from counterpart			
Credit Risk Concentration	No Bilateral exposure			

### Note 43: Issuer Compositions of Investments in Non-Government Securities

As on March 31, 2022, the total stock of Rs. 15,39,494.45 lacs (P.Y. Rs. 10,88,197.12 lacs) (Book Value before providing diminution/appreciation) comprises of

- Govt. Securities (including T. Bills) - Rs.14,04,546.33 lacs (prev. year Rs. 9,28,518.29 lacs),
- Equity Instruments - Rs. Nil lacs (prev. year Rs. 48.78 lacs),
- Money Market instruments - Rs. Nil lacs (prev. year Rs. Nil lacs),
- Corporate Bonds and Debentures - Rs.1,34,948.12 lacs (prev. year Rs. 1,59,630.05 lacs)

The Book Value (before providing diminution/appreciation) of Non-Government Securities comprises of

- AAA rated - Rs. 1,22,451.56 lacs (prev. year Rs. 1,45,128.03 lacs)
- AA+ rated bonds - Rs. 5,514.61 lacs (prev. year Rs. 7,106.93 lacs)
- AA rated bonds - Rs. 6,981.95 lacs (prev year Rs. 5,021.80 lacs)
- A+ rated bonds - Rs. NIL lacs (prev year Rs. Nil lacs)
- A1+ rated Bank CDs. - Nil (prev. year Rs. Nil lacs)
- A rated bonds - Rs. Nil lacs (prev year Rs. Nil lacs)
- BB+ rated bonds - Rs. Nil lacs (Prev year Rs.45.45 lacs)
- D rated bonds - Rs. Nil lacs (Prev year Rs.2327.84 lacs)

The ratings of the following bonds have declined as under:

Issuer Name	Migrated Rating	Rating Action
Bharat Oman Refineries Limited	AAA	AA+ to AAA

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

(Rs. in Lacs)

S. No.	Issuer	Book Value	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unlisted Securities	Extent of Unrated Securities
1	PSUs	37004.59 (56826.55)	NA	NA	NA	NA
2	FIs	19679.36 (5224.60)	NA	NA	NA	NA
3	Banks	3014.61 (2106.93)	NA	NA	NA	NA
4	Other PDs	NIL (NIL)	NA	NA	NA	NA
5	Private Corporates	16907.74 (37909.16)	NA	NA	NA	NA
6	Subsidiaries/Joint Ventures	NIL (NIL)	NA	NA	NA	NA
7	Others (NBFCs)	58341.82 (57562.80)	NA	NA	NA	NA
8	Provision held towards (-diminution)/ appreciation	-1445.14 (-1805.71)	NA	NA	NA	NA
	<b>Total</b>	<b>1,33,502.98</b> <b>(1,57,824.34)</b>	NA	NA	NA	NA

Figures in brackets relate to FY 2020-21

### Note 44: Crar, Net Owned Funds and Related Information

Sl. No.	Particulars	Current Year	Prev. Year
i)	CRAR (%)	66.41	45.58
ii)	CRAR – Tier I (Capital (%))	66.41	45.58
iii)	CRAR – Tier II (Capital (%))	NA	NA

Capital Adequacy Ratios as per Ind AS on June 30, 2021, September 30, 2021, December 31, 2021 and March 31, 2022 were 37.14 per cent (P.Y. 26.47 per cent), 34.69 per cent (P.Y. 31.20 per cent), 51.18 per cent (P.Y. 36.50 per cent) and 66.41% per cent (P.Y. 45.58 per cent) respectively as against RBI stipulation of 15 per cent.

Capital Adequacy Ratio as on March 31, 2022 stands at 66.41% as against RBI stipulation of 15%. (The CRAR has been computed in accordance with the RBI Notification No. RBI/DNBR/2016-17/42 Master Direction DNBR. PD.004/03.10.119/2016-17 (last updated as on 5th October 2021). For the purpose of calculation of capital adequacy ratio, Company has excluded Amortised Cost Portfolio as this portfolio is non marked to market portfolio, if amortised cost portfolio would be included then the CRAR would be 57.12%.

The Net Owned funds of the company stand at Rs. 1,42,563.70 lacs (P.Y. 1,30,569.21 lacs) as against the minimum stipulated capital of Rs. 25000 lacs. Return on Average Net Owned Funds for the year 2021-22 stands at 12.13%. (P.Y. 2020-21-39.35 %)( The net owned funds of the company in the previous year have been calculated after deducting unrealized gains amounting to Rs. 1008.55 lacs (net of tax) on financial assets as per the RBI Notification No. DOR (NBFC).CC.PD.No. 109/22.10.106/2019-20 dtd 13.03.2020 applicable from FY 2019-20 onwards).

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Interest Rate Swaps

(Rs. in Lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	The Notional Principal of swap agreements	12112500.00	7032000.00
ii)	Losses which would be incurred if counterparties fail to fulfill their obligations under the agreements	NIL	NIL
iii)	Concentration of credit risk arising from the swaps	NIL	NIL
iv)	The fair value of the swap book	12117642.02	7031598.31

### Quantitative Disclosures of Interest Rate Swaps for Financial Year 2021-22 are as under:

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	a) For Hedging	5,70,000.00	4,16,000.00
	b) For Trading	1,15,42,500.00	66,16,000.00
ii)	Marked to Market Positions		
	a) Asset (+)	82,890.66	81,060.37
	b) Liability (-)	(77748.64)	(81,462.06)
iii)	Credit Exposures	NIL	NIL
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	993.76	4,779.89
	b) On Trading Derivatives	1660.84	2474.96
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	6664.14 & 993.76	8259.82 & 4779.29
	b) On Trading Derivatives	7757.36 & 32.36	5679.05 & 22.89

### Qualitative Disclosure on risk exposure in derivatives

Company has a board approved business policy which acts as an exhaustive document comprising of various regulatory and risk limits. Derivatives' trading is guided by this document and is conducted under the ambit of the policies defined in this document.

The company follows a strict segregation of functional duties across departments. As a consequence, no single individual shall be in a position to consummate (dealing, settlement, valuation and accounting) a derivatives transaction alone by himself/herself.

The Company measures and monitors risk of its derivatives portfolio using risk metrics such as Value at Risk (VAR), PVBP and position limits. Mid-office calculates and monitors risk management parameters on daily basis and ensures compliance with the policy limits.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties for credit risk mitigation.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

**Quantitative Disclosures of Interest Rate Futures & Currency Derivatives for Financial Year 2021-22 are as under:**

(Rs. in Lacs)

Sl. No.	Particulars	Current Year	Previous Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	For Hedging		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-
ii)	Marked to Market Positions (Currency Derivatives)		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
	Marked to Market Positions (Interest Rate Futures)		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
iii)	Credit Exposures		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-
iv)	Unhedged Exposures		
	a) Currency Derivatives	-	-
	b) Interest Rate Future	-	-

**Quantitative Disclosures of Exchange Traded Interest Rate Futures for FY 2021-22 are as under:**

(Rs. in Lacs)

S.No.	Particulars	Current Year	Previous Year
i)	Notional Principal Amount of IRF undertaken during the year	51097.01	5075.76
ii)	Notional Principal Amount of IRF outstanding as on 31.03.2022	-	-
iii)	Notional Principal Amount of IRF outstanding and not highly effective	-	-
iv)	Mark-to-market value of IRF outstanding and not highly effective	-	-

The company has not financed any of its parent company products.

