

August 1, 2019

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 Ltd. Phiroz JeeJeebhoy Tower Dalal Street Mumbai- 400 001 <u>Scrip Code: 532366</u>
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Sub: Copy of Annual Report for FY 2018-19 interalia including Notice of 23rd Annual General Meeting (AGM) etc. and Addendum to the Notice of AGM

Dear Sir/Madam,


Please find attached herewith a copy of Annual report for FY 2018-19 interalia including the Notice conveying the 23rd Annual General Meeting (AGM) of the Company scheduled on Wednesday, August 28, 2019 alongwith Addendum to Notice of AGM.

This will also be placed on our website www.pnbgilts.com.

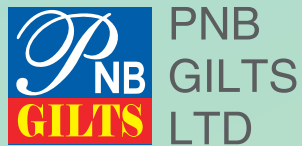
Please take the same on record.

Thanking You,

Yours faithfully,
For PNB Gilts Ltd


(Monika Kochar)
Company Secretary





(A subsidiary of Punjab National Bank)

23rd

ANNUAL REPORT

2018-19



Board of Directors



Shri Sunil Mehta
Chairman



Shri Vikas Goel
Managing Director & CEO



Smt. Sunita Gupta
Executive Director & CFO



Shri P.P. Pareek
Independent Director



Shri S. K. Kalra
Independent Director



Smt. Uma Ajay Relan
Independent Director

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**

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Chairman's Letter to Shareholders

Dear Shareholders,

I have immense pleasure in presenting the Annual Report of your Company for the FY'19.

The year 2018 was difficult for the global economy, with the world output growth falling from 3.8 per cent in 2017 to 3.6 per cent in 2018. The slowdown in the Emerging Market and Developing Economies (EMDEs) followed the escalation of US China trade tensions, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies. For Indian economy, the growth moderated in FY 2018-19 at 6.8 per cent, slightly lower than 7.2 per cent in FY 2017-18. This moderation in growth momentum is mainly on account of lower growth in 'Agriculture & allied', 'Trade, hotel, transport, storage, communication and services related to broadcasting' and 'Public administration & defence' sectors. Despite deceleration, India continues to be the fastest growing major economy in the world. India maintained its macroeconomic stability by containing inflation within 4 per cent and by maintaining a manageable current account deficit to GDP ratio. The current account deficit to GDP was higher in FY 2018-19 as compared to FY 2017-18, primarily due to higher oil prices, which were about 14 \$/bbl higher in FY 2018-19 vis-à-vis the previous year. On government finances, fiscal deficit for FY 2018-19 remained within the revised budget target of 3.4 per cent of the GDP.

In FY'19, the debt market, which is the core area of our operations, exhibited strong volatility and closely tracked the movement in oil prices, domestic liquidity and rupee exchange rate. In the first half of the FY, the bond markets rattled with higher US interest rates, risk-off sentiment in EMEs and escalation of trade wars, rising geopolitical turmoil and fear of spreading of contagion risks from specific EMEs. Depreciating rupee, sticky headline and core inflation, rising up of crude oil prices made things murkier for the Indian bond markets in H1. Concerns over GST collection and the fiscal health of the economy also worsened the situation. RBI reacted by giving 2 consecutive rate hikes in H1. By the end of H1, the yield on the 10 year benchmark had touched levels of 8.23 per cent intraday. However, H2 of FY 2018-19 witnessed a reversal in the yields. Economic activity decelerated in all major advanced and emerging market economies with rising trade tensions. Crude oil prices began to ease. On the domestic front, rupee appreciated, RBI infused durable liquidity into the

market through OMOs, inflation was lower and RBI eased its inflation and growth forecasts. By the February, 2019 policy, the RBI had not only cut rates by 25 bps but had also reverted back to its neutral stance. The announcement of USD/INR swap auctions to infuse liquidity into the system added positivity towards the end of the year.

The major challenge before the company in FY 2018-19 was migration to new accounting system Ind-AS. Under the same, valuation of securities has to be done at fair value through P&L. Accordingly, all appreciation and depreciation of assets was taken into balance sheet. Based on Ind-AS, Company posted a Profit before Tax of ₹ 83.02 crore in FY 2018-19 as against Ind-AS reinstated profit of ₹ 1.32 crore in FY 2017-18 (As per IGAAP profit before tax amounted to ₹ 55.28 crore in FY 2017-18). The Net Worth of the company stood at ₹ 885.66 crore as on March 31, 2019. The company is adequately capitalized with capital adequacy ratio of 36.59 per cent as on March 31, 2019, against RBI's minimum stipulation of 15 per cent.

The company fulfilled all its obligations as a Primary Dealer by successfully achieving the stipulations laid down by the regulator. Besides, effective risk management systems kept the Company's risk profile in check throughout the year. Incessant support of all our shareholders has been our driving force. We are immensely grateful to you for your cooperation and support which has helped us manage the profitability against odds.

Looking Ahead

In FY 2019-20, the moderation of global growth and the weakening of investment in capital goods is expected to be countered by higher financial flow to commercial sector and rising private consumption, especially in the rural sector thereby accelerating economic momentum. RBI in its monetary policy statement of June 6, 2019 has projected a GDP growth of 7.0 per cent with risks evenly balanced. The GDP growth in the next year is expected to be supported by the continued recovery of investment, robust consumption amid a more expansionary stance of monetary policy and expected impetus from fiscal policy. Going forward, in context of the Indian Economy, there will be a judicious mix of fiscal prudence and monetary stimulus to resurrect the growth momentum. We shall continue to realign our strategies and resources in order to ensure the best returns for our shareholders and sustain those returns in the long term. Your company's competent trading skills coupled with its strong risk management systems will ensure that the performance is strengthened in the year ahead.

I extend my gratitude to all the stakeholders-clients, shareholders, directors and employees for their persistent support, unwavering trust and tireless efforts to strengthen the market position of the Company. I assure that your Company will continue to remain committed to enhance value for all the stakeholders.

Yours Sincerely,



(Sunil Mehta)
Chairman

Date : July 9, 2019
Place : New Delhi

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty Third Annual Report together with the Company's audited financial statements for the financial year ended March 31, 2019.

1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

Your company has prepared the financial statements for the financial year 2018-19 in accordance with the applicable Indian Accounting Standards (Ind-AS) and the corresponding figures for the previous year have been restated as per Ind-AS for the purpose of comparison.

The Company's financial performance, for the year ended March 31, 2019 is summarized below:

	For the year ended 31.3.2019	For the year ended 31.3.2018
		(₹ in lacs)
Total Income	50801.34	40244.86
Less : Total Expenditure	42499.27	40112.98
Profit/(loss) Before Tax	8302.07	131.88
Less : Tax Expense	3016.29	(9.55)
Profit for the period	5285.78	141.43
Other Comprehensive Income	(55.43)	(3.34)
Total Comprehensive Income	5230.35	138.09
Opening Balance in Retained Earnings	18710.60	25051.51
Amount available for appropriation	23940.95	25189.60
Transfer to Other Reserve	1057.16	1062.60
Final Dividend FY 2017-18 / FY 2016-17	1800.10	4500.25
Dividend Distribution Tax of FY 2017-18 / FY 2016-17	370.03	916.15
Closing Balance in Retained Earnings	20713.66	18710.60

Debt market started the year 2018-19 on a bearish note on back of inflation concerns, elevated crude prices and absence of demand of government securities by investors. This was further accentuated by two repo rate hikes of 25 basis points each by RBI from 6.00 per cent to 6.50 per cent. Reflecting the above, the yield of government securities remained volatile with an upward bias. However, with fall in crude prices and rupee appreciation alongwith lower inflation, announcement of OMO purchase by RBI and repo rate cut of 25 basis points in February, 2019 RBI policy, there was moderation of government bond yields during second half of the financial year. The yield on old 10 year benchmark paper touched a high of 8.23 per cent as against 7.40 per cent on March 31, 2018 and closing yield as on March 31, 2019 was 7.49 per cent. The yield on new 10 year benchmark, issued on January 11, 2019, increased from 7.26 per cent to 7.35 per cent as on March 31, 2019.

Despite the heightened volatility, Company managed to post a Profit before Tax of ₹ 8302.07 lacs in FY'19 against the Ind-AS restated Profit before Tax of ₹ 131.88 lacs in FY'18. Additionally, the Company fulfilled all its obligations as a Primary Dealer in both primary and secondary market. With regard to Treasury Bills commitment, the Company exceeded the stipulated success ratio of 40 per cent, achieving 41.16 per cent and 40.40 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 179 times for treasury bills and 303 times for government-dated securities as on March 31, 2019 against the minimum RBI stipulation of 10 times and 5 times respectively.

Material Changes and Commitments

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, 2019 stood at 36.59 per cent as against the RBI stipulation of 15 per cent.

Dividend

Your Board has recommended a dividend of ₹ 1.40 (i.e. 14 per cent) per equity share (last year ₹ 1 per equity share) for the financial year ended March 31, 2019, subject to approval in the ensuing Annual General Meeting. The total outflow on account of said dividend shall be ₹ 3038.16 lacs (including Dividend Distribution Tax of ₹ 518.02 lacs).

Transfer to Reserves

Your Company proposes to transfer ₹ 1057.16 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 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 Obligations and Disclosure Requirements) Regulations, 2015 ("the 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 seven times during the financial year 2018-19 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 2018-19, Sh. R.S. Ramasubramaniam (DIN:00008937), Independent Director, resigned from directorship of the Company w.e.f. July 3, 2018 due to his personal reasons. He has confirmed there are no other material reasons other than those provided. Your Board places on record its appreciation for the valuable contribution made by him during his tenure as director.

Further, during the year 2018-19 the nomination of Sh. K.V. Brahmaji Rao (DIN: 06861202), Non-Executive & Non-Independent Director, was withdrawn by PNB, parent bank w.e.f. August 10, 2018. In his place, your Board appointed Sh. A.K. Pradhan (DIN: 06777880) as an Additional Director (Non-Executive & Non-Independent) w.e.f. August 10, 2018. Thereafter, the members in their Annual General Meeting held on September 15, 2018 approved the appointment of Sh. A. K. Pradhan (DIN : 06777880), Additional Director as Director (under Non-Executive and Non-Independent category). He resigned from the Directorship of the Company w.e.f. 30.04.2019, consequent upon his appointment as Chief Vigilance Officer of the New India Assurance Co. Ltd. Your Board places on record its appreciation for the valuable contribution made by him during his tenure as director.

In the same meeting, the members approved appointment of Sh. S. K. Kalra (DIN: 01952165) as an Independent Director for a period of 5 years from September 15, 2018.

Tenure of Sh. S. K. Dubey (DIN: 01770805), Managing Director and Key Managerial Personnel was till January 31, 2019. Your Board places on record his valuable contribution as an executive member of the Board and its Committees. In his place, your Board has appointed Sh. Vikas Goel (DIN: 08322541) as an Additional Director with the designation 'Managing Director & CEO' for a period of 3 years w.e.f. February 1, 2019 subject to shareholders' approval in General Meeting. Sh. Vikas Goel has also been designated as Key Managerial Personnel in place of Sh. S.K. Dubey.

Sh. S. K. Soni (DIN: 00046856), the Independent Director and aged above 75 years ceased to be a Director of the Company w.e.f April 01, 2019 in compliance with Regulation 17 (IA) of the Listing Regulations. Your Board

places on record his valuable contribution as member of the Board and its Committees.

Pursuant to the provisions of the Companies Act, 2013 ("Act"), Sh. P. P. Pareek (DIN: 00615296) was appointed as an Independent Director to hold office for five consecutive years for a term upto August 29, 2019 by the Members of the Company in the 18th Annual General Meeting held on August 30, 2014. Sh. P. P. Pareek is eligible for re-appointment as an Independent Director for another term of five consecutive years. Pursuant to the recommendation of Nomination and Remuneration Committee and based on the report of performance evaluation, the Board recommends for the approval of the Members through a Special Resolution in the 23rd Annual General Meeting, re-appointment of Sh. P.P. Pareek as an Independent Director for another term of five consecutive years from August 30, 2019 upto August 29, 2024.

Further, based on the recommendation of Nomination and Remuneration Committee, the Board appointed Smt. Uma Ajay Relan (DIN: 07087902) as an Additional Director in the category of Independent Director on June 28, 2019 for a term of 5 consecutive years effective from June 28, 2019, subject to the shareholders approval in the ensuing Annual General Meeting. Smt. Uma Ajay Relan has submitted the required declaration of independence as required under Section 149(7) of the Companies Act, 2013. In the opinion of the Board, Smt. Uma Ajay Relan fulfills the conditions specified under the Companies Act, 2013 and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and she is independent of the management.

Further, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Sunita Gupta (DIN: 06902258) shall retire by rotation in the ensuing Annual General Meeting and being eligible, offers for reappointment.

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

Dr. Kamal Gupta (DIN:00038490), Independent Director, resigned from the directorship of the Company w.e.f. June 28, 2019 due to his personal reasons. He has confirmed that there are no other material reasons other than those provided. Your Board place on record its appreciation for the significant contribution made by him during his tenure as director of the Company.

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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the board meeting and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

Copy of said policy, inter-alia, containing the process and criteria for evaluation is available at Company's website at the link <https://pnbgilts.com/data/governance/1523278049.pdf>.

Familiarization programme

The details of programme for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and related

matters are placed at Company's website at the link <https://www.pnbgilts.com/data/governance/1554113675.pdf>.

Quarterly updates on relevant statutory changes are also circulated to the Directors.

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 policies are appended as Annexure A to the Board's Report. These policies were amended in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. Key changes include, inter alia addition of key skills/competencies etc. matrix for Board of Directors.

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 Obligations and Disclosure Requirements) Regulations, 2015. 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.

3. OTHER DISCLOSURES –

Audit Committee

The composition of Audit Committee during FY 2018-19 was as under–

Name of Director	Position
Dr. Kamal Gupta ¹	Chairman
Sh. S. K. Soni ²	Member
Sh. P. P. Pareek ³	Member
Sh. R. S. Ramasubramaniam ⁴	Member
Sh. S. K. Kalra ⁵	Member

¹ Chairman of Audit Committee till March 29, 2019 and thereafter, he is member of this Committee.

² Member of Audit Committee till March 29, 2019.

³ Chairman of Audit Committee w.e.f. March 30, 2019. Prior to this, he was member of this Committee.

⁴ Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 3, 2018.

⁵ Member of the Audit Committee w.e.f. September 15, 2018.

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

Corporate Social Responsibility (CSR) Committee

The composition of the CSR Committee during FY 2018-19 was as under –

Name of Director	Position
Sh. K. V. Brahmaji Rao ¹	Chairman
Dr. Kamal Gupta ²	Chairman
Sh. S. K. Kalra ³	Chairman
Sh. P. P. Pareek ⁴	Member
Sh. A. K. Pradhan ⁵	Member
Sh. S. K. Dubey ⁶	Member
Sh. Vikas Goel ⁷	Member

¹ Nomination withdrawn by the parent bank w.e.f. August 10, 2018 and consequently ceased to be a member of this Committee w.e.f. August 10, 2018.

² Dr. Kamal Gupta, who was member of this Committee was made Chairman of the Committee w.e.f. August 10, 2018. W.e.f. March 30, 2019, he is member of this Committee.

³ Inducted as Chairman of Committee w.e.f. March 30, 2019.

⁴ Inducted as Member of Committee w.e.f. August 10, 2018.

⁵ His tenure of membership of this Committee is from August 10, 2018 to March 29, 2019.

⁶ Tenure as Managing Director was till January 31, 2019, thus ceased to be a member of this Committee w.e.f. February 1, 2019.

⁷ Appointed as Member w.e.f. February 1, 2019.

The CSR policy of the Company, duly recommended by the CSR Committee and approved by the Board, is available at Company's website at the link <http://pnbgilts.com/data/governance/1523278002.pdf>. The CSR activity of the Company is carried out as per the instructions of the Committee and Board. During the year, the Company has spent 2 per cent of its average net profits of the three immediately preceding financial years on CSR activity.