### Note 45: Real Estate Exposures

#### Exposure to Real Estate Sector

(Rs. in Lacs)

Category			Current Year (Book Value)	Previous year (Book Value)
a.	i.	Residential Mortgages-		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (individual housing loans upto Rs. 15 lacs may be shown separately)	135.52	161.26
	ii.	Commercial Real estate-		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

iii.	Investments in mortgage backed securities (MBS and other securitized exposures-		
	a Residential	NIL	NIL
	b Commercial Real Estate		
b.	Indirect Exposure		
	Fund Based and non fund based exposures on Housing Finance Companies(HFCs)	39811.64	55234.96

### Note 46: Asset Liability Management

FY-2021-22

(Rs. in Lacs)

	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings from Banks	332375.00	30000.00		-	-	-	-	-	3,62,375.00
Market Borrowings	10,90,655.00	-		-	-	-	-	-	10,90,655.00
<b>Assets</b>									
Advances / Investments	13,39,226.38	-	35.43	-	42.56	2,13,332.87	13,533.33	160.34	15,66,330.91

FY-2020-21

	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities</b>									
Borrowings from Banks	2,27,344.73	-		-	-	-	-	-	2,27,344.73
Market Borrowings	7,58,979.20	-		-	-	-	-	-	7,58,979.20
<b>Assets</b>									
Advances / Investments	10,97,084.59	-	-	-	0.67	1.11	8328.31	179.56	11,05,594.23

### Note 47: Details of Corporate Social Responsibility Expenses:

- Gross amount required to be spent by the Company during the year is Rs. 585.66 Lacs (P.Y. Rs. 207.91 lacs)
- Amount spent during the year on:

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

S.No.	Particulars	In cash/cheque (Rs in lacs)
i)	Construction/acquisition of any asset	Nil (P.Y. Nil)
ii)	On purpose other than (i) above <b>towards PM National Relief Fund (P.Y. PM Cares Fund)</b>	153.63 (P.Y.100.00)
iii)	On purpose other than (i) above through <b>I Am Gurgaon</b>	2.04 (P.Y. 22.88)
iv)	On purpose other than (i) above through <b>Betterworld Foundation</b>	15.42 (P.Y. Nil)
v)	On purpose other than (i) above through <b>Umang</b>	10.63(P.Y. Nil)
vi)	On purpose other than (i) above through <b>AkshayaPatra</b>	98.00 (P.Y. Nil)
vii)	On purpose other than (i) above through <b>The Energy and Resource Institute</b>	135.00 (P.Y. Nil)
viii)	On purpose other than (i) above through <b>Jaipur Cancer Relief Society</b>	59.57 (P.Y. Nil)
ix)	On purpose other than (i) above through <b>Bhagwaan Mahaveer Cancer Hospital and Research Center</b>	82.40 (P.Y. Nil)
x)	On purpose other than (i) above through <b>Army Welfare Fund</b>	Nil (P.Y. 69.10)
xi)	On purpose other than (i) above through <b>Delhi St. Xavier's 85 Charitable Trust</b>	Nil (P.Y. 15.93)

- Shortfall at the year-end Rs. 28.97 lacs
- Total of Previous Year shortfall: NIL
- Reason for shortfall: Pertains to ongoing projects and Rs. 30.00 lacs (including Rs. 1.03 lacs excess as approved by the Board for ongoing projects) has been deposited to unspent CSR account post balance sheet date.
- Nature of CSR activities: Promotion of healthcare including preventive healthcare, environment sustainability, promoting education including special education and employment enhancing vocational skills and eradicating hunger, poverty and malnutrition.
- Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard: Not Applicable
- Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately: The Company has made provision of Rs. 28.97 lacs for the ongoing projects.

### Note 48: Customer Complaints

- No. of complaints pending at the beginning of the year NIL
- No. of complaints received during the year NIL
- No. of complaints redressed during the year NIL
- No. of complaints pending at the end of the year NIL

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note 49: Exposure to capital market

Rs. in Lacs

Particulars	Current Year (Book Value)	Previous Year (Book Value)
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	48.78
Advances against shares/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible debentures, and units of equity- oriented mutual funds;	Nil	Nil
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or unites of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bond/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances'	Nil	Nil
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
Loan sanctioned to corporate against the security of shares/ bonds/ debenture or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
Bridge loans to companies against expected equity flows/ issues;	Nil	Nil
All exposure to venture capital funds(both registered and unregistered)	Nil	Nil
<b>Total exposure to capital market</b>	Nil	48.78

### Note 50: Details of Repo and Reverse Repo Transactions

Rs. in Lacs

Particulars	Min Outstanding during the year	Max Outstanding during the year	Daily Average outstanding during the year	March 31, 2022
Repo	10,42,541.34 (P.Y. 5,43,957.27)	16,18,650.08 (P.Y. 13,67,491.68)	12,50,815.61 (P.Y. 8,96,193.86)	8,99,184.82 (P.Y. 6,88,231.83)
Reverse Repo	2002.38 (P.Y. 501.06)	85,610.90 (P.Y. 1,47,249.26)	31,876.09 (P.Y. 25,622.25)	22,037.63 (P.Y. Nil)

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note 51:

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	NA	NA	NA	NA	NA
	Stage 2	NA	NA	NA	NA	NA
Sub total		NA	NA	NA	NA	NA
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA
Doubtful- upto 1 year	Stage 3	NA	NA	NA	NA	NA
1 to 3 years	Stage 3	NA	NA	NA	NA	NA
More than 3 years	Stage 3	NA	NA	NA	NA	NA
Subtotal for doubtful		NA	NA	NA	NA	NA
Loss	Stage 3	NA	NA	NA	NA	NA
Subtotal for NPA		NA	NA	NA	NA	NA
Other items such as guarantees, loan commitments etc which are in the scope of Ind AS 109 but not covered under current Income recognition, Asset classification And Provisioning (IRACP) norms	Stage 1	NA	NA	NA	NA	NA
	Stage 2	NA	NA	NA	NA	NA
	Stage 3	NA	NA	NA	NA	NA
Subtotal		NA	NA	NA	NA	NA
<b>Total</b>	<b>Stage 1</b>	NA	NA	NA	NA	NA
	<b>Stage 2</b>	NA	NA	NA	NA	NA
	<b>Stage 3</b>	NA	NA	NA	NA	NA
	<b>Total</b>	NA	NA	NA	NA	NA



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note 52: Registration/ License/authorization obtained from financial sector regulators

- MCA- Certificate of Incorporation Number is L74899DL1996PLC077120
- Primary Dealership Business Authorisation granted by RBI has been renewed by RBI for the period of three years 2019-22 valid upto June 30, 2022.
- RBI- Certificate of Registration bearing No. 14.00007 dated February 10, 1998.
- SEBI – Registration number as Stock Broker is INZ000007831.

### Note 53: Information on all provisions and contingencies booked as expenditure in Profit & Loss Account:

Particulars	Rs. in Lacs	
	2021-22	2020-21
Provision for (Depreciation)/ Appreciation on investments (stock-in-trade and derivatives)	(9714.26)	(1908.39)
Provision towards NPA	Nil	Nil
Provision towards Income Tax and Deferred Tax	4443.96	16023.02
Others (Expense Related)	(713.07)	506.21
Provision for Standard Assets	Nil	Nil

### Note 54 : Investments (Stock-In-Trade)

Particulars	Rs. in Lacs	
	Current Year	Previous Year
Gross Value of Investments		
(a) In India	1539494.45	10,88,197.12
(b) Outside India	-	-
Provision for (Depreciation)/ Appreciation		
(a) In India	(12768.28)	2,489.69
(b) Outside India	-	-
Net Value of Investments		
(a) In India	1526726.17	10,90,686.81
(b) Outside India	-	-

### Note 55: Disclosure of penalties

Penalties levied by Regulators (i.e. RBI): Rs. Nil Lacs (P.Y.: 4.91 lacs)

### Note 56: Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2022

a) Credit Rating and change in Credit Rating (if any)

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

Rs. in Lacs					
Rating Agencies	Rating Programme	Rating Assigned	Migration	Rating Amount	
				31.03.2022	31.03.2021
ICRA	Short Term Commercial Paper	A1+	-	1,00,000.00	1,00,000.00
	Inter Corporate Deposit	A1+	-	1,00,000.00	1,00,000.00
CRISIL	Short Term Commercial Paper	A1+	-	1,00,000.00	-
India Ratings & Research	Bank loan Rating	IND A1+	-	2,00,000.00	2,00,000.00
	Inter Corporate Deposit	IND A1+	-	1,00,000.00	-

Particulars	As on March 31, 2022	As on March 31, 2021
Debt Equity Ratio	10.18	7.49
Net Worth (Rs. In Lacs)	1,42,711.26	1,31,608.15
Net Profit after Tax (Rs. In lacs)	16,571.13	45,411.68
Total Comprehensive Income (Rs. In Lacs)	16,494.23	45,385.19
Earnings per share (In Rs.)	9.21	25.23
Current Ratio	1995.35	721.59
Current Liability Ratio	0.00	0.00
Total debt to Total Assets Ratio	0.87	0.81
Debtors Turnover Ratio	9.68	4.67
Operating Margin (%)	21.09	58.35
Net profit margin (%)	16.63	43.13

- a. Debt-equity ratio is computed as total debt divided by equity. Total debt includes all borrowings.
- b. Net worth comprises of Equity share capital and other equity less unamortized expense on staff loans.
- c. Current ratio is computed as current assets divided by current liabilities. The borrowings of the company do not form part of current liabilities.
- d. Current liability ratio is computed as current liabilities divided by total liabilities. The borrowings of the company do not form part of current liabilities. Total liabilities include equity and total outside liabilities.
- e. Total debt to total assets is computed as total debt divided by total assets. Total debt includes all borrowings.
- f. Debtors turnover is computed as arranger fee income divided by average of arranger fee receivable.
- g. Operating Margin is computed as profit and other comprehensive income before tax divided by total income.
- h. Net profit margin is computed as Total comprehensive income divided by total income.
- i. The debt service coverage ratio and interest service coverage ratio are not required to be disclosed as per the proviso of regulation 52 (4) of the SEBI (LODR) regulations, 2015.
- j. The disclosure on outstanding redeemable preference shares, capital redemption or debenture redemption reserve, long term debt to working capital, bad debts to account receivable and inventory turnover ratios are not applicable to the company.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2022

### Note 57: Covid-19 Impact

The Company neither has any adverse financial impact due to COVID-19 nor it anticipates any impact on its liquidity position or its ability to continue as a going concern.

Figures of the previous period have been regrouped, wherever considered necessary in order to make them comparable with those of the current period.

### For and on behalf of the Board



**(S. K. Kalra)**  
Director  
DIN: 01952165



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)



**(CA Jitender Goel)**  
Partner  
Membership No. 074227

Date: May 05, 2022  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## SCHEDULE TO THE BALANCE SHEET OF A NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY

[as required in terms of para 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

(Amounts in Rs. Lakhs, unless otherwise stated)

	Particulars			
	<b>Liabilities Side :</b>			
(1)	<b>Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid:</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>	<b>Remarks</b>
	(a) Debentures : Secured	-	-	-
	: Unsecured	-	-	-
	(Other than falling within the meaning of public deposits*)			
	(b) Deferred Credits	-	-	-
	(c) Term Loans	-	-	-
	(d) Inter-Corporate loans and borrowing	-	-	-
	(e) Commercial Paper	-	-	-
	(f) Other Loans (specify nature)	<b>14,53,029.99</b>	-	-
	<b>Secured Loans</b>			
	1. Borrowings from RBI	-	-	-
	2. TREPS Borrowings	1,82,470.18	-	-
	3. Repo Borrowing	8,99,184.82	-	-
	4. Line of Credit from PNB	97,015.00	-	-
	<b>Unsecured Loans</b>			
	1. Call Money Borrowings	2,65,360.00	-	-
	2. Commercial Paper Borrowings	-	-	-
	3. Inter Corporate deposit	9,000.00	-	-
	* Please see Note 1 below			
	<b>Assets Side :</b>			
(2)	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>			
	(a) Secured	25,992.83	-	-
	(b) Unsecured	6.26	-	-

(Amounts in Rs. Lakhs, unless otherwise stated)

	Particulars			
(3)	<b>Break up of leased Assets and stock on hire and other assets counting towards AFC activities</b>	NA	-	-
	(I) Lease assets including lease rentals under sundry debtors :			
	(a) Financial lease			
	(b) Operating lease			
	(ii) Stock on hire including hire charges under sundry debtors :			
	(a) Assets on hire			
	(b) Repossessed Assets			
	(iii) Other loans counting towards AFC activities			
	(a) Loans where assets have been repossessed			
	(b) Loans other than (a) above			
(4)	<b>Break-up of Investments / Stock-in-trade :</b>	<b>Amount outstanding</b>		
	<b>Current investments (Stock-in-trade):</b>			
	<b>1. Quoted :</b>			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference			
	(ii) Debentures and Bonds	1,34,948.12	-	(Market Value Rs. 1,33,502.98 lacs)
	(iii) Units of mutual funds			
	(iv) Government Securities	11,91,213.46	-	(Market Value Rs. 11,79,890.31 lacs)
	(v) Others (Please specify) Equity	-	-	
	<b>2. Unquoted :</b>			
	(i) Shares : (a) Equity	NA	-	-
	(b) Preference			
	(ii) Debentures and Bonds			
	(iii) Units of Mutual Funds			
	(iv) Government Securities			
	(v) Others (please specify)			

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars			
<b>Long Term Investments :</b>			
<b>1. Quoted :</b>			
(i) Shares : (a) Equity	-	-	-
(b) Preference	-	-	-
(ii) Debentures and Bonds	-	-	-
(iii) Units of mutual funds	-	-	-
(iv) Government Securities	2,13,332.87		
(v) Others (Please specify)			
<b>2. Unquoted :</b>			
(i) Shares : (a) Equity	-	-	-
(b) Preference	-	-	-
(ii) Debentures and Bonds	-	-	-
(iii) Units of Mutual Funds	-	-	-
(iv) Government Securities	-	-	-
(v) Others (please specify)	-	-	-
(Term Deposit)			
<b>TOTAL :</b>	<b>15,39,494.45</b>		
<b>(5) Borrower group-wise classification of Assets financed as in (2) and (3) above : (Please see Note 2 below)</b>			
<b>Category</b>	<b>Amount net of provisions</b>		
	<b>Secured</b>	<b>Unsecured</b>	
1. Related Parties **	-		-
(a) Subsidiaries			
(b) Companies in the same group			
(c) Other related parties			
2. Other than related parties	-		-
TOTAL:	-		-
<b>Note:</b> Loans & Advances given in Col. 2 above are Staff Advances & Security Deposits, hence do not fall in this category and not disclosed.			
<b>(6) Investor group-wise classification of all investments (current and long term) in shares</b>			