The annual report on the CSR for the year 2018-19 in the prescribed format is presented at Annexure B 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. No employee / director has been denied access to the 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 <http://pnbgilts.com/data/governance/1409222609.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 given in form AOC-2 at Annexure C). Further during the year, the Company had not entered into any contract/arrangement/transaction with related parties, which could be considered material in accordance with the Company's Policy/Standard Operating Procedures (SOP) on Related Party Transactions. The said Policy/SOP can be accessed at the Company's website at the link <http://pnbgilts.com/data/governance/1523277954.pdf>.

Necessary disclosure in prescribed form AOC-2 is annexed at Annexure C.

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 2018-19 had already been considered by its parent bank i.e. Punjab National Bank for 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, 2019, 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, 2019 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 D.

The information required to be disclosed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 be treated as NIL as there was no employee, whether employed throughout the year 2018-19 or part thereof, who was in receipt of remuneration beyond the limits laid down in above said Rule. 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. During the year 2018-19, there were no cases filed pursuant to the said Act.

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

The information required to be disclosed under Section 134(3)(g) of the Companies Act, 2013 may be treated as 'Nil', as the Company is exempted under Section 186(11) of the Companies Act, 2013.

Extract of the Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure E to this Report. Same is also available Company's website at the link <https://pnbgilts.com/data/shareholder/1561101093.pdf>.

Deposits

During the year ended March 31, 2019, 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 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.

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.

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, 2019. 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 2018-19. The Auditor Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The Board had appointed M/s Pranav Kumar & Associates, Company Secretaries, to conduct the Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed as Annexure F to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Internal 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. 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 year 2018-19, the Board appointed M/s Lodha & Co. 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 monthly basis and key business processes, including IT systems of the Company, on quarterly basis. All the reports of the Internal Auditors 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



(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 24, 2019

Place: New Delhi

REMUNERATION POLICY

The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Remuneration Policy is applicable to Independent Directors, Non-Independent Directors, Key Managerial Personnel, senior management and other employees. HR Policy including Service Regulations, increment policy etc. of the Company is a part of this Policy.

Purpose and Basic Principles

The Remuneration Policy seeks to ensure adequate remuneration in recognition of their dedication and the responsibility assumed, and in accordance with the remuneration paid in the market by peer group, taking into account the long term interest of all the shareholders. The guiding principle is to offer remuneration systems that make it possible to attract, retain, and motivate the most outstanding professionals in order to enable the Company to attain its strategic objectives within the increasingly competitive environment in which the Company operate.

The Remuneration Policy seeks to:

- Ensure that the remuneration, in terms of structure and total amount, is in line with best practices, as well as competitive vis-à-vis that of comparable entities.
- Establish the remuneration, in accordance with objective standards, based on individual performance and on the achievement of the business objectives of the Company.
- Include a significant annual variable component tied to performance and to the achievement of specific, pre-established, quantifiable objectives in line with the corporate interest and strategic goals of the Company.
- The foregoing should be understood to be without prejudice to the possibility of considering other objectives, especially in the area of corporate governance and corporate social responsibility.
- Foster and encourage the attainment of the strategic goals of the Company through the inclusion of long-term incentives, strengthening continuity in the competitive development of the company, of its directors, and of its management team, and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals.
- Set appropriate limits to any short-term or long-term variable remuneration, and establish suitable mechanisms to reconsider the implementation and payment of any deferred variable remuneration when a reformulation occurs that has a negative effect on the Company's annual accounts, including the potential total or partial cancellation of the payment of deferred variable remuneration if there is a correction of the annual accounts upon which such remuneration was based.

Competent Bodies

The Board of Directors, at the proposal of the Nomination and Remuneration Committee, is the body with authority to determine the remuneration of directors within the overall limit established in the Act.

Limit on Directors' Remuneration

Pursuant to the provisions of the Act and rules made thereunder, the Directors' Remuneration shall be within the overall limits defined under Section 197 and other applicable provisions of the Companies Act, 2013 and Schedule V of the Act and Rules made thereunder. The terms of service, including remuneration matters, of Managing Director, Executive Director, other Key Managerial Personnel, senior management and other employees shall be subject to Service Regulations of the Company, which is being reviewed by Nomination & Remuneration Committee and approved by the Board on annual basis.

Structure of remuneration of Managing Director, Executive Director, Key Managerial Personnel and other employees

The remuneration that Managing Director and Executive Director etc. are entitled to receive for the performance of executive duties at the Company is structured as follows:

(a) Fixed Remuneration/CTC –

(i) Fixed Remuneration/CTC of Managing Director and Executive Director -

This portion of the remuneration shall be in line with the remuneration paid in the market by competing companies. Under ordinary circumstances, it includes remuneration by way of salary, perquisites and allowances. The Nomination & Remuneration Committee recommends suitable package to the Board for approval, which is subject to shareholders' approval and limits specified under Schedule V of the Companies Act, 2013.

(ii) Fixed Remuneration/CTC of Key Managerial Personnel, Senior Management and other employees -

Remuneration of employees largely consists of salary, perquisites, and allowances. The detailed components of the fixed remuneration are defined in the service regulations of the company. Annual increments are given each year in line with the performance parameters defined in the increment policy.

(b) Variable Remuneration

In order to strengthen employees' commitment to the Company, to retain and promote a better performance of their duties, the Company gives a performance linked incentive. This variable remuneration shall be tied, for the most part, to the achievement of specific and pre-established profit targets and other objectives as a Primary Dealer that are quantifiable and aligned with the corporate interest and with the strategic objectives of the Company. The Nomination and Remuneration Committee will assess the achievement of Company's objectives vis-à-vis individual performance. The Committee may seek the advice of independent professionals in this regard. The proposal thereof shall be submitted to the Board of Directors for approval on annual basis. While assessing the performance of the employee, the Committee/Board also broadly takes into account the profits earned by the Company for the year.

The recommending authority must ensure appropriate balance between fixed and variable remuneration.

Structure of remuneration of Non-Executive / Independent Directors

Remuneration of Non-Executive/ Independent Directors is subject to the provisions of Section 197 of the Companies Act, 2013 & Rules made thereof and Articles of Association of the Company. The Board approves the sitting fee payable to Non-executive/Independent Directors. In addition, the Company also pays out of pocket expenses incurred by them for attending such meetings.

Principle of Full Transparency

The Board of Directors assumes the commitment to enforce the principle of the fullest transparency of all the items of remuneration received by all directors, providing clear and adequate information as much in advance as required and in line with the good governance practices generally recognised in Indian markets in the area of director remuneration.

For such purpose, the Board of Directors establishes the Remuneration Policy and ensures the transparency of director remuneration by including in the Company's report a detailed breakup, according to positions and status, of all remuneration received by the directors, whether as such, in their capacity as executives, if applicable, or in any other capacity. The Company's Remuneration Policy shall be published suitably in the Directors' report or Annual Report.

General

Any or all provisions of this Policy would be subject to revision/amendment in accordance with the guidelines etc. on the subject as may be issued by Government/regulatory bodies etc., from time to time.

ELIGIBILITY CRITERIA OF DIRECTORS AND POLICY ON BOARD DIVERSITY

Introduction

In pursuance of the provisions of Section 178 of the Companies Act, 2013 and Rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘the Listing Regulations’) and RBI guidelines for NBFCs, the Nomination and Remuneration Committee of the Board (the ‘Committee’) is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each annual general meeting and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

Director Qualification Review Procedures

The Committee shall evaluate each director and director candidate under the Director Qualification Criteria set forth herein and recommend to the Board for their appointment accordingly.

Director Qualification Criteria

The Committee has not established specific education (minimum will be graduation), and years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.

In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company’s business dynamics, global business and social perspective, educational and professional background and personal achievements.

Key Board Expertise/Skills/Competencies which can be taken into consideration by the Committee while nominating candidates to serve on Board shall be as under -

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 addition, directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.

The Committee evaluates each individual with the object of having a group that best enables the success of the Company's business.

Qualifications and tenure of Directors as per Companies Act, 2013

The Act has also prescribed certain criteria for qualification of directors, which has since been adopted by the Company i.e.:

Section 196 and Schedule V (Part-I) (for the appointment of Managing Director, Whole Time Director and Manager), Section 149 (for appointment of Independent Directors) and any other applicable provisions of Companies Act, 2013 and Rules made thereunder.

Further, a Director should not be disqualified in terms of Section 164 of the Act.

What constitutes independence for Directors

For a Director to be considered Independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the company. The Board has adopted guidelines to determine independence, which are in line with the applicable legal requirements as stated in Section 149 of the Companies Act, 2013 and the Rules made thereunder read with Listing Regulations. Apart from the provisions laid down under the Companies Act, 2013 and Listing Regulations, the Board also considers all relevant facts and circumstances, not merely from the standpoint of the Directors but also from that of persons or organizations with which the director has an affiliation in forming an opinion on the independence of the concerned director(s).

The criteria of independence is provided in the Section 149 of the Companies Act, 2013 and Listing Regulations. The Company also obtains an annual declaration from all Independent Directors confirming that they meet the requirements of an Independent Director as per the Companies Act, 2013 and Listing Regulations.

Succession Planning

A planned programme of recruitment and retirement amongst Board members and senior management is of significant importance.

It is an important part of the Board's work to ensure that there is adequate management development and succession planning particularly at the top levels. Succession planning also involves an assessment of the challenges and opportunities facing the company, and an evaluation of the skills and expertise that will be needed in the future. The Nomination and Remuneration Committee is to provide support on this. Both executive and non-executive requirements shall be considered. The Committee shall satisfy itself that processes and plans are in place for orderly succession for appointments to the Board and to senior management to maintain an appropriate balance of skills on the Board and in the company.

In addition, the annual appraisal assessment process for all the employees including the senior management personnel has succession planning and employee progression as one of the key attributes.

The process is institutionalized in the Company's HR framework and by design, it is the responsibility of the superiors to identify the succession path and suggest the training and development of skill necessary for the company executives or suggest new recruitment wherever gaps exist.

Board Diversity

In accordance with the requirements of the Listing Regulations, atleast half of the Board shall comprise of Independent Directors. Further, atleast one woman director should also be there. The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required from the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in the areas that are relevant for the Company's operations.

Thus, the Committee should strive for a diversified Board consisting of executive and non-executive members (more of non-executive).

The Board of the Company always strives to maintain equilibrium between the Independent Directors and Non- Independent Directors.

General

Any or all provisions of this Policy would be subject to revision/amendment in accordance with the guidelines etc. on the subject as may be issued by Government/regulatory bodies etc., from time to time.

On behalf of Board of Directors

A handwritten signature in black ink, appearing to read 'Sunil Mehta'.

(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 24, 2019

Place: New Delhi

REPORT ON CSR ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & 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 can also pool funds with the group companies, peer companies in Primary Dealer industry or Fixed Income Money Market and Derivatives Association of India (FIMMDA). It can join the eligible initiatives of CSR by any organ of parent bank and can also make contribution to the Prime Minister's National Relief Fund etc. For more information, please refer CSR policy of the Company at the link <http://pnbgilts.com/data/governance/1523278002.pdf>.

2. Composition of the CSR Committee

The composition of the CSR Committee during FY 2018-19 was as under –

Name of Director	Position
Sh. K. V. Brahmaji Rao ¹	Chairman
Dr. Kamal Gupta ²	Chairman
Sh. S. K. Kalra ³	Chairman
Sh. P. P. Pareek ⁴	Member
Sh. A. K. Pradhan ⁵	Member
Sh. S. K. Dubey ⁶	Member
Sh. Vikas Goel ⁷	Member

¹ Nomination withdrawn by the parent bank w.e.f. August 10, 2018 and consequently ceased to be a member of this Committee w.e.f. August 10, 2018.

² Dr. Kamal Gupta, who was member of this Committee was made Chairman of the Committee w.e.f. August 10, 2018. W.e.f. March 30, 2019, he is member of this Committee.

³ Inducted as Chairman of Committee w.e.f. March 30, 2019.

⁴ Inducted as Member of Committee w.e.f. August 10, 2018.

⁵ His tenure of membership of this Committee is from August 10, 2018 to March 29, 2019.

⁶ Tenure as Managing Director was till January 31, 2019, thus ceased to be a member of this Committee w.e.f. February 1, 2019.

⁷ Appointed as Member w.e.f. February 1, 2019.

3. Average Net Profit of the Company for last 3 financial years : ₹ 12780.46 lacs
4. Prescribed CSR expenditure (2 per cent of amount) – ₹ 255.61 lacs
5. Details of CSR spent during the financial year:

(a) Total amount to be spent during the financial year – ₹ 255.61 lacs

(b) Amount un-spent, if any – Nil

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

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others 2. Specify the state and district where project/ programme was undertaken	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programme Sub-heads: 1.Direct expenditure on project/ programme 2. Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct/ through implementing agency
1	Prime Minister's National Relief Fund	-	-	₹ 55.61 lacs	₹ 55.61 lacs (Direct)	₹ 55.61 lacs	Direct – ₹ 55.61 lacs
2	Clean Ganga Fund	Environment sustainability	-	₹ 200.00 lacs	₹ 200.00 lacs (Direct)	₹ 200.00 lacs	Direct – ₹ 200.00 lacs

6. In case the company has failed to spend the 2 per cent of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report – Not Applicable.

7. Responsibility Statement by the CSR Committee -

We hereby affirm that CSR policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with CSR objectives and policy of the Company.

Date : June 29, 2019


Place : New Delhi



(Vikas Goel)

Managing Director & CEO

DIN: 08322541



(S.K. Kalra)

Chairman, CSR Committee

DIN: 01952165

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, 2019, 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	<p>a. Madhya Bihar Gramin Bank</p> <p>b. Sarva Haryana Gramin Bank</p> <p>c. Himachal Gramin Bank</p> <p>d. Punjab Gramin Bank</p> <p>e. Sarva UP Gramin Bank</p> <p>f. PNB Employees Pension Fund</p> <p>g. PNB Employees PF Fund</p> <p>h. PNB Employees Gratuity Fund</p> <p>(a) to (e) above are Associates of Punjab National Bank (PNB), parent bank.</p> <p>(f) to (h) above are post employment benefit plan of the parent bank.</p>
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.	<p>Business premises from PNB taken on lease / rent sharing arrangement -</p> <p>Mumbai Branch Office: The lease for 5 years is effective from September, 2016, renewable after every five years.</p>	<p>Business premises from PNB taken on lease / rent sharing arrangement -</p> <p>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.</p>	The arrangement is on continuing basis, subject to review from time to time.

4	Salient terms of the contracts or arrangements or transaction including the value, if any	No transaction value is there as these transactions are being done in view of parent-subsidiary relationship and on mutual understanding.	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 abovesaid State Govt Department.)	Transaction fee charged on concessional basis depending upon the relationship (50% concession on charges to PNB sponsored RRBs. 100% concession to post employment benefit plans of parent bank from till 16.11.2018 and after that, concession was reduced to 50%). Same is in ordinary course of business. Normal Charges are as under – a. The Constituent Deals with Third Party i.e. the counterparty is other than PNB Gilts Ltd.- ₹ 750/- plus applicable taxes per deal plus CCIL charges on actual basis. b. For collection and remittance of interest/ maturity proceeds - ₹ 500/- plus applicable taxes per security per half year or on maturity proceeds c. The Constituent Buys/ Sells securities to PNB Gilts Ltd. – NIL d. For issue of holding certificate from a firm of Chartered Accountants – Actual. e. CSDL account's Annual Maintenance Charges - ₹ 1500/- per annum plus applicable taxes f. Conversion charges from Demat to CSDL and vice versa – ₹ 500/- per transaction plus applicable charges. g. Creation/revocation Lien/ Hypothecation/ Pledge- ₹ 500 per transaction
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 Company and associates/post employment benefit plans of the parent bank are entering into these transactions as they are part of promoter group.

6	Date(s) of approval by the Board	03.08.2015	29.01.2015	26.10.2016	30.07.2016	18.08.2018 and 17.11.2018
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, 2019.