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Market Value/ Break up or fair value or NAV	Book Value
<b>and Securities (both quoted and unquoted) :</b> (Please see note 3 below)		
<b>Category</b>		
1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	- - -	- - -
2. Other than related parties	15,26,726.17	15,39,494.45
<b>TOTAL :</b>	<b>15,26,726.17</b>	<b>15,39,494.45</b>
** As per Accounting Standard of ICAI (Please see Note 3)		
<b>(7) Other Information</b>		
<b>Particulars</b>	<b>Amount</b>	
(i) Gross Non-Performing Assets (a) Related Parties (b) Other than related parties	- - -	
(ii) Net Non-Performing Assets (a) Related Parties (b) Other than related parties	- - -	
(iii) Assets acquired in satisfaction of debt	-	

**Notes :**

- As defined in paragraph 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**For and on behalf of the Board**



**(S. K. Kalra)**  
Director  
DIN: 01952165



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Rasool Singhal & Co**  
Chartered Accountants  
(FRN: 500015N)



**(CA Jitender Goel)**  
Partner  
Membership No. 074227

Date: May 05, 2022  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001



## FINANCIALS AT A GLANCE

### FINANCIAL PARAMETERS

	2021-22 (%)	2020-21 (%)
<b>Financial Performance</b>		
Interest Income/ Total Income	128.14	74.01
Trading Income/ Total Income	-30.90	24.00
Other Income/ Total Income	0.25	0.03
Interest Expense/ Total Income	67.38	37.52
Interest Expense/ Total Expense	92.08	91.99
Establishment Expense/ Total Expense	2.72	2.91
Admn and other Expense/ Total Expense	5.19	5.10
PBT/ Total Income	27.74	58.38
PAT/ Total Income	21.87	43.16
<b>Human Assets</b>		
Security Turnover per employee (Rs Crore)	13601.91	14790.15
Profit before tax per employee (Rs crore)	4.78	13.36
Average Age of the employees (years)	40.00	40.00
<b>Per Share Data</b>		
Earnings Per Share (Rs)	9.21	25.23
Cash Earnings Per Share (Rs)	14.67	26.39
Book Value Per Share (Rs)	79.20	72.53
Price Earnings, end of year (Rs.)	6.47	1.91
Price/ Cash Earnings, end of year (Rs.)	4.06	1.82
Price/ Book Value, end of year (Rs.)	0.75	0.66
Dividend Per Share (Rs)	5.00	10.00

### Financials: Last 10 Years

(Rs. Crore)

Financials \ Financial Year	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<b>TOTAL INCOME</b>	<b>288.65</b>	<b>346.26</b>	<b>410.01</b>	<b>343.42</b>	<b>500.54</b>	<b>351.48</b>	<b>508.01</b>	<b>882.60</b>	<b>1052.27</b>	<b>757.55</b>
i Interest & Discount on Securities	244.37	304.12	332.91	359.06	313.74	400.81	493.58	766.46	778.83	970.73
ii Profit/(Loss) on Sale of Securities	40.06	31.41	75.85	-16.90	185.50	(50.96)	9.00	111.50	252.56	(234.09)
iii Revenue & Other Income	4.22	10.73	1.25	1.26	1.30	1.63	5.43	4.64	20.88	20.91
<b>EXPENDITURE</b>	<b>199.88</b>	<b>255.56</b>	<b>277.47</b>	<b>291.95</b>	<b>244.00</b>	<b>350.16</b>	<b>424.99</b>	<b>551.58</b>	<b>429.20</b>	<b>554.32</b>
i Interest Expenses	188.65	242.67	260.51	275.62	225.72	330.72	403.44	519.26	394.81	510.43
ii Operating & Other Expenses	10.53	12.34	16.03	15.86	17.94	18.95	21.13	30.87	32.5	42.73
iii Depreciation on fixed assets & ROUA	0.70	0.55	0.93	0.47	0.34	0.49	0.42	1.45	1.89	1.16
Bad debts written off	-	-	-	-	-	-	-	-	-	-
Prov. Against overdue call lending	-	-	-	-	-	-	-	-	-	-
Exceptional items (income)/expense	-	-	-	-	-	-	-	81.22	8.73	(6.91)
<b>PROFIT BEFORE TAX</b>	<b>88.77</b>	<b>90.70</b>	<b>132.55</b>	<b>51.47</b>	<b>256.54</b>	<b>1.32</b>	<b>83.02</b>	<b>249.80</b>	<b>614.34</b>	<b>210.14</b>
Less Prov. / (Release) for Taxation	27.52	29.32	44.28	16.98	89.37	-0.09	30.16	63.45	160.23	44.44
<b>PROFIT AFTER TAX</b>	<b>61.25</b>	<b>61.38</b>	<b>88.27</b>	<b>34.50</b>	<b>167.17</b>	<b>1.41</b>	<b>52.86</b>	<b>186.35</b>	<b>454.11</b>	<b>165.70</b>
Paid up capital	135.01	180.01	180.01	180.01	180.01	180.01	180.01	180.01	180.01	180.01
Reserves	488.08	485.51	541.00	551.67	718.84	677.06	707.66	862.52	1136.36	1247.29
<b>Net Owned Funds</b>	<b>620.08</b>	<b>662.53</b>	<b>718.06</b>	<b>731.22</b>	<b>898.36</b>	<b>843.23</b>	<b>885.66</b>	<b>1002.2</b>	<b>1305.69</b>	<b>1425.64</b>
Turnover (Primary + Secondary)	241137	344239	511329	413787	686167	473384	471198	856706	680347	598484
Dividend(%)	10	9	15	11	25	10	14	30	100	50

# NOTICE



**Regd. Office :** 5, Sansad Marg, New Delhi - 110 001  
**Tel :** 011-23325759, 23325779, **Fax :** 011-23325751, 23325763  
**Website -** www.pnbgilts.com, **E-mail ID -** pnbgilts@pnbgilts.com  
**CIN :** L74899DL1996PLC077120

Notice is hereby given that the 26<sup>th</sup> Annual General Meeting (AGM) of members of PNB Gilts Limited (“the Company”) will be held on Friday, September 2, 2022, at 11:00 a.m. IST through Video Conferencing (“VC”), to transact the following businesses:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2022 and the Reports of the Auditors and the Board of Directors thereon.
2. To declare a final dividend of ₹ 5 per equity share of ₹ 10/- each for the year ended March 31, 2022.
3. To appoint a Director in place of Sh. Ashutosh Choudhury (holding DIN: 09245804), who is liable to retire by rotation and being eligible, offers himself for reappointment.
4. To authorize Board of Directors to fix remuneration of the Statutory Auditor(s) of the Company, appointed by the Comptroller and Auditor General of India for the financial year 2022-23 and in this regard, if thought fit, to pass the following resolution as an ordinary resolution :

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to fix the remuneration of Statutory Auditor(s), as appointed by the Comptroller and Auditor General of India for the financial year 2022-23.”

## SPECIAL BUSINESS

5. To appoint Sh. Kalyan Kumar (DIN: 09631251), as a Director and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 and any other applicable provisions if any of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and any other applicable law, if any and subject to other permissions, approvals as may be required, Sh. Kalyan Kumar (DIN: 09631251), Executive Director of Punjab National Bank, who has been appointed as an Additional Director of the Company by the Board of Directors with effect from July 7, 2022 in terms of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company, and whose term of office expires at the ensuing Annual

General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, whose office shall be liable to retire by rotation.”

By Order of the Board of Directors



(Monika Kochar)

Company Secretary  
FCS 6514

New Delhi  
August 2, 2022

Regd. Off.: 5, Sansad Marg, New Delhi -110001  
CIN: L74899DL1996PLC077120  
E-mail: m.kochar@pnbgilts.com  
Website: www.pnbgilts.com

#### NOTES :

1. In view of continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has, vide General Circular no. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 22/2020 dated 15th June, 2020, 33/2020 dated 28th September, 2020, 39/2020 dated 31st December, 2020, 10/2021 dated 23rd June, 2021, 20/2021 dated 8th December, 2021 and 2/2022 dated May 5, 2022 in relation to extension of the framework provided in the aforementioned circulars up to 31st December, 2022 (collectively 'MCA Circulars') and relevant circulars issued by the Securities and Exchange Board of India ('SEBI') permitted companies to conduct Annual General Meeting through video conferencing ('VC'). In compliance with such MCA and SEBI Circulars and applicable provisions of the Act and Listing Regulations, the AGM of the Company is being convened and conducted through VC.
2. In compliance with MCA and SEBI circulars, the notice of the 26th AGM along with the Annual Report 2021-22 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Members may note that the above said Notice and Annual Report 2021-22 will also be available on the Company's website [www.pnbgilts.com](http://www.pnbgilts.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of National Securities Depository Limited ("NSDL") <https://www.evoting.nsdl.com>. In case any member is desirous of obtaining hard copy of the notice of the 26th AGM along with the Annual Report 2021-22 of the Company, may send request to the Company's email address at [m.kochar@pnbgilts.com](mailto:m.kochar@pnbgilts.com) mentioning Folio No./ DP ID and Client ID.
3. **Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC and participate thereat and cast their votes through e-voting.**
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
5. All documents referred to in the Explanatory Statement along with Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and Register of Contracts or

Arrangements in which the Directors are interested, maintained under Section 189 of the Act, shall be available for inspection through a secured platform upon login at NSDL e-voting system at <https://www.evoting.nsdl.com/>.

6. Pursuant to Section 139 of the Companies Act, 2013 ('the Act'), the Statutory Auditor(s) of the Company are appointed by the Comptroller and Auditor General of India (C&AG) and pursuant to Section 142 of the Act, the remuneration is to be fixed in the general meeting or in such manner as may be determined therein. The Statutory Auditor(s) of the Company for the FY 2022-23 are yet to be appointed by the C&AG. Accordingly, the members may authorize the Board to fix remuneration payable to Statutory Auditor(s), as may be deemed fit by the Board, for the financial year 2022-23.
7. The Company has fixed Friday, August 26, 2022 as the 'Record Date' for determining the entitlement of members to receive the Final Dividend for the Financial Year 2021-22, if declared at the 26th AGM of the Company.
8. The dividend, as recommended by the Board, if declared at the AGM, will be paid subject to deduction of tax at source within 30 days of such declaration to those members or their mandates whose names stand registered on the Company's Register of Members-
  - a) As Beneficial Owners as at the end of the business hours of Friday, August 26, 2022 as per the lists and details (including bank details) to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and
  - b) As Members in the Register of Members of the Company as at the end of the business hours of Friday, August 26, 2022.
9. The dividend, if approved in the AGM, will be paid electronically to those shareholders who have updated their bank account details. For shareholders who have not updated their bank account details, dividend warrants/ demand drafts will be sent out to their registered addresses. To avoid delay in receiving the dividend, shareholders are requested to check and update their bank details (including Bank MICR Code) with their depositories (where shares are held in dematerialized mode) in accordance with the instructions given by their depositories or with the Company's Share Transfer Agent (where shares are held in physical mode) to receive the dividend directly into their bank account by writing at [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@mcsregistrars.com).
10. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021, as amended, has mandated furnishing of PAN, KYC details (i.e. Postal Address with PIN Code, email address, mobile number, bank account details and nomination details by holders of securities who are holding the same in physical form. Any service requests/complain received from member cannot processed by the Company's Share Transfer Agent (STA) till the aforesaid details/documents are not provided/available with STA. On or after April 1, 2023, in case any of the above mentioned documents/details are not available in the folio(s), STA shall be constrained to freeze such folio(s) in terms of SEBI circular.

Thus, the members are advised to intimate above documents /information and changes, if any, pertaining to their name, postal address, email address, mobile numbers, dividend mandate, nomination, power of attorney, bank details such as name of bank, address of bank's branch, bank account number. MICR Code, IFSC Code etc.

- a) For shares held in dematerialized form : to their Depository Participant
- b) For shares held in physical form : to the Company's Share Transfer Agent in prescribed form ISR-1 and other relevant forms pursuant to above SEBI circular. The said forms are available on the Company's website at the link <https://www.pnbgilts.com/downloads> . Contact details of Share Transfer Agent of the Company is as under:

MCS Share Transfer Agent Ltd.

(Unit - PNB Gilts Ltd.) F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110 020

Tel : 011-41406149-52, Fax: 011-41709881 Email ID- [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@mcsregistrars.com)

11. Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants (“DP”) in case the shares are held by them in electronic form and with MCS Share Transfer Agent Ltd. in case the shares are held by them in physical form. For temporary registration of email for the purpose of receiving of this notice along with annual report for 2021-22 members may write to m.kochar@pnbgilts.com along with requisite proof of his/her membership.
12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company, of any change in address or demise of any member as soon as possible and in case shares are in physical form. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
13. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_ RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company’s website at <https://www.pnbgilts.com/downloads> . It may be noted that any service request can be processed only after the folio is KYC Compliant.
14. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company’s website <https://www.pnbgilts.com/downloads> . Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to MCS Share Transfer Agent Ltd. in case the shares are held in physical form.
15. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”) read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (“IEPF”), constituted by the Central Government. The Company had, accordingly, transferred ₹ 681,250/- being the unpaid/ unclaimed dividend amount pertaining to Final Dividend 2013-14 during 2021-22.

The Company has been sending reminders to members having unpaid/ unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/ unclaimed dividend are also uploaded on the Company’s website [www.pnbgilts.com](http://www.pnbgilts.com). Members who have not encashed Final Dividend 2014-15 or any subsequent dividend declared by the Company, are advised to write to the Company immediately. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.

16. Pursuant to the provisions of IEPF Rules, all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred by the Company to the designated Demat Account of the IEPF Authority (“IEPF Account”) within a period of thirty days of such shares becoming due to be transferred to the IEPF Account. Accordingly, 26270 Equity Shares of ₹ 10/- each on which the dividend remained unpaid or unclaimed for seven consecutive years with reference to the due date of October 31, 2021 were transferred during the year 2021-22 to the IEPF Account, after following the prescribed procedure.

All the shareholders who have not claimed / encashed their dividends in the last seven consecutive years from 2014-15 are advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.

17. Details as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ('the Listing Regulations') and Secretarial Standard on General Meeting (SS-2) of the Institute of Company Secretaries of India ("ICSI"), in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of this Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.

18. Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
19. Pursuant to the provisions of the Income Tax Act, 1961 ("the IT Act"), dividend income is taxable in the hands of the members and the Company is required to deduct tax at source ("TDS") from dividend paid to the members at rates prescribed in the IT Act. In general, to enable compliance with TDS requirements, members are requested to complete and/ or update their Residential Status, PAN, Category as per the IT Act with their Depository Participant(s) or in case shares are held in physical form, with the Company by sending email to the Company's email address at m.kochar@pnbgilts.com. For details, members may refer to the "Communication on TDS on Dividend Distribution" appended to this Notice of the 26th AGM.