On behalf of Board of Directors



(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 24, 2019
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 2018-19

(₹ in lacs)

Sl. No	Name of Director	Director's Remuneration	Employee Median Remuneration	Ratio (No. of times)
1	Sh. Sunil Mehta	2.10	14.96	0.14
2	Sh. K. V. Brahmaji Rao	Nil		0.00
3	Dr. Kamal Gupta	3.75		0.25
4	Sh. S. K. Soni	4.10		0.27
5	Sh. P. P. Pareek	3.15		0.21
6	Sh. R. S. Ramasubramaniam	0.75		0.05
7	Sh. A. K. Pradhan	2.30		0.15
8	Sh. S. K. Kalra	2.00		0.13
9	Sh. S. K. Dubey*	53.19**		3.56
10	Sh. Vikas Goel	16.46***		1.10
11	Smt. Sunita Gupta	46.24**		3.09

* Remuneration of Sh. S. K. Dubey includes leave encashment of Rs. 7.63 lacs paid on retirement. In addition, he also received pension from PNB, being an ex-employee. Remuneration reflected above is for the period from 01.04.2018 to 31.01.2019.

** 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 2018-19, variable pay of ₹ 8.60 lacs and ₹ 6.56 lacs (Prev. Year: ₹ 39.10 lacs and ₹ 29.25 lacs) was paid to Sh. S. K. Dubey, the then Managing Director and Smt. Sunita Gupta, Executive Director & CFO, at Sl. No. 9 and 11 above, respectively. Apart from this, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

** Sh. Vikas Goel is Managing Director & CEO of the Company w.e.f. 01.02.2019. Therefore, the remuneration reflected above is for the period from 01.02.2019 to 31.03.2019.

Notes: 1. Directors at Sl. No. 1 to 8 are/were Non-Executive Directors and only sitting fee has been paid. Sitting fee of promoter directors at Sl. No. 1 and 7 has been paid to Punjab National Bank, who is the promoter of the Company, as per the instructions received from said bank/directors and for Promoter Director at Sl. No.2, fee was not paid as no meeting was attended by him during his directorship in the Company.

2. Out of pocket expenses incurred by them for attending the meetings and service tax 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:

Sl. No	Name of Director and Key Managerial Personnel	% increase in remuneration
1	Sh. Sunil Mehta*	110.00
2	Sh. K. V. Brahmaji Rao*	NA
3	Dr. Kamal Gupta*	10.29
4	Sh. S. K. Soni*	30.16
5	Sh. P. P. Pareek*	43.18
6	Sh. R. S. Ramasubramaniam*	NA
7	Sh. A. K. Pradhan*	NA
8	Sh. S. K. Kalra*	NA
9	Sh. S. K. Dubey	NA
10	Sh. Vikas Goel	NA
11	Smt. Sunita Gupta	(29.00)
12	Smt. Monika Kochar	(14.90)


* received only sitting fee during the year. Sitting fee of Promoter Director at Sl. No. 1 and 7 has been paid to PNB as per instructions and for Promoter Director at Sl.No. 2, fee was not paid as no meeting was attended by him during his directorship in the Company.

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 2018-19, variable pay of ₹ 8.60 lacs, ₹ 6.56 lacs and ₹ 1.40 lacs (Prev. Year: ₹ 39.10 lacs, ₹ 29.25 lacs and ₹ 7.50 lacs) was paid to the then Managing Director, Executive Director & CFO and Company Secretary, at Sl. No. 9, 11 and 12 above, respectively. Apart from this, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

Except above, there was no increase in remuneration of other Directors as either they were not directors in FY 2017-18 or were appointed during FY 2018-19. Further with respect to Non-Executive Directors (Sl. No. 1 to 8), increase in remuneration is on account of attending a higher number of Board/Committee meetings during FY 2018-19 as opposed to FY 2017-18.

- c. In the financial year 2018-19, there was an increase of 0.15 per cent in the median remuneration of employees.
- d. Total number of employees of the Company as on March 31, 2019 were 35 (including 2 employees 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 2018-19 was (9.77) per cent whereas the increase in managerial remuneration was (22.17) per cent in this period. 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


(Sunil Mehta)
 Chairman
 DIN: 07430460

Date : July 24, 2019
 Place: New Delhi

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2019 of
PNB GILTS LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. Registration and other details:

i) Corporate Identity Number (CIN)	L 7 4 8 9 9 D L 1 9 9 6 P L C 0 7 7 1 2 0
ii) Registration Date	March 13, 1996
iii) Name of the Company	PNB Gilts Limited
iv) Category / Sub-Category of the Company	Public Limited Company
v) Address of the Registered Office and Contact details	5, Sansad Marg, New Delhi, India, PIN –110001 Tel : 011-23325759, 23325779 Fax : 011-23325751, 23325763 Email: m.kochar@pnbgilts.com website: www.pnbgilts.com
vi) Whether listed company (Yes/No)	Yes
vii) Name, Address and contact details of Registrar & Transfer Agents (RTA)	MCS Share Transfer Agent Limited (Unit: PNB Gilts) F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi, India. PIN-110 020 Tel.: 011- 41406149-52 Fax No.: 011- 41709881 E-mail : helpdeskdelhi@mcsregistrars.com website:www.mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 per cent or more of the total turnover of the company is as under:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Securities Trading	6599	100.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S.No.	Name and Address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Punjab National Bank	PUNB	Holding	74.07	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (31.03.2018)				No. of Shares held at the end of the year (31.03.2019)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A PROMOTERS									
(1) Indian									
(a) Individual/HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	0	0	0	0	0	0	0	0	0
(e) Banks / FI	133333333	0	133333333	74.07	133333333	0	133333333	74.07	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	133333333	0	133333333	74.07	133333333	0	133333333	74.07	0
(2) Foreign									
(a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
(b) Other– Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1)+(A)(2)	133333333	0	133333333	74.07	133333333	0	133333333	74.07	0
B PUBLIC SHAREHOLDING									
(1) Institutions									
(a) Mutual Funds	125756	0	125756	0.07	62907	0	62907	0.03	(0.04)
(b) Banks / FI	51953	0	51953	0.03	129105	0	129105	0.07	0.04
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	930866	0	930866	0.52	630866	0	630866	0.35	(0.17)
(g) FIs	2370065	0	2370065	1.32	318877	0	318877	0.18	(1.14)
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B) (1):-	3478640	0	3478640	1.93	1141755	0	1141755	0.63	(1.30)
(2) NON-INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	5924408	156528	6080936	3.38	6328641	156528	6485169	3.60	0.22
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	25047729	268973	25316702	14.06	24046745	230951	24277696	13.49	(0.57)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9823305	34665	9857970	5.48	12808716	34665	12843381	7.13	1.65
(c) Others									
(i) Trusts and Foundations	12099	0	12099	0.01	14599	0	14599	0.01	0
(ii) Non-Resident Individuals	1851338	799	1852137	1.03	1811147	799	1811946	1.01	(0.02)
(iii) NBFCs	0	0	0	0	0	0	0	0	0
(iv) Directors and their relatives	1333	0	1333	0	1333	0	1333	0	0
(v) Investor Education and Protection Fund Authority - MCA	76984	0	76984	0.04	100922	0	100922	0.06	0.02
Sub-total (B)(2):-	42737196	460965	43198161	24.00	45112103	422943	45535046	25.30	1.30
Total public shareholding (B)=(B)(1)+(B)(2)	46215836	460965	46676801	25.93	46253858	422943	46676801	25.93	0
C Shares held by custodian for GDR's and ADR's	0	0	0	0	0	0	0	0	0
Grand total (A+B+C)	179499169	510965	180010134	100.00	179587191	422943	180010134	100.00	0

II. Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Punjab National Bank	133333333	74.07	0	133333333	74.07	0	0

III. Change in Promoters' Shareholding

SI. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	133333333	74.07	133333333	74.07
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc)	NIL			
	At the end of the year	133333333	74.07	133333333	74.07

IV. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SI. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at the beginning (01-04-18)/ end of the year (31-03-19)	% of total shares of the Company				No. of shares	% of total Shares of the company
1	The Oriental Insurance Company Limited	630866	0.35	01/04/2018				
		630866	0.35	31/03/2019	0	Nil	630866	0.35
2	Mala Rajan Bharvani	585938	0.33	01/04/2018				
		585938	0.33	31/03/2019	0	Nil	585938	0.33
3	Narnolia Advisors Capital Private Limited	580382	0.32	01/04/2018				
				06/04/2018	49000	Purchase	629382	0.35
				13/04/2018	(64101)	Sale	565281	0.31
				20/04/2018	(5500)	Sale	559781	0.31
				27/04/2018	(29500)	Sale	530281	0.29
				15/06/2018	(12000)	Sale	518281	0.29
				22/06/2018	(1000)	Sale	517281	0.29
				31/08/2018	(16000)	Sale	501281	0.28
				04/01/2019	(11000)	Sale	490281	0.27
				15/02/2019	13500	Purchase	503781	0.28
		503781	0.28	31/03/2019			503781	0.28
4	Bengal Vipanapan Pvt. Ltd	440043	0.24	01/04/2018				
		440043	0.24	31/03/2019	0	Nil	440043	0.24

5	Angel Fincap Private Limited	170150	0.09	01/04/2018				
				06/04/2018	5450	Purchase	175600	0.10
				13/04/2018	16338	Purchase	191938	0.11
				20/04/2018	23987	Purchase	215925	0.12
				27/04/2018	(500)	Sale	215425	0.12
				04/05/2018	31631	Purchase	247056	0.14
				11/05/2018	(150)	Sale	246906	0.14
				18/05/2018	(98)	Sale	246808	0.14
				25/05/2018	850	Sale	236348	0.13
				01/06/2018	16138	Purchase	252486	0.14
				08/06/2018	(450)	Sale	252036	0.14
				15/06/2018	20150	Purchase	272186	0.15
				22/06/2018	(50)	Sale	272136	0.15
				29/06/2018	496	Purchase	272632	0.15
				06/07/2018	(2)	Sale	272630	0.15
				13/07/2018	147	Purchase	272777	0.15
				20/07/2018	(4480)	Sale	268297	0.15
				27/07/2018	646	Purchase	268943	0.15
				03/08/2018	2000	Purchase	270943	0.15
				10/08/2018	3700	Purchase	274643	0.15
				17/08/2018	1000	Purchase	275643	0.15
				24/08/2018	(7750)	Sale	267893	0.15
				31/08/2018	2000	Purchase	269893	0.15
				07/09/2018	14209	Purchase	284102	0.16
				14/09/2018	1000	Purchase	285102	0.16
				21/09/2018	19050	Purchase	304152	0.17
				28/09/2018	7550	Purchase	311702	0.17
				05/10/2018	(20814)	Sale	290888	0.16
				12/10/2018	(1952)	Sale	288936	0.16
				19/10/2018	(7000)	Sale	281936	0.16
				26/10/2018	(100)	Sale	281836	0.16
				02/11/2018	23119	Purchase	304955	0.17
				09/11/2018	(700)	Sale	304255	0.17
				16/11/2018	18633	Purchase	322888	0.18
				23/11/2018	(1498)	Sale	321390	0.18
				30/11/2018	45616	Purchase	367006	0.20
				07/12/2018	(6000)	Sale	361006	0.20
				14/12/2018	(525)	Sale	360481	0.20
				21/12/2018	(16589)	Sale	343892	0.19
				28/12/2018	(25332)	Sale	318560	0.18
				31/12/2018	(500)	Sale	318060	0.18
				04/01/2019	(21400)	Sale	296660	0.16
				11/01/2019	(12049)	Sale	284611	0.16
				18/01/2019	20498	Purchase	305109	0.17
				25/01/2019	15000	Purchase	320109	0.18
				01/02/2019	5000	Purchase	325109	0.18
				08/02/2019	21500	Purchase	346609	0.19
				15/02/2019	(16542)	Sale	330067	0.18
				22/02/2019	26391	Purchase	356458	0.20
				01/03/2019	20061	Purchase	376519	0.21
				08/03/2019	200	Purchase	376719	0.21

				15/03/2019	5750	Purchase	382469	0.21
				22/03/2019	6561	Purchase	389030	0.22
				29/03/2019	(387)	Sale	388643	0.22
		388643	0.22	31/03/2019			388643	0.22
6	Raj Kumar Sharma	100000	0.06	01/04/2018				
				01/06/2018	50000	Purchase	150000	0.08
				08/06/2018	50000	Purchase	200000	0.11
				22/02/2019	50000	Purchase	250000	0.14
				08/03/2019	100000	Purchase	350000	0.19
		350000	0.19	31/03/2019			350000	0.19
7	Vikas Kumar Agarwal	328031	0.18	01/04/2018				
				19/10/2018	2201	Purchase	330232	0.18
		330232	0.18	31/03/2019			330232	0.18
8	Nahar Capital and Financial Services Ltd.	310733	0.17	01/04/2018				
				25/05/2018	8884	Purchase	319617	0.18
				01/06/2018	11938	Purchase	331555	0.18
				31/12/2018	(15000)	Sale	316555	0.18
		316555	0.18	31/03/2019			316555	0.18
9	Acatis India Value Equities	316348	0.18	01/04/2018				
		316348	0.18	31/03/2019	0	Nil	316348	0.18
10	Kimi Business Investments Advisors LLP	0	0.00	01/04/2018				
				24/08/2018	140175	Purchase	140175	0.08
				31/08/2018	(46956)	Sale	93219	0.05
				05/10/2018	242693	Purchase	335912	0.19
				12/10/2018	58663	Purchase	394575	0.22
				04/01/2019	(20043)	Sale	374532	0.21
				11/01/2019	(9546)	Sale	364986	0.20
				18/01/2019	(572)	Sale	364414	0.20
				22/02/2019	(20000)	Sale	344414	0.19
				01/03/2019	(52011)	Sale	292403	0.16
		292403	0.16	31/03/2019			292403	0.16
11	Morgan Stanley Mauritius Company Ltd.*	1283297	0.71	01/04/2018				
				08/06/2018	(25143)	Sale	1258154	0.70
				15/06/2018	(26214)	Sale	1231940	0.68
				22/06/2018	(115018)	Sale	1116922	0.62
				29/06/2018	(105062)	Sale	1011860	0.56
				06/07/2018	(141312)	Sale	870548	0.48
				13/07/2018	(116342)	Sale	754206	0.42
				20/07/2018	(133914)	Sale	620292	0.34
				27/07/2018	(276353)	Sale	343939	0.19
				03/08/2018	(214821)	Sale	129118	0.07
				10/08/2018	(119879)	Sale	9239	0.01
				31/08/2018	(7618)	Sale	1621	0.00
				07/09/2018	(1621)	Sale	0	0.00
		0	0.00	31/03/2019			0	0.00
12	AJO Emerging Markets Small Cap Master Fund Ltd.*	310161	0.17	01/04/2018				
				04/05/2018	(9487)	Sale	300674	0.17
				01/06/2018	(44970)	Sale	255704	0.14
				13/07/2018	(33938)	Sale	221766	0.12
				20/07/2018	(99071)	Sale	122695	0.07
				27/07/2018	(122695)	Sale	0	0.00
		0	0.00	31/03/2019			0	0.00

13	General Insurance Corporation of India*	300000	0.17	01/04/2018				
				18/01/2019	(300000)	Sale	0	0.00
		0	0.00	31/03/2019			0	0.00

*Not in the list of top 10 shareholders as on 31/03/2019.