## 20. NON-RECEIPT OF DIVIDEND

The Company has received back some undelivered envelopes containing dividend warrants in the past due to various reasons. As such, shareholders who have not received dividend(s) of previous years, are requested to contact the Company by giving details like Folio No./DP ID & Client ID, Address, Contact No. etc. Please refer 'Report on Corporate Governance' section for detailed explanation/procedure.

21. Instructions for e-voting and joining the AGM are as follows -

### a) VOTING THROUGH ELECTRONIC MEANS

- I In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 26<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II The remote e-voting period commences on August 29, 2022 (9:00 a.m.) and ends on September 1, 2022 (5:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 26, 2022, may cast their vote by remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III A person, who is not a member as on the cut-off date, should treat this Notice for information purpose only.
- IV Mr. Ankit Singhi, Practising Company Secretary bearing CP No. 16274, and failing him, Mr. Nitesh Latwal, Practising Company Secretary bearing CP No. 16276, Partners of PI & Associates will act as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- V The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC but shall not be entitled to cast their vote again.
- VI The voting/remote e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date.
- VII Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date shall follow the same procedure for e-Voting as mentioned below.
- VIII The process and manner for remote e-voting as well as e-voting during the AGM are as under:

## How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below :

### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

**Login method for Individual shareholders holding securities in demat mode is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.



2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - (a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - (b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - (c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned under the heading “**process for those shareholders whose email ids are not registered**”.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - (a) Click on “[Forgot User Details/Password?](#)”(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (b) [Physical User Reset Password?](#) (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - (c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders/corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend the meeting and vote, to the Scrutinizer by e-mail to [ankit@indiacp.com](mailto:ankit@indiacp.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/ Password?” or “Physical User Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). In case of any grievances connected with facility of evoting, please contact Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/[evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or at telephone no. +91 22 2499 4545.

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- a. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@mcsregistrars.com)

- b. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to helpdeskreply@mcsregistrars.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- c. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- d. In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join General meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. The Members can join the AGM in VC mode 30 minutes before and after the scheduled time of the commencement of AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoter, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at m.kochar@pnbgilt.com. The same will be replied by the company suitably.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

## PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT

1. As the AGM is being conducted through VC, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id/Folio No., e-mail id, mobile number at m.kochar@pnbgilts.com to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Friday, August 26, 2022 on the aforementioned e-mail id shall only be considered and responded to during the AGM.
  2. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their Name, DP ID and Client ID/ Folio Number, PAN, Mobile Number at m.kochar@pnbgilts.com on or before Friday, August 26, 2022. Those Members who have registered themselves as a Speaker will only be allowed to express their views/ask questions during the AGM.
  3. Members who could not have registered themselves as a speaker or send their queries can ask questions during the AGM by using communication box facility that will be appearing on the screens at the AGM.
  4. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, depending on the availability of time for the AGM or for smooth conduct of the AGM.
22. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting and shall make, not later than 2 working days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting.
23. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.pnbgilts.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.

---

## ANNEXURE TO NOTICE

### PART I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")

#### Item No. 5

The Punjab National Bank i.e. the promoter-cum-parent bank ('PNB') has nominated Sh. Kalyan Kumar (DIN: 09631251), Executive Director, Punjab National Bank ("PNB") on the Board of Directors of the Company. Accordingly, the Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Sh. Kalyan Kumar, Executive Director, PNB, as an Additional Director of the company with effect from July 7, 2022. Pursuant to Section 161(1) of the Act, Sh. Kalyan Kumar will hold office upto the date of ensuing AGM.

The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Sh. Kalyan Kumar for the office of the Director of the Company.

Sh. Kalyan Kumar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director. Further, he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Brief profile of Sh. Kalyan Kumar, including nature of expertise, is provided at Part II of Annexure to this Notice.

Sh. Kalyan Kumar, does not hold by himself or for any other person, on a beneficial basis, any shares in the Company. Sh. Kalyan Kumar, being an appointee, shall be deemed to be concerned or interested in this resolution.

Save and except the above, none of other Directors/Key Managerial Personnel of the Company/ their relatives (to the extent of their shareholding in the Company, if any) are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No.5 of the Notice. The Board commends the resolution set forth in Item No.5 for the approval of members.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to be 'M. Kochar', written over a diagonal line.

**(Monika Kochar)**

Company Secretary

FCS 6514

New Delhi  
August 2, 2022

Regd. Off.: 5, Sansad Marg, New Delhi -110001

CIN: L74899DL1996PLC077120

E-mail: [m.kochar@pnbgilts.com](mailto:m.kochar@pnbgilts.com)

Website: [www.pnbgilts.com](http://www.pnbgilts.com)

**Part II – PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS AND IN TERMS OF SECRETARIAL STANDARDS ON GENERAL MEETING (SS-II) ISSUED BY THE INSTITUTE OF COMPANIES SECRETARIES OF INDIA, BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED/ RE-APPOINTED ARE AS UNDER:**

<b>Name of Director</b>	<b>Sh. Ashutosh Choudhury</b>	<b>Sh. Kalyan Kumar</b>
Date of Birth (Age)	04/09/1975 (47)	10/01/1969 (54)
Nationality	Indian	Indian
Date of first Appointment on Board of Company	19/07/2021	07/07/2022
Qualifications	B.Sc. with Physics (Hons.), MBA in financial management, leadership programme from IIM, Bangalore.	Post graduate in Science from Rajendra Prasad Agriculture University, Pusa. Certified Associate Member of Indian Institute of Bankers. Hold various certifications in Trade Finance, IT Security and KYC-AML from Indian Institute of Banking and Finance
Experience/Expertise in Specific functional Area	He is Group Chief Risk Officer of Punjab National Bank. He has more than 20 years of experience in banking industry covering areas of Risk Management, Corporate banking, Treasury, MSME Credit, Retail Asset, Financial Inclusion, Digital Lending.	He is Executive Director of Punjab National Bank since October 2021. He served Union Bank of India for 26 years in various capacities as Branch Head of VLBs, faculty at Staff Training Centers, Staff College Principal, stint in Vigilance and Business Process Transformation and Amalgamation Management. His experience and contribution is spread across multiple domains of Branch Banking, Credit and MSME, Vigilance, Business Process Re-engineering and Analytics, Amalgamation Management and Human Resource Management including Learning and Development and Talent Management.
Directorship held in other Companies	Nil	Executive Director, Punjab National Bank Director, PNB Cards & Services Ltd.
Chairperson / Member of the Committee of the Board of Directors of the Company	Member of the following Committees - <ul style="list-style-type: none"> <li>• Risk Management Committee</li> <li>• Nomination &amp; Remuneration Committee</li> <li>• Stakeholders Relationship Committee</li> </ul>	Nil