(v). Shareholding of Directors and Key Managerial Personnel:

S. No.	Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative shareholding during the year (01-04-18 to 31-03-19)	
		No. of Shares at beginning (01-04-18) / end of the year (31-03-19)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Sh. P. P Pareek, Director	1333	0.00	01/04/2018		NIL		
		1333	0.00	31/03/2019	0		1333	0.00

The following Directors and Key Managerial Personnel (KMP) did not hold/held any shares during the financial year 2018-19 :

- Sh. Sunil Mehta, Chairman
- Sh. K. V. Brahmaji Rao, Director¹
- Dr. Kamal Gupta, Director
- Sh. S. K. Soni, Director
- Sh. R. S. Ramasubramaniam, Director¹
- Sh. A. K. Pradhan, Director¹
- Sh. S. K. Kalra, Director¹
- Sh. S. K. Dubey, Managing Director (KMP) ¹
- Sh. Vikas Goel, Managing Director & CEO (KMP)¹
- Smt. Sunita Gupta – Executive Director and CFO (KMP)
- Smt. Monika Kochar – Company Secretary (KMP)

¹directorship held for part of the year.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	331465.40	105400.00	-	436865.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	226.58	702.49	-	929.07
Total (i+ii+iii)	331691.98	106102.49	-	437794.47
Change in Indebtedness during the financial year				
Addition	91792849.59	38591473.97	-	130384323.56
Reduction	91518962.02	38478835.00	-	129997797.02
Net Change	273887.57	112638.97	-	386526.54
Indebtedness at the end of the financial year				
i) Principal Amount	605352.97	218038.97	-	823391.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	356.70	377.75	-	734.45
Total (i+ii+iii)	605709.67	218416.72	-	824126.39

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lacs)

Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
	Sh. S. K. Dubey, Managing Director (01.04.2018 to 31.01.2019)	Sh. Vikas Goel, Managing Director & CEO (01.02.2019 to 31.03.2019)	Smt. Sunita Gupta, Executive Director & CFO (FY 2018-19)	
1. Gross salary				
(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	43.43*	15.18	36.03	94.64
(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	0.27	0.05	0.32	0.64
(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-	-	-
2 Stock Option	-	-	-	-
3 Sweat Equity	-	-	-	-
4 Commission	-	-	-	-
a) as % of profit	-	-	-	-
b) others	-	-	-	-
5 Others -				
a) Company's contribution to Provident Fund	-	0.91	2.42	3.33
b) Child education allowance	-	-	0.01	0.01
c) Variable pay (Performance Linked Incentive)	8.60	-	6.56	15.16
d) Leave travel concession	0.89	0.32	0.90	2.11
Total (A)	53.19	16.46	46.24	115.89
Ceiling as per the Act	₹ 270.03 lacs (being 10 per cent of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

* Above includes leave encashment of Rs. 7.63 lacs paid on retirement. In addition, he also received pension from PNB, being an ex-employee.

Note 1: 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 2018-19, variable pay of ₹ 8.60 lacs and ₹ 6.56 lacs (Prev. Year: ₹ 39.10 lacs and ₹ 29.25 lacs) was paid to Sh. S. K. Dubey and Smt. Sunita Gupta, respectively.

Note 2: 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.

B. Remuneration to other directors:

(₹ in lacs)

Particulars of Remuneration	Name of Director								Total Amount
	Sh. Sunil Mehta	Sh. K. V. Brahmaji Rao	Dr. Kamal Gupta	Sh. S. K. Soni	Sh. P. P. Pareek	Sh. R. S. Ramasubramaniam	Sh. A. K. Pradhan	Sh. S. K. Kalra	
1. Independent Directors									
• Fee for attending Board / Committee meetings	-	-	3.75	4.10	3.15	0.75	-	2.00	13.75
• Commission	-	-	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-	-	-
Total (1)	-	-	3.75	4.10	3.15	0.75	-	2.00	13.75
2. Other Non-Executive Directors (paid to PNB for its nominated directors)									
• Fee for attending Board / Committee meetings	2.10	-	-	-	-	-	2.30	-	4.40
• Commission	-	-	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-	-	-
Total (2)	2.10	-	-	-	-	-	2.30	-	4.40
Total (B)=(1+2)	2.10	-	3.75	4.10	3.15	0.75	2.30	2.00	18.15
Total Managerial Remuneration*									134.04

Overall Ceiling as per the Act for Directors other than Managing Director and Whole-time Directors is ₹ 27.00 lacs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).

* total remuneration to Managing Director, Whole-time Director and other Directors (being the total of A and B)

Note: Service tax/GST on above fees paid extra.

C. Remuneration to Key Managerial Personnel other than MD / Manager/WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount		
		CEO	Smt. Monika Kochar, Company Secretary	CFO			
1.	Gross salary	Sh. Vikas Goel, Managing Director is also CEO w.e.f. 01.02.2019. Hence, disclosed in A above	15.77	Smt. Sunita Gupta, Executive Director is also CFO. Hence, disclosed in A above	15.77		
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961						
(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961					1.30	1.30
(c)	Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961					-	-
2	Stock Option					-	-
3	Sweat Equity	-	-				
4	Commission						
	a) as % of profit	-	-	-	-		
	b) others	-	-	-	-		
5	Others -						
	a) Company's contribution to Provident Fund		1.01		1.01		
	b) Child education allowance		-		-		
	c) Variable pay (Performance Linked Incentive)		1.40		1.40		
	d) Leave travel concession		0.35		0.35		
	Total		19.82		19.82		

Note 1: 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 2018-19, variable pay of ₹ 1.40 lacs (Prev. Year: ₹ 7.50 lacs) was paid to the Company Secretary.

Note 2: 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.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

On behalf of Board of Directors



(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 24, 2019

Place: New Delhi

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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, 2019. Secretarial Audit was conducted in a manner that provided us 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 authorised representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representation made by the management, 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, 2019, 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) 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 (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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period;

- (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 – Not applicable to the Company during audit period;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (j) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008; and
 - (k) 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 the 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 above referred laws, rules, regulations, guidelines etc.

We further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

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, 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 unanimously 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

Place: Ghaziabad
Date: June 17, 2019



Arpita Saxena
ACS: 23822
CP No.:11962

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC REVIEW: 2018-19

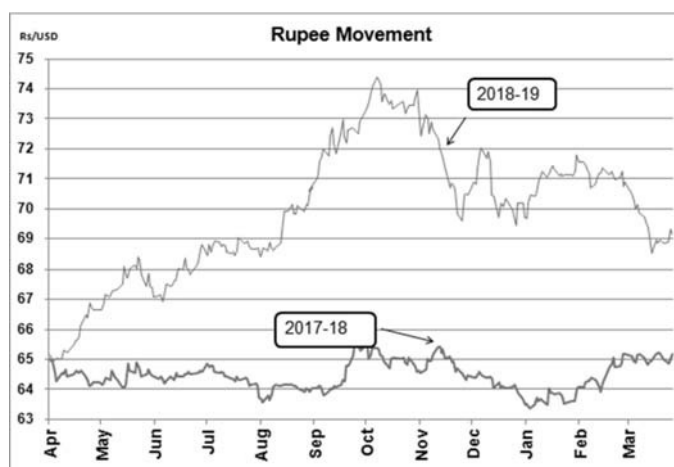
Domestic Overview

During FY 2018-19, India's growth in Gross Domestic Product (GDP) stood at 6.80 per cent compared to 6.70 per cent in FY 2017-18. Domestic economic activity decelerated for three consecutive quarters in 2018-19 due to a slowdown in consumption, both public and private. However, gross fixed capital formation (GFCF) growth remained in double digits on the back of Government's impetus to road sector and affordable housing. Moreover, the pressure on aggregate demand from net exports also moderated in Q3 due to a marginal acceleration in exports and a sharp deceleration in imports led by a decline in crude oil prices.

Headline CPI inflation reached a peak of 4.92 per cent in June, 2018. However, owing to the sharp deflation in the food prices, inflation numbers touched lows of 1.97 per cent in January, 2019. The core CPI could also be seen easing during the year from highs of 6.35 per cent in June 2018 to 5.02 per cent in the month of March, 2019. Since January, 2019 an uptick could be seen in the headline inflation numbers led by a weaker momentum of deflation in the food group.

Forex Market

In the foreign exchange market, the rupee traded with a depreciating bias against the US dollar in H1 of 2018-19. In H1, global financial markets continued to be affected by monetary policy stances in major AEs, the spreading of contagion risks from specific EMEs, and geopolitical developments. Sharp sell-offs occurred on waning appetite of foreign portfolio investors for EME equities. In the domestic market, foreign portfolio investors remained net sellers in both the equity and debt segments on a cumulative basis in H1 2018-19 due to higher US interest rates, risk-off sentiment in EMEs and escalation of trade wars. During the H2 of 2018-19, global economic activity showed increasing signs of weakness on rising trade tensions. Economic activity also decelerated in advanced



economies as well as major emerging market economies (EMEs). Crude oil prices declined sharply, reflecting higher supplies and easing of geo-political tensions. Base metal prices continued to decline on selling pressure following weak demand from major economies. However, towards month of January, 2019 crude oil prices recovered from their December lows in early January on production cuts, but remained below their peak levels in October. Base metals, which witnessed selling pressures in December on persisting uncertainty over US-China trade frictions, recouped losses in January on expectations of thawing of trade disputes and production disruptions. The US dollar remained under pressure, though expectations of easing trade tensions provided some support. EME currencies appreciated on the pause in the rate hiking cycle by the Fed and expectations of a positive outcome from US-China trade negotiations. Foreign portfolio flows turned negative in January, 2019 after rebounding in November and December, 2018. In March, announcement of USD/INR swaps by RBI as a measure to tackle liquidity, brought down the forward premia in rupee.

Current Account Balance

India's Current Account Deficit increased to 2.6 per cent of GDP during the April-December period from 1.8 per cent during the same period in the previous year, primarily on the back of rupee weakness and firming up of crude oil prices.

Fiscal Deficit

Fiscal deficit was revised to 3.40 per cent for the FY 2018-19 of GDP from the targeted 3.30 per cent on the back of lower GST collection against budgeted number. However, the revised target of 3.40 per cent has been met vis-à-vis

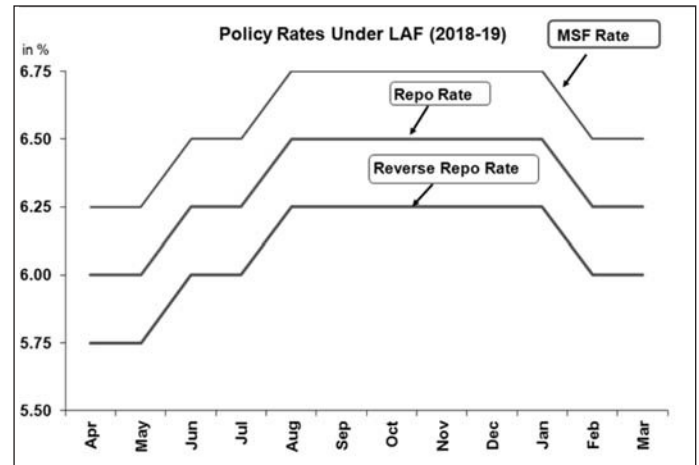
a figure of 3.50 per cent last year, with the help of expenditure savings and other measures including the rollover of the fuel subsidy. As a result, the shortfall in tax collection has been matched.

Government Borrowings

The gross borrowing during the year was ₹ 5,71,000 crore as compared to ₹ 5,88,000 crore in FY18. In addition to this, state governments also raised funds to the tune of ₹ 4,78,323 crore through market borrowings as against ₹ 4,18,503 crore during the previous year.

Monetary Policy & Liquidity Situation

The Monetary policy stance exhibited commitment to low and stable inflation within the target of achieving the medium term target of 4 per cent within a band of +/- 2 per cent. The RBI hiked the repo rate by 25 bps each in the month of June, 2018 and August, 2018, keeping its stance 'neutral'. In its policy of October, 2018, the RBI, despite keeping the rates unchanged shifted its stance from 'neutral' to that of 'calibrated tightening'. However, looking at the changing global growth dynamics and its outlook on domestic inflation and growth, the RBI not only cut rates by 25 bps in the February, 2019 policy, but also changed its stance to 'neutral'.



Anticipating that deficit liquidity conditions may persist through 2018-19, the Reserve Bank enabled to create liquidity in the system through various measures like repos (both fixed and variable), OMOs and USD/INR swap auctions. Deficit liquidity conditions persisted towards the later half of the year on the back of expansion in currency in circulation. The liquidity needs were met by the Reserve Bank through injection of durable liquidity through OMOs. Consequently, total durable liquidity injected by the Reserve Bank through OMOs aggregated ₹ 2,98,500 crore (₹ 2,985 billion) for 2018-19. Furthermore, the Reserve Bank conducted long-term foreign exchange buy/sell swaps of US\$ 5 billion for a tenor of 3 years on March 26, 2019, thereby injecting durable liquidity of ₹ 34,561 crore (₹ 346 billion) into the system.

Treasury Bill Market

During FY 2018-19, the borrowings through T-Bills (Including CMBs) stood at ₹ 9,40,000 crore. The yields on treasury bills in primary market hardened significantly towards the mid of the year. The cut-off yield on 91 DTB rose from 6.11 per cent in the beginning of the FY to 6.31 per cent in the end, cut-off yield on 182 DTB rose from 6.31 per cent in April beginning to 6.35 per cent in March and the cut-off yield on 364 DTB closed the year at 6.39 per cent against the opening yield of 6.49 per cent. Weighted average implicit yield at cut-off price on 91 DTB, 182 DTB and 364 DTB stood at 6.60 per cent, 6.83 per cent & 7.02 per cent as against 6.14 per cent, 6.32 per cent & 6.39 per cent in the previous year respectively.

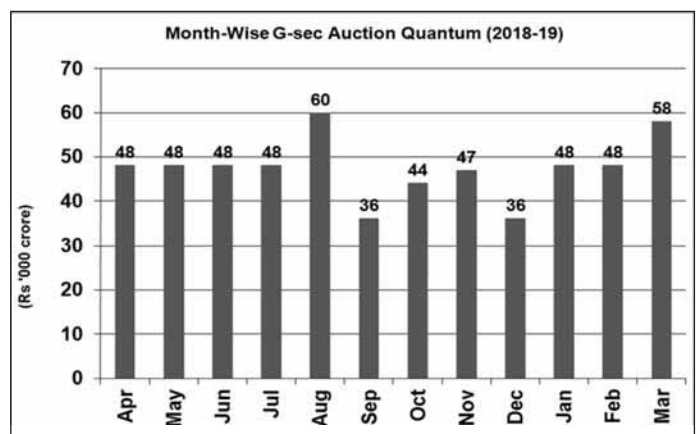
Government Dated Securities

Primary Market

During FY 2018-19, the gross borrowings through dated issuances stood at ₹ 5,71,000 crore, while net borrowings stood at ₹ 4,22,737 crore. The weighted average maturity of issuances stood at 14.50 years vis-a-vis 14.13 years in the previous year. The weighted average yield of dated securities issued during FY 2017-18 stood at 7.78 per cent as against 6.97 per cent in the previous fiscal.

Secondary Market

Higher US interest rates, risk-off sentiment in EMEs





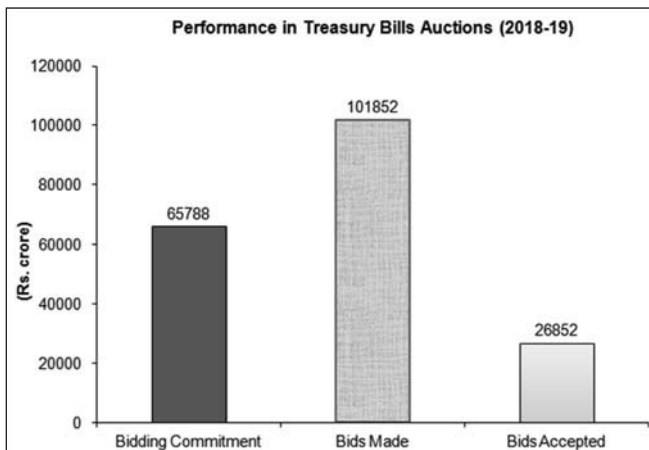
and escalation of trade wars, rising geopolitical turmoil and fear of spreading of contagion risks from specific EMEs rattled the bond markets in the first half of the FY. Depreciating rupee, sticky headline and core inflation, firming up of crude oil prices made things murkier for the Indian bond markets in H1. Concerns over GST collection and the fiscal health of the economy also added to the woes. RBI reacted by giving 2 consecutive rate hikes in H1. By the end of H1, the yield on the 10 year benchmark had touched levels of 8.23 per cent intraday. However, H2 of FY 2018-19 witnessed a reversal in the yields. Global economic activity showed increasing signs of weakness on rising trade tensions. Economic activity also decelerated in all major advanced and emerging

market economies. Crude oil prices began to ease. On the domestic front, rupee appreciated, RBI infused durable liquidity into the market through OMOs, inflation prints surprised on the downside and RBI eased its inflation and growth forecasts. By the February, 2019 policy, the RBI had not only cut rates by 25 bps but had also reverted back to its neutral stance. The announcement of USD/INR swap auctions to infuse liquidity into the system added to the optimism towards the end of the year.

COMPANY PERFORMANCE

Primary Market

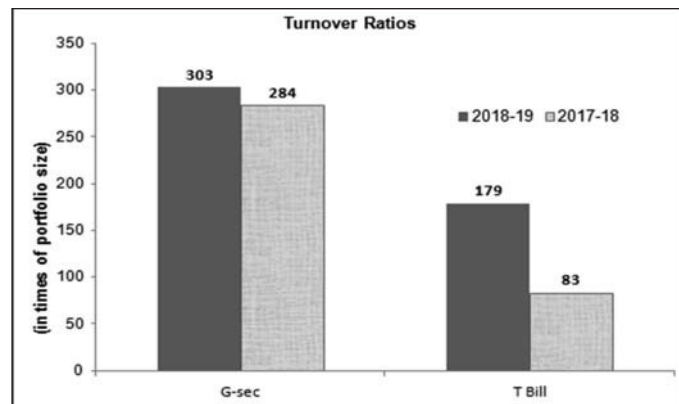
In primary market, the Company continued to comply with all the regulatory requirements of bidding under Minimum Underwriting Commitments (MUC) and Additional Competitive Underwriting (ACU) for Primary Dealers. During the year, the Company earned an underwriting commission of ₹ 3.52 crore as against previous year's commission of ₹ 1.79 crore. In treasury bill auctions, during the first half, GOI raised ₹ 4,29,000 crore as against ₹ 5,46,000 crore in the corresponding period of last fiscal. In the second half, GOI raised another ₹ 3,21,000 crore through T-bills as against ₹ 3,22,000 crore raised in corresponding period of last fiscal. The Company submitted bids aggregating to ₹ 1,01,852 crore against the commitment of ₹ 65,788 crore (being 7 per cent of notified amount). Out of this, bids amounting to ₹ 26,852 crore were accepted. Fulfilling its primary market commitment, Company achieved success ratio of 41.16 per cent and



40.40 per cent in H1 and H2 respectively in FY 2018-19, as against the statutory requirement of 40 per cent.

Secondary Market

During FY 2018-19, total secondary market outright turnover stood at ₹ 4,21,156 crore as against ₹ 4,35,528 crore in FY 2017-18. The Central Government security segment recorded a turnover of ₹ 3,23,374 crore followed by SDLs which registered a turnover of ₹ 45,640 crore. Treasury bills recorded turnover of ₹ 28,015 crore. Company's total turnover ratio (secondary market) stands at 179 times for treasury bills and 303 times for government-dated securities as on March 31, 2019



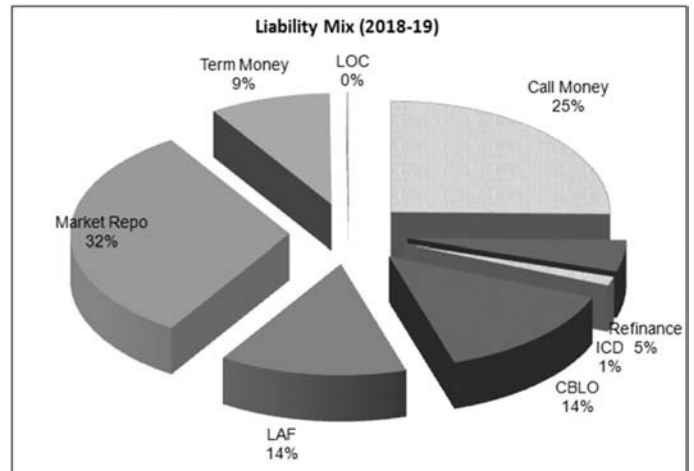
against the minimum RBI stipulation of 10 times and 5 times respectively.

Portfolio Size and Composition

Portfolio size and composition is a function of arbitrage opportunities, tradability and risk appetite. Company held the G-sec stock at the maximum level of ₹ 2,736.48 crore. The daily average holding of G-sec during FY 2018-19 stood at ₹ 893.47 crore. Daily average holding in T-bills during the year stood at ₹ 1,833.29 crore whereas the peak holding in T-bills stood at ₹ 3,464.05 crore.

Liability Mix

During the year, the Company judiciously utilized different sources of borrowings viz. Call Money, Collateralized Borrowing and Lending Obligation, Repo, LAF, etc. for active fund management. The average borrowings from all sources amounted to ₹ 6,305 crore as against ₹ 5,482 crore in FY 2017-18. The average leverage during the year was 7.40 times against 6.15 times in FY 2017-18, while the maximum leverage for the year stood at 9.97 times the NOF. The average cost of funds during the fiscal through Call, CBLO, etc. stood at 6.40 per cent, higher than 6.03 per cent during the last year on the back of two rate hikes of total 50 bps during the first half of the year.



Trading Stance & Financial Performance

During FY 2018-19, the market remained exposed to intermittent bouts of volatility due to domestic developments as well as uncertainty surrounding the evolution of global financial markets which impacted the market sentiment and liquidity conditions significantly.

(₹ in Crore)

Particulars	FY 2018-19	FY 2017-18	% change
Net Owned Fund	885.66	843.23	5.03%
Profit Before Tax	83.02	1.32	6189%
Profit After Tax	52.86	1.41	3648%
Capital Adequacy Ratio (%)	36.59	38.27	4.42%
Debt Equity Ratio (%)	9.28	5.10	81.96%

The major challenge before the company in 2018-19 was migration to IND AS system of accounting. Under the same, valuation of securities has to be done at fair value through P&L. Accordingly all appreciation and depreciation of assets was taken into account. Based on the above treatment, Profit before tax amounted to ₹ 83.02 crore as against ₹ 1.32 crore in 2017-18 while profit after tax amounted to ₹ 52.86 crore as against ₹ 1.41 crore in 2017-18. In 2017-18, under IGAAP, PBT amounted to ₹ 55.28 crore and PAT worked out to ₹ 36.58 crore.

The change in Debt equity ratio is due to expansion of scale of business and increase in balance sheet size of the company.

The Net Worth of the company stood at ₹ 885.66 crore as on March 31, 2019. Return on Networth for the year 2018-19 stands at 6.11 per cent as against 0.16 per cent for 2017-18.

The company is adequately capitalized with capital adequacy ratio of 36.59 per cent as on March 31, 2019, against RBI's minimum stipulation of 15 per cent. Besides, robust risk management systems kept the Company's risk profile in check throughout the year.

Risk Management

Company maintained a balanced composition of securities with an aim to maximize arbitrage income and also with a view to have better trading opportunities. Risk management is a critical element of Company's trading business. The Company's mid-office is primarily responsible for formulating and implementing the risk management policies, Value-at-Risk (VaR), 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. 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 the 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 healthy exchange of ideas. The details regarding employees are given in the Board's Report. Total number of employees of the Company as on March 31, 2019 were 35 (including 2 employees on deputation from 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. As a part of this control system, our Board appoints Internal Auditor as well. For the year 2018-19, 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 Auditors were submitted to the Audit Committee for necessary action.

Registration obtained from other financial sector regulators

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

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREAT ANALYSIS

Strengths and Weaknesses

The Company is the only listed Primary Dealer in the country and has consistently displayed strong financial health during previous years. Company's Net Worth as on March 31, 2019 stood at ₹ 885.66 crore. The Company operates with substantial Capital Adequacy Ratio with comparatively low operational cost. The same stood at 36.59 per cent for the year ended March 31, 2019. The Company has efficient risk management and research department responsible for monitoring, analysis and compliance with the latest IT infrastructure through which daily tracking of portfolio is done. 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

Going forward, trade-war fears are expected to keep the global growth in check. This is expected to drive more and more central banks towards an accommodative mode. On the domestic front, expectations for infusion of liquidity through OMOs are expected to keep the markets supported.

However, erratic movement of crude prices is a cause of worry for the financial markets in India. Financial markets have become volatile in the recent period mainly due to global factors, and especially the uncertainty relating to trade protectionism. This being an election year, concerns on the fiscal health will remain. Moreover, deteriorating corporate credit may add to caution.

The Company proposes to adopt a cautious approach in trading with swift entry/exit and also looks for more stable avenues of revenue to maintain consistency in the returns to the stakeholders.

On behalf of Board of Directors

A handwritten signature in black ink, appearing to read 'Sunil Mehta'.

(Sunil Mehta)

Chairman

DIN:07430460

Date: July 24, 2019

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. maximisation 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 six Committees at Board level, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders' Relationship Committee and Share Transfer & Issue of Duplicate Share Certificates Committee. 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 fulfils 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, 2019, the Company has seven Directors, consisting of five Non-Executive Directors (out of which four are Independent Directors) and two Executive Directors (including a Woman 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, 2019, the composition of the Board was as follows –

Sh. Sunil Mehta (DIN: 07430460), Managing Director & Chief Executive Officer – Punjab National Bank (PNB), is the Non-Executive Chairman of the Company. Prior to joining the Bank, he was Executive Director of Corporation Bank. He has over 37 years of rich experience in Banking Industry including agriculture, retail, credit, planning & development and treasury etc. He is also Chairman of PNB Housing Finance Ltd., PNB Investment Services Ltd. and PNB International Ltd. and Director on the Board of PNB Met Life India Insurance Co. Ltd. and National Credit Guarantee Trustee Co. Ltd. He is also Council Member of Indian Institute of Banking and Finance and Member of Credit Guarantee Fund Trust for Micro and Small Enterprises, IIM, Guwahati and Credit Risk Guarantee Fund Trust for Low Income Housing.

Dr. Kamal Gupta* (DIN: 00038490), Independent Director, is a qualified Chartered Accountant. He was earlier Technical Director of the Institute of Chartered Accountants of India. Besides, he is also holding the position as a Director in RSWM Ltd., HEG Ltd., Maral Overseas Ltd., Malana Power Company Ltd., AD Hydro Power Ltd. and Bhilwara Energy Ltd.

Sh. S. K. Soni (DIN: 00046856), Independent Director, is having rich experience of 32 years in banking industry. He retired from Oriental Bank of Commerce as Chairman and Managing Director.

*resigned on June 28, 2019

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 36 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.

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.

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 w.e.f. April 9, 2019.

Smt. Sunita Gupta (DIN: 06902258) is the Executive Director and CFO of the Company. She is having vast experience in treasury operations. She served as an Economist in PNB for around 17 years and is having an experience of 20 years in the Company in various senior capacities.

Other information regarding the Board as on March 31, 2019 is given below:

Name of the Director	Category	No. of other Directorships and other Committee Memberships/ Chairmanships ¹			Directorship in other listed entity (Category of Directorship)
		Directorships	Committee Memberships	Committee Chairmanships	
Sh. Sunil Mehta	Non-Executive, Non-Independent	6	-	-	<ul style="list-style-type: none"> Punjab National Bank (Executive, Non-Independent) PNB Housing Finance Ltd. (Non-Executive, Non-Independent)
Dr. Kamal Gupta	Non-Executive, Independent	6	9	4	<ul style="list-style-type: none"> RSWM Ltd (Non-Executive, Independent) HEG Ltd. (Non-Executive, Independent) Maral Overseas Ltd. (Non-Executive, Independent)
Sh. S. K. Soni	Non-Executive, Independent	-	-	-	-
Sh. P. P. Pareek	Non-Executive, Independent	2	1	-	-
Sh. S. K. Kalra	Non-Executive, Independent	-	-	-	-
Sh. Vikas Goel	Executive, Non-Independent	-	-	-	-
Smt. Sunita Gupta	Executive, Non-Independent	-	-	-	-

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, 2019, none of the Directors (except Sh. P. P. Pareek, who holds 1,333 shares of the Company) holds any shares / convertible instruments of the Company.

There are no inter-se relationships between the 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 familiarisation programme alongwith details of the same imparted to the Independent Directors during the year are available on the website of the Company at the link <https://pnbgilt.com/data/governance/1554113675.pdf>.

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.

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 indicated list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, knowledge and competency, integrity and maintenance of confidentiality and independence of behaviour and judgement.

- b. Confirmation on Independence of Independent Directors: In terms of Regulation 25(8) of SEBI 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.
- c. Resignation by Independent Director during FY 2018-19: Sh. R. S. Ramasubramaniam (DIN: 00008937), whose tenure was upto February 2, 2021 resigned from the directorship of the company w.e.f. July 3, 2018 due to his personal reasons. Sh. R. S. Ramasubramaniam has confirmed that there were no other material reasons other than those provided.

3. Meetings of the Board

During the year 2018-19, seven Board meetings were held on May 19, 2018, August 18, 2018, October 29, 2018, November 17, 2018, January 29, 2019, February 14, 2019 and March 29, 2019. The gap between any two meetings never 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 15, 2018
Sh. Sunil Mehta	7	Yes
Sh. K. V. Brahmaji Rao ¹	-	N.A.
Dr. Kamal Gupta	6	Yes
Sh. S. K. Soni	7	No
Sh. P. P. Pareek	6	Yes
Sh. R. S. Ramasubramaniam ²	1	N.A.
Sh. S. K. Kalra ³	5	Yes
Sh. A. K. Pradhan ⁴	5	Yes
Sh. S. K. Dubey ⁵	5	Yes
Sh. Vikas Goel ⁶	2	N.A.
Smt. Sunita Gupta	6	Yes

¹ Nomination withdrawn by the parent bank on August 10, 2018.

² Resigned w.e.f. July 3, 2018.

³ Appointed w.e.f. September 15, 2018.

⁴ Appointed w.e.f. August 10, 2018.

⁵ Tenure was upto January 31, 2019.

⁶ Appointed w.e.f. February 1, 2019.

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 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 Audit Committee inter-alia oversees the financial reporting besides reviewing the quarterly, half-yearly, annual financial results of the Company, the Company's financial and risk management policies and the internal control systems, internal audit systems, etc. through discussions with internal/external auditors and management.

During the year 2018-19, five meetings of the Committee were held on May 19, 2018, August 18, 2018, November 17, 2018, February 14, 2019 and March 29, 2019. The composition and attendance of Members is as under:

Names of Director	Position held in the Committee	No. of Committee Meetings attended
Dr. Kamal Gupta ¹	Chairman	4
Sh. P. P. Pareek ³	Chairman	5
Sh. S. K. Soni ²	Member	5
Sh. R. S. Ramasubramaniam ⁴	Member	1
Sh. S. K. Kalra ⁵	Member	3

¹ Chairman of Audit Committee till March 29, 2019 and thereafter, he is member of this Committee.

² Member of Audit Committee till March 29, 2019.

³ Chairman of Audit Committee w.e.f. March 30, 2019. Prior to this, he was member of this Committee.

⁴ Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 3, 2018.

⁵ Member of the Audit Committee w.e.f. September 15, 2018.

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 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 Company has "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 submits its recommendations to the Board for approval. The appointment of such directors is subsequently approved by the shareholders at the Annual General Meeting.

During the year 2018-19, five Committee meetings were held on May 19, 2018, October 29, 2018, November 17, 2018, January 29, 2019 and March 25, 2019. 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
Dr. Kamal Gupta	Chairman	4
Sh. K. V. Brahmaji Rao ¹	Member	-
Sh. P. P. Pareek	Member	4
Sh. R. S. Ramasubramaniam ²	Member	1
Sh. A. K. Pradhan ³	Member	4
Sh. S. K. Kalra ⁴	Member	-

¹ Nomination withdrawn by the parent bank w.e.f. August 10, 2018 and consequently ceased to be a member of this Committee w.e.f. August 10, 2018.

² Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 3, 2018.

³ His tenure of membership of this Committee is from August 10, 2018 to March 29, 2019.

⁴ Appointed as Member w.e.f. March 30, 2019.

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

The details relating to remuneration of Directors and disclosure regarding Remuneration Policy, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have been given under a separate section, viz. 'Directors' Remuneration' in this report.

(C) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee oversees, inter-alia, redressal of stakeholders' grievances. During the year 2018-19, four meetings of the Committee were held on May 19, 2018, August 18, 2018, November 17, 2018 and February 14, 2019.

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

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Soni ¹	Chairman	4
Sh. S. K. Kalra ²	Chairman	-
Sh. P. P. Pareek ³	Member	4
Sh. R. S. Ramasubramaniam ⁴	Member	1
Sh. S. K. Dubey ⁵	Member	3
Sh. Vikas Goel ⁶	Member	1
Smt. Sunita Gupta ⁷	Member	-

¹ Member & Chairman of the Committee till March 29, 2019.

² Inducted to the Committee as Chairman of the Committee w.e.f. March 30, 2019.

³ Member of the Committee till March 29, 2019.

⁴ Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 3, 2018.