<p>Membership/ Chairmanship of Committee of other Companies</p>	<p>He is member of following Committees of Punjab National Bank-</p> <ul style="list-style-type: none"> <li>• ALCO</li> <li>• Technical Advisory group</li> <li>• GRMC</li> <li>• ORMC</li> <li>• MRMC</li> <li>• SPACE</li> <li>• CRMC</li> <li>• HOCAC-II</li> <li>• HOCAC-III</li> <li>• New Business Group – I</li> <li>• New Business Group - II</li> <li>• Investment Committee (II) (Advisor)</li> <li>• Investment Committee (III) (Advisor)</li> <li>• Capital Planning Committee</li> <li>• Customer Service Committee</li> <li>• Fraud Review Council Committee</li> <li>• IT Steering Committee</li> <li>• HO Building Committee</li> <li>• Committee on Information Security</li> <li>• HO Staff Accountability Committee</li> <li>• Audit Committee of Executive</li> <li>• Top Management Committee</li> <li>• Central Real Estate Committee</li> </ul>	<p>He is member of following Committees of Punjab National Bank-</p> <ul style="list-style-type: none"> <li>• Management Committee</li> <li>• HOCAC-III</li> <li>• Special Committee of the Board to monitor the progress of Recovery</li> <li>• Special Committee of the Board to monitor and follow up Fraud cases involving Rs. 1.00 crore and above</li> <li>• IT Strategy Committee</li> <li>• Customer Service Committee</li> <li>• Committee of the Directors to review Vigilance and Non-Vigilance/ Disciplinary Action Cases</li> <li>• Appellate Authority &amp; Reviewing Authority Committee</li> <li>• Committee to consider election of Shareholder Directors – Voting by Public Sector Banks</li> <li>• Business Review Committee</li> <li>• Capital Raising Committee of Board</li> </ul>
<p>Number of Board/ Committee Meetings attended during the year</p>	<p>During the FY 2021-22, he attended :</p> <ul style="list-style-type: none"> <li>• 2 Board Meetings out of 4 Board meetings held after his appointment.</li> <li>• 4 meetings of Nomination and Remuneration Committee out of 5 such committee meetings held after his appointment.</li> <li>• Both of the 2 meetings of Risk Management Committee held after his appointment.</li> </ul>	<p>Not Applicable</p>
<p>Number of Shares Held either directly or for beneficial basis for any other person</p>	<p>Nil</p>	<p>Nil</p>

Terms & Conditions of Appointment/ Reappointment including remuneration sought to be paid	Non-Executive & Non-Independent Director, liable to retire by rotation. Other terms and conditions including remuneration, if any, regulating his appointment shall be determined by the promoter i.e. PNB.	Non-Executive & Non-Independent Director, liable to retire by rotation. Other terms and conditions including remuneration, if any, regulating his appointment shall be determined by the promoter i.e. PNB.
Remuneration last drawn	Not Applicable	Not Applicable
Relationship with other Directors, Manager and KMPs of the company	Nil	Nil
Listed entities from which the person has resigned in the past three years	Nil	Nil



## COMMUNICATION ON TAX DEDUCTION AT SOURCE (TDS) ON DIVIDEND DISTRIBUTION

Pursuant to the provisions of the Income Tax Act, 1961 (“the IT Act”), dividend income is taxable in the hands of the members and the Company is required to deduct tax at source (“TDS”) from dividend paid to the members at prescribed rates in the IT Act. Please take note of the below TDS provisions and information/document requirements for each member:

### Section 1: For all Members - Details that should be completed and /or updated, as applicable

- a. All Members are requested to ensure that the below details are completed and/or updated, as applicable, in their respective demat account/s maintained with the Depository Participant/s; or in case of shares held in physical form, with the Company, by Friday, August 26, 2022 (“Record Date”). Please note that these details as available on Record Date in the Register of Members/ Register of Beneficial Ownership will be relied upon by the Company, for the purpose of complying with the applicable TDS provisions:
  - I. Valid Permanent Account Number (PAN).
  - II. Residential status as per the Act i.e. Resident or Non-Resident for FY 2022-23.
  - III. Category of the Member:
    - i. Mutual Fund
    - ii. Insurance Company
    - iii. Alternate Investment Fund (AIF) Category I and II
    - iv. AIF Category III
    - v. Government (Central/State Government)
    - vi. Foreign Portfolio Investor (FPI)/ Foreign Institutional Investor (FII): Foreign Company
    - vii. FPI/FII: Others (being Individual, Firm, Trust, AJP, etc.)
    - viii. Individual
    - ix. Hindu Undivided Family (HUF)
    - x. Firm
    - xi. Limited Liability Partnership (LLP)
    - xii. Association of Persons (AOP), Body of individuals (BOI) or Artificial Juridical Person (AJP)
    - xiii. Trust
    - xiv. Domestic company
    - xv. Foreign company.
  - IV. Email Address.
  - V. Address.

### Section 2: TDS provisions and documents required, as applicable for relevant category of Members

Members are requested to take note of the TDS rates and document/s, if any, required to be submitted to the Company by the Record Date their respective category, in order to comply with the applicable TDS provisions.

#### I. For Resident Members:

- i. **Mutual Funds:** No TDS is required to be deducted as per section 196(iv) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- ii. **Insurance companies:** No TDS is required to be deducted as per section 194 of the IT Act subject to specified conditions. Self- attested copy of valid IRDA registration certificate needs to be submitted.
- iii. **Category I and II Alternative Investment Fund:** No TDS is required to be deducted as per section 197A (1F) of the IT Act subject to specified conditions. Self-attested copy of valid SEBI registration certificate needs to be submitted.
- iv. **Recognised Provident funds:** No TDS is required to be deducted as per Circular No.18/2017 subject

to specified conditions. Self- attested copy of a valid order from Commissioner under Rule 3 of Part A of Fourth Schedule to the IT Act, or Self-attested valid documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the provident fund being established under a scheme framed under the Employees' Provident Funds Act, 1952 needs to be submitted.

- v. **Approved Superannuation fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self-attested copy of valid approval granted by Commissioner under Rule 2 of Part B of Fourth Schedule to the IT Act needs to be submitted.
- vi. **Approved Gratuity Fund:** No TDS is required to be deducted as per Circular No.18/2017 subject to specified conditions. Self- attested copy of valid approval granted by Commissioner under Rule 2 of Part C of Fourth Schedule to the IT Act needs to be submitted.
- vii. **National Pension Scheme:** No TDS is required to be deducted as per Sec 197A (1E) of the IT Act.
- viii. **Government (Central/State):** No TDS is required to be deducted as per Sec 196(i) of the IT Act.
- ix. **Any other entity entitled to exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc.) in support of the entity being entitled to exemption from TDS needs to be submitted.
- x. **Other resident Members:**
  - a) TDS is required to be deducted at the rate of 10% under u/s 194 of the IT Act.
  - b) No TDS is required to be deducted on furnishing of valid Form 15G (for individuals, with no tax liability on total income and income not exceeding maximum amount which is not chargeable to tax) or Form 15H (for individual above the age of 60 years with no tax liability on total income).
  - c) TDS is required to be deducted at the rate of 20% u/s 206AA of the IT Act, if valid PAN of the member is not available and if PAN is blank in case of resident individuals without considering the threshold limit of Rs. 5000/.
  - d) As per Section 206AB of the IT Act, TDS is required to be deducted at twice the applicable rates, if Income Tax Return is not filed by the resident members for preceding financial year, for which the time limit for filing has expired. In this regard, the Company would rely on Compliance Check Utility made available by Central Board of Direct Taxes.
  - e) TDS is required to be deducted at the rate prescribed in the lower tax withholding certificate issued u/s 197 of the Act, if such valid certificate is provided.

## II. For Non-resident Members:

- i. **Any entity entitled to beneficial rate/ exemption from TDS:** Valid self-attested documentary evidence (e.g. relevant copy of registration, notification, order, etc. by Indian tax authorities) in support of the entity being entitled to beneficial rate/ exemption from TDS needs to be submitted.
- ii. **Other non-resident Members:**
  - a) TDS is required to be deducted at the rate of 20% (plus applicable surcharge and cess) u/s 196D of the IT Act (For FPI and FII) and u/s 195 of the IT Act for other non-resident members.
  - b) Member may be entitled to avail lower TDS rate as per Agreement For Avoidance Of Double Taxation (DTAA) between India and the country of tax residence of the member, on furnishing the below specified documents.
    - 1) Self-attested copy of PAN. In case PAN is not available, provide details as per Rule 37BC of the Income-Tax Rules, 1962.
    - 2) Self-attested copy of valid Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the member is a resident;
    - 3) Self-declaration in Form 10F; and
    - 4) Self-declaration on letterhead of having no Permanent Establishment in India, Beneficial ownership of shares and eligibility to claim treaty benefits (as per Annexure 1 to this Communication).
  - c) TDS is required to be deducted at the rate prescribed in valid lower tax withholding certificate issued u/s 197 of the IT Act, if such valid certificate is provided.

Details and/ or documents as mentioned above in Section 1 and Section 2, as applicable to the Member, need to be sent, duly completed and signed, through registered email address of the Member with PAN being mentioned in the subject of the email to reach [m.kochar@pnbgilts.com](mailto:m.kochar@pnbgilts.com) by Record Date. Please note that no communication in this regard, shall be accepted post Record Date.

**Section 3: Other general information for the Members:**

- I. For all self-attested documents, members must mention on the document “certified true copy of the original”. For all documents being sent/ accepted by email, the Member undertakes to send the original document/s on the request by the Company.
- II. TDS will be deducted based on details of registered member only. Once TDS is deducted in the name of Registered of Members/ Beneficial Owners as appearing on Record Date, no transfer of such TDS in the name of another person shall be entertained under any circumstances.
- III. TDS deduction certificate will be sent to the members’ registered email address in due course.
- IV. Surcharge will also be deducted as per applicable rates
- V. Health and Education Cess of 4% is applicable for non-residents.
- VI. Equity shares of the Company, which were transferred by the Company in the name of Investor Education and Protection Fund (‘IEPF’) in terms of Section 124(6) of the Companies Act 2013 and Rules framed thereunder, the TDS shall be deducted basis the available details of the underlying members.
- VII. Application of TDS rate is subject to necessary due diligence and verification by the Company of the member details as available in register of members on the Record Date, documents, information available in public domain, etc. In case of ambiguous, incomplete or conflicting information, or the valid information/ documents not being provided, the Company will arrange to deduct tax at the maximum applicable rate.
- VIII. In case TDS is deducted at a higher rate, an option is still available with the member to file the return of income and claim an appropriate refund, if eligible. Once deducted, no claim shall lie against the Company in relation to TDS.
- IX. In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided/ to be provided by the Member/s, such Member/s will be responsible to indemnify the Company and also, provide the Company with all information/ documents and co-operation in any appellate proceedings.

**Note:**

Above communication on TDS sets out the provisions of law in a summary manner only, as on the date of the communication, and does not purport to be a complete analysis or listing of all potential tax consequences. Members should consult with their own tax advisors for the tax provisions applicable to their particular circumstances.

(Refer Section 2 (II) (ii) (b) (4) of above Communication on TDS on Dividend Distribution)

**Annexure 1**

**FORMAT FOR DECLARATION FOR CLAIMING BENEFITS UNDER DTAA**

Date:

To,  
PNB Gilts Limited  
5, Sansad Marg, New Delhi - 110 001  
Email: m.kochar@pnbgilts.com

**Subject: Declaration for eligibility to claim benefit under Agreement For Avoidance Of Double Taxation between Government of India and Government of <mention country of tax residency> (“DTAA”), as modified by Multilateral Instrument (“MLI”), if applicable**

**With reference to above, I/We wish to declare as below**

1. I / We, <Full name of the member>, having permanent account number (PAN) under the Indian Income tax Act, ..... <mention PAN>, and holding .....<mention number of shares held> number of shares of the Company under demat account number/ folio number ..... as on the record date, am/ are a tax resident of .....<country name> in terms of Article 4 of the DTAA as modified by MLI (if applicable) and do not qualify as a ‘resident’ of India under section 6 of the Indian Income-tax Act, 1961 (“the IT Act”). A copy of the valid tax residency certificate for .....<period>, which is valid as on the Record Date, is attached herewith.
2. I/We am/are eligible to be governed by the provisions of the DTAA as modified by MLI (if applicable), in respect of the dividend income and meet all the necessary conditions to claim treaty rate.
3. I/We am/are the legal and beneficial owner of the dividend income to be received from the Company.
4. I/We do not have a Permanent Establishment (“PE”) in India in terms of Article 5 of the DTAA as modified by MLI (if applicable) or a fixed base in India and the amounts paid/payable to us, in any case, are not attributable to the PE or fixed base, if any, which may have got constituted otherwise.
5. I/We do not have a PE in a third country and the amounts paid/payable to us, in any case, are not attributable to a PE in third jurisdiction, if any, which may have got constituted otherwise.
6. I/We do not have a Business Connection in India according to the provision of section 9(1)(i) of the Act and the amounts paid/ payable to us, in any case, are not attributable to business operations, if any, carried out in India.
7. I/We confirm that my affairs/affairs of \_\_\_\_\_<Full name of the member> were arranged such that the main purpose or the principal purpose thereof was not to obtain tax benefits available under the applicable tax treaty.
8. Further, our claim for relief under the tax treaty is not restricted by application of Limitation of Benefit clause, if any, thereunder.

I/We hereby certify that the declarations made above are true and bonafide. In case in future, any of the declarations made above undergo a change, we undertake to promptly intimate you in writing of the said event. You may consider the above representations as subsisting unless intimated otherwise.

I/we in the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by me, I will be responsible to pay and indemnify such income tax demand (including interest, penalty, etc.) and provide the Company with all information/ documents that may be necessary and co-operate in any proceedings before any income tax/ appellate authority.

For.....

<Mention the name of the payee>

Authorised Signatory

<Name of the person signing>

<Designation of the person signing>







# OUR STRENGTHS





**COMPANY SECRETARY**

Ms. Monika Kochar

**CHIEF FINANCIAL OFFICER**

Mr. Chandra Prakash

**STATUTORY AUDITORS**

Rasool Singhal & Co.  
Chartered Accountants  
A-176, Surajmal Vihar  
Delhi - 110092

**INTERNAL AUDITORS**

Lodha & Co.  
Upasana, 1, Hailey Road,  
Vakil Lane, Mandi House,  
New Delhi-110 001

**BANKERS**

Reserve Bank of India  
Punjab National Bank

**REGISTERED-CUM-CORPORATE OFFICE**

5, Sansad Marg, New Delhi - 110001  
Tel: 011 - 23325759, 23325779  
Fax: 011 - 23325751  
E-mail: pnbgilts@pnbgilts.com  
Website: www.pnbgilts.com

**BRANCHES****Mumbai**

PNB House, Sir P.M. Road,  
Fort, Mumbai-400 001.  
Tel: 022-22691812, 22693314 / 15  
Fax: 022-22691811, 22692248

**Chennai**

3rd Floor, Rayala Towers, No. 158, Mount Road,  
Anna Salai, Triplicane, Chennai - 600002  
Tel : 044-25331750  
Fax : 044-25330179

**Ahmedabad**

8th Floor, Gujarat Bhavan,  
Behind Devnandan Mall, Opp. Sanyas Ashram,  
Ellisbridge, Ahmedabad - 380006  
Tel : 079-27544245, 27542455  
Fax : 079-27541808

**Bangalore**

No. 28, 2nd Floor, Centenary Building,  
4 M.G. Road, Bangalore – 560 001  
Ph: 080 – 2991 2211

**Kolkata**

13th Floor, United Tower 11  
Hemanta Basu Sarani  
Kolkata, West Bengal 700001  
Tel : 033-22300247