⁵ Tenure as Managing Director was till January 31, 2019, thus ceased to be a member of this Committee w.e.f. February 1, 2019.

⁶ Appointed as member w.e.f. February 1, 2019

⁷ Appointed as member w.e.f. March 30, 2019

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 2018-19, the Company had received 13 complaints (mostly in the nature of 'query') from the shareholders/ investors. All the complaints have been redressed to the satisfaction of the complainants.

No shareholder / investor complaint was pending as on March 31, 2019.

The Compliance Officer for the said Committee is Ms. Monika Kochar, Company Secretary & 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 year 2018-19, two CSR Committee meetings were held on February 14, 2019 and March 25, 2019. 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. K. V. Brahmaji Rao ¹	Chairman	-
Dr. Kamal Gupta ²	Chairman	1
Sh. S. K. Kalra ³	Chairman	-
Sh. P. P. Pareek ⁴	Member	-
Sh. A. K. Pradhan ⁵	Member	2
Sh. S. K. Dubey ⁶	Member	-
Sh. Vikas Goel ⁷	Member	2

¹ Nomination withdrawn by the parent bank w.e.f. August 10, 2018 and consequently ceased to be a member of this Committee w.e.f. August 10, 2018.

² Dr. Kamal Gupta, who was earlier member of this Committee was made Chairman of the Committee w.e.f. August 10, 2018.

³ Inducted as Chairman of Committee w.e.f. March 30, 2019.

⁴ Inducted as Member of Committee w.e.f. August 10, 2018.

⁵ His tenure of membership of this Committee is from August 10, 2018 to March 29, 2019.

⁶ Tenure as Managing Director was till January 31, 2019, thus ceased to be a member of this Committee w.e.f. February 1, 2019.

⁷ Appointed as Member w.e.f. February 1, 2019.

The terms of reference of the CSR Committee are as per the provisions of the Companies Act, 2013.

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

(E) Risk Management Committee

During the year 2018-19, a Board level Risk Management Committee was constituted in accordance with the RBI guidelines for Primary Dealers and NBFCS. The Committee 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. During the year 2018-19, one Risk Management Committee meeting was held on February 14, 2019. 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. A. K. Pradhan ¹	Chairman	1
Sh. S. K. Kalra ²	Chairman	-
Sh. S. K. Dubey ³	Member	-
Sh. Vikas Goel ⁴	Member	1
Smt. Sunita Gupta ⁵	Member	1

¹ His tenure of membership of this Committee is from September 15, 2018 to March 29, 2019.

² Inducted as Chairman of Committee w.e.f. March 30, 2019.

³ Tenure as Managing Director was till January 31, 2019, thus ceased to be a member of this Committee w.e.f. February 1, 2019.

⁴ Appointed as member w.e.f. February 1, 2019.

⁵ Inducted as Member of Committee w.e.f. September 15, 2018.

(F) Share Transfer and Issue of Duplicate Share Certificates Committee

The Share Transfer and Issue of Duplicate Share Certificates Committee oversees, inter-alia, transfer/transmission of shares, issue of duplicate shares etc. besides other matters as referred by the Board of Directors. During the year 2018-19, twenty eight meetings of the said Committee were held on 11th and 23rd April, 2018,

7th and 18th May, 2018, 1st, 15th and 28th June, 2018, 10th and 24th July, 2018, 7th, 21st and 31st August, 2018, 7th and 21st September, 2018, 5th and 19th October, 2018, 2nd, 15th and 30th November, 2018, 14th and 28th December, 2018, 10th and 24th January, 2019, 7th and 21st February, 2019, 7th, 19th and 29th March, 2019.

The composition of Share Transfer and Issue of Duplicate Share Certificates Committee and the attendance record of the Members is as under:

Names of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Soni ¹	Chairman	28
Dr. Kamal Gupta ²	Chairman	25
Sh. R. S. Ramasubramaniam ³	Member	5
Sh. S. K. Dubey ⁴	Member	21
Sh. Vikas Goel ⁵	Member	5
Sh. S. K. Kalra ⁶	Member	-

¹ Member & Chairman of the Committee till March 29, 2019.

² Member of the Committee till March 29, 2019 and thereafter he is Chairman of this Committee.

³ Relinquished the position of Independent Director and consequently ceased to be a member of this Committee w.e.f. July 3, 2018.

⁴ Tenure as Managing Director was till January 31, 2019, thus ceased to be a member of this Committee w.e.f. February 1, 2019.

⁵ Appointed as member w.e.f. February 1, 2019.

⁶ Appointed as Member w.e.f. March 30, 2019.

The Secretary for the said Committee is Ms. Monika Kochar, Company Secretary & Compliance Officer.

II Directors' Remuneration

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure A to the Board's Report. 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 and Executive 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 and Executive Director in the financial year 2018-19 are as under:

(₹ in lacs)

	Sh. S. K. Dubey Managing Director* (01.04.2018 to 31.01.2019)	Sh. Vikas Goel, Managing Director & CEO (01.02.2019 to 31.03.2019)	Smt. Sunita Gupta Executive Director & CFO (FY2018-19)
Salary	43.43	15.18	36.03
Perquisites and allowances	1.16	0.37	1.23
Company's Contribution to PF	Nil	0.91	2.42
Performance Linked Incentive**	8.60	Nil	6.56

* Remuneration of Sh. S. K. Dubey includes leave encashment of Rs. 7.63 lacs paid on retirement. In addition, he also received pension from PNB, being an ex-employee.

** 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 2018-19, variable pay of ₹ 8.60 lacs and ₹ 6.56 lacs (Prev. Year: ₹ 39.10 lacs and ₹ 29.25 lacs) was paid to Sh. S. K. Dubey and Smt. Sunita Gupta, respectively.

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.

The tenure of office of Sh. Vikas Goel, Managing Director & CEO is upto January 31, 2022 and for Executive Director & CFO, the tenure is upto August 31, 2020.

Service conditions of both these Directors are governed by the service regulations of the Company. As per Regulation 15(iii) of the service regulations, their services can be terminated by a notice period of 3 months. No other severance fees is payable.

The Company pays sitting fee only to its Non-Executive Directors for attending the Board/ Committee and other Meetings. The same is fixed by the Board and is within the limits prescribed under the Companies Act, 2013 and Rules made thereunder.

During the year 2018-19 (till March 28, 2019), the sitting fee payable to the Non-Executive Directors was ₹25000/- for attending each meeting of the Board and ₹10000/- for attending each meeting of Audit Committee/ CSR Committee / Nomination and Remuneration Committee/ Only Independent Directors' Meeting. Sitting fee for attending each meeting of (a) Share Transfer and Issue of Duplicate Shares Committee; and (b) Stakeholders' Relationship Committee and the honorarium paid to Independent Directors for holding interviews, if any, was ₹ 5000/-.

With effect from March 29, 2019, the sitting fee payable to Non-Executive Directors shall be as under :

1. For Chairman of Board for attending each meeting of Board, sitting fee shall be ₹ 50000/- and for other members of the Board, sitting fee shall be ₹ 40000/- per meeting.
2. For Chairman of Audit Committee / Nomination & Remuneration Committee / CSR Committee / Risk Management Committee / IT Strategy Committee, the sitting fee shall be ₹ 30000/- for attending each such committee meeting, whereas the member of the said committee shall be entitled for a sitting fee of ₹ 25000/- for attending each such committee meeting.
3. Sitting fee for each Only Independent Directors' Meeting shall be ₹ 25000/- and for attending each meeting of (a) Share Transfer and Issue of Duplicate Shares Committee; and (b) Stakeholders' Relationship Committee, the sitting shall be ₹ 10000/- and the honorarium paid to Independent Directors for holding interviews, if any, shall be ₹ 10000/-.

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

The details of sitting fee paid to Non-Executive Directors during the financial year 2018-19 are as under:

(in ₹ lacs)

Names of the Director	Sitting Fees**
Sh. Sunil Mehta*	2.10
Sh. K. V. Brahmaji Rao*	Nil
Dr. Kamal Gupta	3.75
Sh. S.K.Soni	4.10
Sh. P. P. Pareek	3.15
Sh. R. S. Ramasubramaniam	0.75
Sh. A. K. Pradhan*	2.30
Sh. S. K. Kalra	2.00

*Sitting fee payable to these promoter directors has been paid to Punjab National Bank, who is the promoter of the Company, as per the instructions received from said bank/directors.

** Applicable service tax/GST paid extra.

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). All the Board Members and Senior Management Personnel have affirmed the compliance of the said Code during the year 2018-19. A declaration of Managing Director to this effect is also appended to this report.

V Auditor's 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.

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 Annual General Meetings (AGM) are as under:

Financial year	Venue	Date and time
2017-18	Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi 110 075.	September 15, 2018 at 1100 hrs
2016-17	Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi -110054	September 16, 2017 at 1100 hrs
2015-16		September 17, 2016 at 1100 hrs

During last year, no special resolution was passed through postal ballot. The Company has not conducted any business through postal ballot, during the financial year and at present, no business is proposed to be conducted through postal ballot.

No special resolution was passed during last three AGMs, except the one which was passed in the AGM held on September 17, 2016 (for increase in borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013).

VIII Management Discussion and Analysis

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

IX Disclosures

a) Related Party Transactions: During 2018-19, the Company did not have 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://pnbgilts.com/data/governance/1523277954.pdf>. Details of all related party transactions with PNB, promoter having shareholding of 74.07% in the company are given in Note No. 36 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 employee / director has been denied access to the Audit Committee.

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 2018-19 : Nil
- ii. Number of complaints disposed of during FY 2018-19 : Nil
- iii. Number of complaints pending as on end of the FY 2018-19: Nil

d) 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 dtd. 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.

e) 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.

f) Total fees paid to Statutory Auditors of the Company : During 2018-19, total fee of ₹ 19.78 lacs (₹ 9.98 lacs as audit fee, ₹ 2.05 lacs as tax audit fee and ₹ 7.75 lacs for certification and other fees) 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.

g) Credit Ratings 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: The Company has not issued any debt instruments and does not have any fixed deposit programme or any scheme or proposal involving mobilization of funds in India or abroad during the financial year ended March 31, 2019. The ratings given by CRISIL and ICRA Limited for commercial paper programme of ₹ 250 crore and ₹ 500 crore are A1+ respectively. There was no revision in the said ratings during the year under review.

h) 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 complied with all the mandatory requirements 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, notices of the Board Meetings for approval of the aforesaid results and other notices / communications are 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 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	:	August 28, 2019 at 10:30 a.m.
Venue	:	Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi 110 075.
Financial Year	:	April 1, 2018 to March 31, 2019
Date of Book Closure	:	August 17, 2019 to August 28, 2019 (both days inclusive)
Dividend Payment Date	:	on or before September 24, 2019.

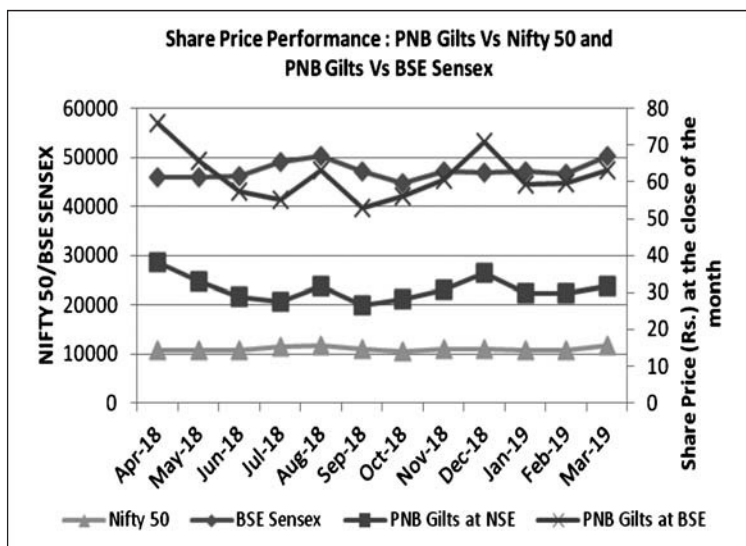
2. Listing on Stock Exchange	:	Listed in September, 2000 BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.
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Annual 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 2018-19 on the National Stock Exchange of India Ltd. and BSE Ltd. is given as under:

(₹)

Month	NSE		BSE	
	High	Low	High	Low
Apr-18	40.30	34.90	40.40	34.60
May-18	37.95	32.60	37.80	32.20
Jun-18	33.05	28.65	33.10	28.70
July-18	29.00	24.50	29.00	24.60
Aug-18	38.20	25.80	38.25	26.10
Sep-18	33.00	25.65	33.00	25.70
Oct-18	30.60	24.30	30.40	24.00
Nov-18	33.50	28.00	34.00	28.00
Dec-18	35.90	28.75	35.85	28.90
Jan-19	36.40	29.25	36.35	28.00
Feb-19	33.85	28.30	34.00	28.40
Mar-19	32.50	29.70	33.00	29.80



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 B1 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.
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 are received by the Company/Share Transfer Agent in physical mode. For transfer 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.

• **Distribution of Shareholding as on March 31, 2019**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 500	33617	74.43	5445850	3.02
501-1000	5516	12.21	4470827	2.48
1001-2000	2915	6.45	4494053	2.50
2001-3000	984	2.18	2572012	1.43
3001-4000	449	0.99	1647959	0.91
4001-5000	440	0.97	2084968	1.16
5001-10000	696	1.54	5159710	2.87
10001 and above	550	1.23	154134755	85.63
Total	45167	100.00	180010134	100.00

- **Shareholding pattern as on March 31, 2019**

Particulars	No. of shares held	% of Shareholding
Promoter (PNB)	133333333	74.07
Financial Institutions, Other Banks, Mutual Funds/UTI and Insurance Companies	822878	0.46
Bodies Corporate, Trust & Foundations and NBFCs	6499768	3.61
Indian Public and Directors	37122410	20.62
NRIs and FPIs	2130823	1.18
Investor Education and Protection Fund Authority	100922	0.06
Total	180010134	100.00

- **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

- **Dematerialisation of shares**

The shares of the Company are traded compulsorily in demat mode. At present (as on March 31, 2019) 99.77 per cent of the shareholding is held in demat mode.

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

- **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. Further, sale proceeds of fractional entitlements arising out of bonus issue made in 2013, remaining unclaimed for 7 years, will also be transferred by the Company to IEPF.

The details of unclaimed dividend as on March 31, 2019 are as follows:

Financial Year	Amt of dividend (₹ Lacs)	Unclaimed Dividend as on 31.3.2019 (₹ Lacs)	Unclaimed dividend Percentage	Last date for making claim*	Last date for making transfer to IEPF
2011-12 (Final Dividend)	1350.07	4.87	0.36	30 th Aug 2019	29 th Sep 2019
2012-13 (Final Dividend)	1350.08	5.19	0.38	23 rd Jul 2020	22 nd Aug 2020
2013-14 (Final Dividend)	1620.09	6.87	0.42	1 st Oct 2021	31 st Oct 2021
2014-15 (Final Dividend)	2700.15	12.04	0.45	20 th Oct 2022	19 th Nov 2022
2015-16 (Final Dividend)	1980.11	9.01	0.46	19 th Oct 2023	18 th Nov 2023
2016-17 (Final Dividend)	4500.25	23.66	0.53	16 th Oct 2024	15 th Nov 2024
2017-18 (Final Dividend)	1800.10	9.92	0.55	15 th Oct 2025	14 th Nov 2025

The details of sale proceeds of fractional entitlements, arising out of bonus issue made in 2013, as on March 31, 2019 are as follows:

	Date of Payment	Total Fractional Entitlement (₹ Lacs)	Unclaimed Fractional Entitlement as on 31.03.2019 (₹ Lacs)	Last date for making claim*	Last date for making transfer to IEPF
Sale proceeds of fractional entitlements, arising out of bonus issue	10 th Sept 2013	1.65	0.32	9 th Sep 2020	10 th Oct 2020

* 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).

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 2018-19, the company had transferred 23938 shares to IEPF Authority. The shareholders whose dividend/ shares as 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 2019-20, the Company has already sent 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 are also available on the Company's website (www.pnbgilts.com).

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

1. The Board

Chairman of the Board does not maintain his office at the expense of the Company.

2. Shareholder Rights

The financial results are available on the website of the Company (www.pnbgilts.com). Further, the results had also been published in Financial Express and Jansatta or Business Standard - English and Business Standard - Hindi.

3. Audit Qualifications

The Company's financial statements are subject to Statutory and CAG Audit and both the audit reports are unqualified.

4. Reporting of Internal Auditor

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

- **Compliance Officer and contact address**

Ms. Monika Kochar,
Company Secretary and 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

Date : July 24, 2019

Place: New Delhi

On behalf of Board of Directors

A handwritten signature in black ink, appearing to read 'Sunil Mehta'.

(Sunil Mehta)

Chairman

DIN: 07430460

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 2018-19.

For and on behalf of Board of Directors

Dated : June 18, 2019
Place : New Delhi


(Vikas Goel)
Managing Director & CEO
DIN: 08322541

PRACTICING 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, 2019, as stipulated in Regulations 17 to 27 and 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, 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, 2019.

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.

For **Pranav Kumar & Associates**
Company Secretaries

Date: June 17, 2019
Place: Ghaziabad


Arpita Saxena
ACS: 23822
CP No.:11962

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

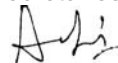
We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **PNB GILTS LIMITED** (hereinafter referred to as 'the Company'), having CIN: L74899DL1996PLC077120 and having registered office at 5, Sansad Marg, New Delhi-110001, produced before us by the 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 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) 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 on 31st March, 2019, as stated below, 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. Sunil Mehta	07430460	12/05/2017
2.	Sh. Kamal Gupta	00038490	11/04/1996
3.	Sh. Surinder Kumar Soni	00046856	23/01/2002
4.	Sh. Prem Prakash Pareek	00615296	10/02/2009
5.	Sh. Satish Kumar Kalra	01952165	15/09/2018
6.	Sh. Vikas Goel	08322541	01/02/2019
7.	Smt. Sunita Gupta	06902258	26/06/2014

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.)

FCS No.: 4123
CP No.:6646

Date : June 07, 2019
Place : New Delhi

FINANCIAL REVIEW

The background features a series of overlapping, light gray, wavy, organic shapes that create a sense of depth and movement. Scattered throughout the lower half of the image are several glowing white circles of varying sizes, some with soft halos, resembling stars or light particles.

INDEPENDENT AUDITOR'S REPORT

To

The Members of PNB Gilts Ltd,

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of PNB Gilts Ltd ("the Company"), which comprise the Balance Sheet as 31st March 2019, the Statement of Profit and Loss, 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")

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 principals generally accepted in India, of the state of affairs of the company as at 31st March, 2019. 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 standalone 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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>Accuracy of classification, recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS.</p> <p>The application of the new revenue accounting standard involves certain key judgments relating to the appropriateness of the basis used to measure valuation and revenue recognized over a period.</p> <p>Refer Note 2 to the Financial Statements.</p>	<p>Principal Audit Procedures</p> <p>We assessed the Company's process to identify the impact of adoption of the IND AS. Our audit approach consisted testing of the design and operating effectiveness of the Internal controls and substantive testing as follows</p> <p>Evaluated the design of internal controls relating to implementation of the IND AS.</p> <ul style="list-style-type: none"> Selected a sample of continuing and new securities, and tested the operating effectiveness of procedures and internal control, relating to valuation of those securities. We carried out a combination of procedures involving observation and inspection of evidence in respect of operation of these controls. Tested the relevant information technology systems' access and change management controls Read, analyzed and identified the distinct approaches for valuation of these securities, arrived and recorded by the Company. Performed analytical procedures for reasonableness of revenues disclosed.

<p>Evaluation of uncertain tax positions The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Note 39 to the Financial Statements.</p>	<p>Principal Audit Procedures Obtained details of completed tax assessments and demands from the management. 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 evaluating 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>
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Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information, The other information comprises the information included in 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 standalone financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard,

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. This 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone 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 standalone 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 standalone 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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, 2016 ("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)

Kanti Kumar Gupta

(CA Kanti Kumar Gupta)
Partner (M. No. 071615)

Date : May 27, 2019
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, 2019 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-

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, 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, 2019, 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)

Kanti Kumar Gupta

(CA Kanti Kumar Gupta)
Partner (M. No. 071615)

Date : May 27, 2019

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) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As reported by the management of the company, one of its staff member has conducted physical verification of its fixed assets on quarterly basis for the head office and yearly for the branch offices. No discrepancies were reported during the physical verification of assets.
 - (c) The Company owns 18 flats as immovable properties and 4 flats as Investment Properties. The title deeds of the flats are in the name of the company.
- (ii) 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.

- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the Act. The company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained u/s 189 of the Act.
- (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 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:

(₹ in lacs)

Assessment Year	Section under which demand raised	Amount Provided in the books and not paid	Amount not provided for and treated as contingent liability	Forum where dispute
2006-07	220(2)	11.44	-	ITAT
2007-08	115WE (1)	-	1.33	Assessing officer
2008-09	115WE (1)	-	0.13	Assessing officer
2008-09	143(3)	-	1.78	Assessing officer
2010-11	143(3)	5.14	-	Assessing officer
2011-12	154	-	3.21	Assessing officer
2012-13	143(3)	13.78	342.80	ITAT
2013-14	250	14.74	-	ITAT
2013-14	143(3)	-	190.51	ITAT
2014-15	250	9.02	-	ITAT
2014-15	143(3)	-	268.70	ITAT
2016-17	143(3)	7.97	123.83	CIT (Appeals)
2014-15	271(1) (C)	-	7.12	CIT (Appeals)
	Total	62.10	939.41	

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank as applicable.
- (ix) 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 raised by the company, were applied for the purposes for which those are raised.

- (x) 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.
- (xi) According to the information and explanations given to us, the managerial remuneration paid by the Company is in accordance with provisions of Section 197 read with Schedule V to the Companies Act, 2013. The company has also taken requisite approvals as mandated by the provisions of section 197 in terms of managerial remuneration being paid.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company, thus this part 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. 36 Related Party Information.
- (xiv) 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.
- (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) According to the information and explanations given to us, the company is a NBFIs already registered under section 45 I-A of the Reserve Bank of India Act, 1934.

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

Kanti Kumar Gupta
(CA Kanti Kumar Gupta)
Partner (M. No. 071615)

Date : May 27, 2019
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 2018-19 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.	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 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 agencies reported by the management and / or observed during our audit of the year.

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

Kanti Kumar Gupta
(CA Kanti Kumar Gupta)
Partner (M. No. 071615)

Date : May 27, 2019

Place : New Delhi

Non Banking Financial Companies Auditor's Report for the Year Ended 31.03.2019

To
The Board of Directors
PNB Gilts Ltd.
5 Sansad Marg, New Delhi-01

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, 2019.

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 11, 2018 and the Company has not accepted any public deposits during the year ended March 31, 2019.

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.

The Company has correctly arrived at the Capital Adequacy Ratio (CRAR) as disclosed in the return submitted to Reserve Bank of India in Form NBS-7 and this ratio is in compliance with the minimum CRAR prescribed. The Company has furnished the annual statement of Capital Fund, Risk Assets/Exposure and Risk Asset Ratio (NBS-7) within stipulated period to Reserve Bank of India.

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

Kanti Kumar Gupta

(CA Kanti Kumar Gupta)
Partner (M. No. 071615)

Date : May 27, 2019
Place : New Delhi

Comments of the Comptroller and Auditor General of India

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 2019

The preparation of financial statements of PNB Gilts Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the Management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2019.

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 2019 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.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143 (6) (b) of the Act.

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

A handwritten signature in black ink, appearing to read 'Rina Akoijam'.

(Rina Akoijam)

Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-III,
New Delhi

Place: New Delhi
Date: 24 July, 2019

Balance Sheet as at 31st March, 2019

(₹ in lacs)

	Notes	As at 31.03.19	As at 31.03.18	As at 01.04.17
ASSETS				
Financial assets				
Cash and cash equivalents	3	20.52	36.48	18.55
Bank balance other than above	4	10,559.88	10,556.21	75.40
Derivative financial instruments	5	37,467.43	751.45	62.66
Loans	6	5,257.34	151.41	22.38
Investments	7	881,771.57	499,865.36	434,994.04
Other financial assets	8	16,341.40	11,729.87	8,618.66
		951,418.14	523,090.78	443,791.69
Non- financial assets				
Current tax assets (net)	9	306.59	458.15	425.19
Deferred tax assets (net)	10	97.42	1,359.10	-
Investment property	11(a)	28.41	12.78	13.44
Property, plant and equipment	11(b)	228.79	266.40	285.67
Other intangible assets	11(c)	29.19	0.29	2.30
Other non-financial assets	12	95.48	42.29	11.17
		785.89	2,139.01	737.77
TOTAL		952,204.04	525,229.79	444,529.46
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	5	38,721.80	781.83	225.65
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		72.44	19.98	42.28
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		-	-	167.32

(₹ in lacs)

	Notes	As at 31.03.19	As at 31.03.18	As at 01.04.17
Borrowing (other than debt securities)	14	823,391.94	436,865.40	351,392.95
Other financial liabilities	15	809.83	976.51	136.63
		862,996.01	438,643.72	351,964.83
Non financial liabilities				
Current tax liabilities (net)	16	69.18	557.53	629.85
Provisions	17	347.61	265.21	401.39
Deferred tax liabilities (net)	10	-	-	535.32
Other non-financial liabilities	18	24.01	56.33	12.76
		440.80	879.07	1,579.32
Equity				
Equity share capital	19	18,001.01	18,001.01	18,001.01
Other equity	20	70,766.21	67,705.99	72,984.30
		88,767.22	85,707.00	90,985.31
TOTAL		952,204.04	525,229.79	444,529.46

Significant accounting policies and notes to accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board



(Sunil Mehta)
Chairman
DIN:07430460



(Prem Prakash Pareek)
Director
DIN: 00615296



(Vikas Goel)
Managing Director & CEO
DIN: 08322541



(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(Monika Kochar)
Company Secretary
Membership No.F6514

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



(CA. Kanti Kumar Gupta)
Partner
Membership No. 071615

Date: May 27, 2019

Place : New Delhi

Regd Off: 5, Sansad Marg, New Delhi – 110 001

Statement of Profit and Loss for the year ended 31st March, 2019

(₹ in lacs)

	Notes	Year ended 31.03.19	Year ended 31.03.18
Revenue from operations			
Interest income	21	36,236.49	32,943.14
Discount income	22	14,012.97	7,138.17
Dividend income		2.26	6.34
Rental income	23	4.20	-
Net gain (Realised & Unrealised)	24	280.21	-
Fees and commission income	25	243.29	140.72
Total revenue from operations		50,779.42	40,228.37
Other income	26	21.92	16.49
Total income		50,801.34	40,244.86
Expenses			
Finance costs	27	40,343.67	33,072.20
Fees and commission expense	28	535.16	467.34
Net loss (Realised & Unrealised)	24	-	5,095.61
Employees benefit expense	29	714.04	610.47
Other expenses	30	864.05	818.86
Depreciation, amortization and impairment	11(a),(b),(c)	42.36	48.50
Total expenses		42,499.27	40,112.98
Profit/(loss) before tax		8,302.07	131.88
Tax expense/(credit):			
(1) Current tax		1,644.29	1,879.10
(2) Earlier year taxes		80.55	4.00
(3) Deferred tax		1,291.45	(1,892.65)
Total Tax expenses		3,016.29	(9.55)
Profit for the year		5,285.78	141.43
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			

(₹ in lacs)

	Notes	Year ended 31.03.19	Year ended 31.03.18
Remeasurements of defined benefit plan		(85.21)	(5.14)
(ii) Income tax relating to items that will not be reclassified to profit or loss		29.77	1.80
Other comprehensive income		(55.43)	(3.34)
Total comprehensive income for the year (comprising profit/ (loss) and other comprehensive income for the year)		5,230.35	138.09
Earnings per equity share (for continuing operations)	31		
Basic (Rs.)		2.94	0.08
Diluted (Rs.)		2.94	0.08

Significant accounting policies and notes to accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board



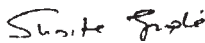
(Sunil Mehta)
Chairman
DIN:07430460



(Prem Prakash Pareek)
Director
DIN: 00615296



(Vikas Goel)
Managing Director & CEO
DIN: 08322541



(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(Monika Kochar)
Company Secretary
Membership No.F6514

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



(CA. Kanti Kumar Gupta)
Partner
Membership No. 071615

Date: May 27, 2019
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

Statement of Changes in Equity for the year ended 31st March, 2019

(₹ in lacs)

a. Equity share capital

Particulars	Notes	Amount
As at 1 st April, 2017	19	18,001.01
Changes in equity share capital		-
As at 31 st March, 2018		18,001.01
Changes in equity share capital		-
As at 31 st March, 2019		<u>18,001.01</u>

b. Other equity

Particulars	Reserves and surplus						Total
	Statutory reserve	Securities premium reserve	General reserve	Market fluctuation reserve	Capital reserve	Retained earning	
Balance as at 1st April, 2017	23,366.02	2,501.27	9,776.54	6,300.00	5,988.96	25,051.51	72,984.30
Profit for the year	-	-	-	-	-	141.43	141.43
Other comprehensive income for the year	-	-	-	-	-	(3.34)	(3.34)
Total comprehensive income	23,366.02	2,501.27	9,776.54	6,300.00	5,988.96	25,189.60	73,122.39
Transactions with owners in their capacity as owners:							
Dividends (including dividend tax)	-	-	-	-	-	(5,416.40)	(5,416.40)
Transferred from retained earnings	731.52	-	-	-	331.08	-	1,062.60
Transferred to other reserves	-	-	-	-	-	(1,062.60)	(1,062.60)
Balance as at 31st March, 2018	24097.54	2,501.27	9,776.54	6,300.00	6,320.04	18,710.60	67,705.99
Profit for the year	-	-	-	-	-	5,285.78	5,285.78
Other comprehensive income for the year	-	-	-	-	-	(55.43)	(55.43)
Total comprehensive income	24,097.54	2,501.27	9,776.54	6,300.00	6,320.04	23,940.95	72,936.34
Transactions with owners in their capacity as owners:							
Dividends (including dividend tax)	-	-	-	-	-	(2,170.13)	(2,170.13)
Transferred from retained earnings	1,057.16	-	-	-	-	-	1,057.16
Transferred to other reserves	-	-	-	-	-	(1,057.16)	(1,057.16)
Balance as at 31st March, 2019	25,154.70	2,501.27	9,776.54	6,300.00	6,320.04	20,713.66	70,766.21

Significant accounting policies and notes to accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board

(Sunil Mehta)
Chairman
DIN:07430460

(Prem Prakash Pareek)
Director
DIN: 00615296

(Vikas Goel)
Managing Director & CEO
DIN: 08322541

(Sunita Gupta)
Executive Director & CFO
DIN:06902258

(Monika Kochar)
Company Secretary
Membership No.F6514

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

(CA. Kanti Kumar Gupta)
Partner
Membership No. 071615

Date: May 27, 2019
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

Statement of Cash Flows for the year ended 31st March, 2019

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
Profit before tax	8,302.07	131.88
<i>Adjustments for</i>		
Add: Depreciation and amortisation expense	42.36	48.50
Changes in provisions	20.18	67.61
Loss/(profit) on sale of property, plant and equipment	0.51	(0.96)
Interest paid	40,343.67	33,072.20
Less: Discount and interest received	(50,249.46)	(40,083.80)
Dividend received	(2.26)	(6.34)
Operating (loss) before changes in operating activity	(1,542.93)	(6,770.91)
Cash flow from operating activity		
Add: Discount and interest received	50,249.46	40,083.80
Dividend received	2.26	6.34
Less: Interest paid	(40,343.67)	(33,072.20)
<i>Adjustment for changes in operating activity</i>		
Changes in investments in FDR	-	(10,462.00)
Changes in investments at fair value through profit and loss	(380,682.22)	(65,003.93)
Changes in financial assets and non-financial assets	(9,770.65)	(3,271.36)
Changes in financial liability and non-financial liabilities	(169.52)	484.95
Cash used in operations	(382,257.26)	(78,005.31)
Less: Net taxes paid	(2,061.64)	(1,988.36)
(A) Net cash used in operating activity	(384,318.90)	(79,993.67)
Cash flow from investing activities		
<i>Adjustment for changes in investing activity</i>		
Sale proceeds of property, plant and equipment	0.20	1.40
Purchase of property, plant and equipment	(50.01)	(27.03)
(B) Net cash used in investing activity	(49.81)	(25.63)
Cash flow from financing activity		
<i>Adjustment for changes in financing activity</i>		
Changes in borrowings	386,526.54	85,472.45
Dividend distribution including DDT	(2,170.12)	(5,416.40)
Changes in unclaimed dividends and bonus fractional entitlement	(3.67)	(18.82)
(C) Net cash flow from financing activity	384,352.75	80,037.23

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
Consolidated cash flow during the year (A+B+C)	(15.96)	17.93
Cash and cash equivalent at the beginning of the year	36.48	18.55
Cash and cash equivalent at the end of the year	20.52	36.48
Balances with banks		
Balances with Reserve Bank of India	19.44	22.20
Balances with PNB Current Accounts	1.08	14.28
	20.52	36.48

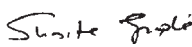
Significant accounting policies and notes to accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board


(Sunil Mehta)
 Chairman
 DIN:07430460


(Prem Prakash Pareek)
 Director
 DIN: 00615296


(Vikas Goel)
 Managing Director & CEO
 DIN: 08322541


(Sunita Gupta)
 Executive Director & CFO
 DIN:06902258


(Monika Kochar)
 Company Secretary
 Membership No.F6514

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


(CA. Kanti Kumar Gupta)
 Partner
 Membership No. 071615

Date: May 27, 2019
 Place : New Delhi
 Regd Off: 5, Sansad Marg, New Delhi – 110 001

PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

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 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.

For all periods up to and including the year ended 31st March 2018, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and the Reserve Bank of India guidelines as applicable to the Primary Dealers and NBFC. The financial statements for the year ended 31st March 2019 are the first the Company has prepared in accordance with Ind AS.

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. 42 "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

I a. 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.

I b. 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 1st April, 2017.

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.

I c. 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

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that retains substantially all the risks and rewards incidental to ownership with the Lessor is classified as an Operating lease.

Operating lease payments are recognised as an expense on accrual basis in the statement of profit and loss on a straight-line basis over the lease term unless either:

- i. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- ii. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

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 trusts.

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

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)

i. Debt Instruments at Amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b. 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.

ii. Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b. 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 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 Certificates of Deposit, Commercial Papers, Bills Re-discounted and Zero Coupon Bonds, carrying value is presumed to be its fair value.
- 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 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: Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value with the change in fair value recognised in profit or loss, the fees are recognised as part of the fair value when the instrument is initially recognized.
- vii. Commission & other fees: Commission & other fees will be recognized as and when the performance obligation is satisfied as per IND AS 115. During the year the company has adopted Ind AS 115, however, the same has no material impact over the financial statements of the company.
- 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 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

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the company and makes the strategic decisions.

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.

XV. Dividend and Tax on Dividend

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.

PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31st March 2019

(₹ in lacs)

Note 3: Cash and cash equivalents	As at 31.03.19	As at 31.03.18	As at 01.04.17
Balances in current account with:			
- Reserve Bank of India	19.44	22.20	16.96
- Schedules Banks	1.08	14.28	1.59
Total	20.52	36.48	18.55

Note 4: Bank balance other than above	As at 31.03.19	As at 31.03.18	As at 01.04.17
Bank deposits (more than 3 months and upto 12 months)^	10,488.00	10,488.00	26.00
Balance with scheduled banks (earmarked balances)*	71.88	68.21	49.40
Total	10,559.88	10,556.21	75.40

***Earmarked balances with banks**

Balance with Scheduled Banks earmarked towards Unclaimed Dividends	71.56	67.89	49.08
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable	0.32	0.32	0.32
Total	71.88	68.21	49.40

^ As at 31st March, 2019, fixed deposits amounting to Rs.475.00 lacs are in the joint name of the company with NSCCL A/C Stock Holding of India Ltd. and 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, 2018, fixed deposits amounting to Rs.475.00 lacs are in the joint name of the company with NSCCL A/C Stock Holding of India Ltd. and 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 1st April, 2017, fixed deposits amounting to Rs.13.00 lacs is in the joint name of the company with NSEIL A/C, 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 43.

(₹ in lacs)

Particulars	31 st March, 2019			31 st March, 2018			1 st April, 2017		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Interest rate derivatives:									
Interest Rate Swaps (Asset)	1,194,500.00	37,467.43	-	195,000.00	751.45	-	7,500.00	62.66	-

(₹ in lacs)

	31 st March, 2019			31 st March, 2018			1 st April, 2017		
Interest Rate Swaps (Liability)	1,247,000.00	-	38,721.32	270,000.00	-	781.83	10,000.00	-	225.65
Index Option (equity linked derivatives)	58.80	-	0.48	-	-	-	-	-	-
Total derivative financial instruments	2,441,558.80	37,467.43	38,721.80	465,000.00	751.45	781.83	17,500.00	62.66	225.65

Part II

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.

(₹ in lacs)

Particulars	31 st March, 2019				31 st March, 2018				1 st April, 2017			
	Notional amount	Derivative asset	Notional amount	Derivative liability	Notional amount	Derivative asset	Notional amount	Derivative liability	Notional amount	Derivative asset	Notional amount	Derivative liability
Interest Rate Swaps (Asset)	94,500.00	1,098.98	-	-	30,000.00	131.53	-	-	10,000.00	62.66	-	-
Interest Rate Swaps (Liability)	-	-	137,000.00	1,472.24	-	-	35,000.00	148.19	-	-	7,500.00	225.65
Index Option (equity linked derivatives)	58.80	-	-	0.48	-	-	-	-	-	-	-	-
Total	94,558.80	1,098.98	137,000.00	1,472.72	30,000.00	131.53	35,000.00	148.19	10,000.00	62.66	7,500.00	225.65

Note 6: Loans

(₹ in lacs)

Particulars	As at 31.03.19	As at 31.03.18	As at 01.04.17
At amortised Cost			
Others			
Lending under Liquidity Adjustment Facility (LAF) to RBI*	5,000.00	-	-
Advance for equity purchase to Stock Holding Corporation of India Limited (SHCIL)*	22.23	30.76	-
	5,022.23	30.76	-
Term loans			
Staff loans*	235.11	120.65	22.38
Total (A) Gross	5,257.34	151.41	22.38
Less: Impairment loss allowance	-	-	-
Total (A) Net	5,257.34	151.41	22.38
Secured by tangible assets and intangible assets	5,232.22	116.79	12.89
Covered by Bank/Government Guarantees	-	-	-

(₹ in lacs)

Particulars	As at 31.03.19	As at 31.03.18	As at 01.04.17
Unsecured	25.12	34.62	9.49
Total (B) Gross	5,257.34	151.41	22.38
Less: Impairment loss allowance	-	-	-
Total (B) Net	5,257.34	151.41	22.38
Loans in India			
Public Sector	-	-	-
Others (to be specified)			
-Lending under LAF to RBI*	5,000.00	-	-
-Advance for equity purchase to SHCIL*	22.23	30.76	-
-Staff loans*	235.11	120.65	22.38
Total (C) Gross	5,257.34	151.41	22.38
Less: Impairment loss allowance	-	-	-
Total (C) Net	5,257.34	151.41	22.38

*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

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
At fair value through profit or loss (FVTPL)			
Mutual funds	-	-	26,762.76
Government Securities	658,798.71	394,324.38	324,713.37
Other approved securities	-	-	-
Debt Securities	222,706.08	105,416.03	83,311.27
Equity Instruments	266.78	124.95	206.63
Subsidiaries	-	-	-
Associates	-	-	-
Joint Venture	-	-	-
Others (specify)	-	-	-
Total gross (A)	881,771.57	499,865.36	434,994.04
Investments outside India	-	-	-
Investments in India	881,771.57	499,865.36	434,994.04
Total (B)	881,771.57	499,865.36	434,994.04
Total (A) to tally with (B)	881,771.57	499,865.36	434,994.04
Less: Allowance for Impairment loss (C)	-	-	-
Total Net D = (A) -(C)	881,771.57	499,865.36	434,994.04

The Company is providing custodian services to its constituents and total holdings of 74 (P.Y. 77) constituents in government securities as at 31st March, 2019 in SGL II with RBI is Rs. 4,249,571.65 lacs (P.Y. Rs. 3,955,859.03 lakhs)

Note 8: Other financial assets

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Interest accrued but not due on :			
Government dated and approved securities	9,744.78	5,813.23	4,517.04
Bonds and debentures	4,370.53	4,221.47	2,585.20
LAF lending	2.47	-	-
Cash deposit with Clearing Corporation of India Limited (CCIL)	6.63	4.57	2.88
Fixed deposits with Scheduled Banks	573.12	351.82	0.81
Security deposit	1,643.64	1,338.78	1,512.73
- with CCIL	1,572.00	1,317.00	1,089.00
- for Future & Options margin money	0.92	6.38	64.65
- Interest Rate Futures Margin Money	63.72	11.03	354.23
- for Others	7.00	4.37	4.84
Rent receivables	0.18	-	-
Expenses recoverable	0.05	-	-
Total	16,341.40	11,729.87	8,618.66

Note 9: Current Tax Assets

(₹ in lacs)

Particulars	As at 31.03.19	As at 31.03.18	As at 01.04.17
Advance Tax 2005-06	-	198.97	198.97
Advance Tax 2006-07	2.10	2.11	2.11
Advance Tax 2008-09	116.49	116.49	116.49
Advance Tax 2011-12	80.87	94.64	94.64
Advance Tax 2012-13	-	3.54	3.54
Advance Tax 13-14	-	0.68	0.68
Advance Tax 14-15	0.05	0.16	0.16
Advance Tax 2016-17	0.19	0.19	-
Tds Receivable	106.89	41.37	8.60
Total	306.59	458.15	425.19

Note 10: Tax Expenses

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019

(₹ in lacs)

Particulars	Year ended 31.03.19	Year ended 31.03.18
Accounting profit before tax	8,302.07	131.88
At India's statutory income tax rate	2,901.08	45.64
Interest under section 234B and 234C	56.14	6.62
Adjustments in respect of current income tax of prior years	80.55	4.00
Income not subject to tax		
Interest Earned on PSU Bond- Taxfree	(35.25)	(50.67)
Profit on Sale of Fixed Assets	-	(0.33)
Dividend Income on Equity Shares u/s 10(34)	(0.79)	(2.20)
Others	(55.33)	(12.60)
Tax on clean ganga contribution	69.89	-
Income tax expense reported in the statement of profit & loss	3,016.29	(9.55)

(₹ in lacs)

Deferred Tax liabilities / (assets)	As at 31.03.19	As at 31.03.18	As at 01.04.17
Deferred tax liability			
Fair value of Financial Instruments	(600.49)	-	(713.36)
Gross deferred tax liability	(600.49)	-	(713.36)
Deferred tax asset			
Provision for Leave liability	61.92	52.09	45.68
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	9.66	7.57	1.33
Fair value of Financial Instruments	-	1,282.32	-
Discounting of Staff Loans	1.89	1.15	0.82
Prior period item	-	-	57.91
Deferred tax on Performance Linked Incentive (PLI)	-	15.96	72.30
MAT Credit	624.44	-	-
Gross deferred tax asset	697.91	1,359.10	178.04
Net Deferred Tax (Liability)/ Asset	97.42	1,359.10	(535.32)

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

		(₹ in lacs)	
2018-19		Income Statement	OCI
Fair value of Financial Instruments		1,882.81	-
Remeasurements of defined benefit plan		19.95	(29.77)
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting		(2.09)	-
Discounting of Staff Loans		(0.74)	-
Deferred tax on Performance Linked Incentive (PLI)		15.96	-
MAT credit		(624.44)	-
Net Deferred Tax Liability/ (Asset)		1,291.45	(29.77)

		(₹ in lacs)	
2017-18		Income Statement	OCI
Fair value of Financial Instruments		(1,995.68)	-
Remeasurements of defined benefit plan		(4.61)	(1.80)
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting		(6.25)	-
Discounting of Staff Loans		(0.34)	-
Prior period item		57.90	-
Deferred tax on Performance Linked Incentive (PLI)		56.34	-
Net Deferred Tax Liability/ (Asset)		(1,892.65)	(1.80)

Note 11A: Investment Property

FY 2018-19

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2018	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2019	As at 1 April 2018	For the period	Adjustments/ Deductions during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
1	Buildings* (Built Up Flats)	28.00	-	37.81	65.81	15.22	1.45	20.73	37.40	28.41	12.78
	Total	28.00	-	37.81	65.81	15.22	1.45	20.73	37.40	28.41	12.78

* Market Value of 2 Chennai flats is Rs. 143.60 lacs (Rs. 71.80 lacs each)

* Market Value of 2 Bengaluru flats is Rs. 147.28 lacs (Rs. 73.64 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.

FY 2017-18

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2017	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2018	As at 1 April 2017	For the period	Adjustments/ Deductions during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
1	Buildings** (Built Up Flats)	28.00	-	-	28.00	14.57	0.65	-	15.22	12.78	-
	Total	28.00	-	-	28.00	14.57	0.65	-	15.22	12.78	-

** These consist of company flats located in Bengaluru.

FY 2016-17

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2016	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2017	As at 1 April 2016	For the period	Adjustments/ Deductions during the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
1	Buildings** (Built Up Flats)	-	-	28.00	28.00	-	0.68	13.88	14.56	13.44	-
	Total	-	-	28.00	28.00	-	0.68	13.88	14.56	13.44	-

** These consist of company flats located in Bengaluru.

Note 11B: Property, plant and equipment

FY 2018-19

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2018	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2019	As at 1 April 2018	For the period	Adjustments/ Deductions during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
1	Buildings (Built Up Flats)	561.44	-	(37.81)	523.63	335.23	10.15	(20.73)	324.65	198.98	226.21
2	Office equipments	54.49	12.84	8.92	58.41	49.98	9.08	8.61	50.45	7.96	4.51
3	Computers	124.01	4.59	1.49	127.11	119.59	6.42	1.08	124.93	2.18	4.42
4	Furnitures and fixtures	135.52	1.97	1.33	136.16	125.96	6.74	1.33	131.37	4.79	9.56
5	Vehicles	38.75	-	-	38.75	17.04	6.83	0.01	23.86	14.88	21.70
	Total	914.21	19.40	(26.07)	884.06	647.81	39.22	(9.70)	696.73	228.79	266.40

FY 2017-18

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2017	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2018	As at 1 April 2017	For the period	Adjustments/ Deductions during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
1	Buildings (Built Up Flats)	561.44	-	-	561.44	323.69	11.54	-	335.23	226.21	-
2	Office equipments	51.86	4.97	2.35	54.49	43.15	9.18	2.35	49.98	4.51	-
3	Computers	118.38	7.73	2.09	124.01	117.78	3.90	2.09	119.59	4.42	-
4	Furnitures and fixtures	132.53	3.91	0.92	135.52	112.64	14.24	0.92	125.96	9.56	-
5	Vehicles	33.34	10.41	5.01	38.75	14.63	6.98	4.56	17.04	21.70	-
	Total	897.55	27.03	10.37	914.21	611.89	45.85	9.93	647.81	266.40	-

FY 2016-17

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2016	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2017	As at 1 April 2016	For the period	Adjustments/ Deductions during the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
1	Buildings (Built Up Flats)	589.44	-	(28.00)	561.44	325.44	12.13	(13.88)	323.69	237.75	-
2	Office equipments	68.83	11.36	28.33	51.86	67.01	4.45	28.31	43.15	8.71	-
3	Computers	116.68	2.26	0.56	118.38	111.99	6.36	0.56	117.79	0.60	-
4	Furnitures and fixtures	138.39	20.54	26.40	132.53	137.30	1.74	26.40	112.64	19.90	-
5	Vehicles	35.69	19.70	22.05	33.34	28.01	6.17	19.54	14.64	18.71	-
	Total	949.03	53.86	49.34	897.55	669.75	30.85	60.93	639.67	285.67	-

Note 11C: Intangibles

FY 2018-19

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2018	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2019	As at 1 April 2018	For the period	Adjustments/ Deductions during the year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
1	Software	226.90	30.61	-	257.51	226.61	1.71	-	228.32	29.19	0.29
	Total	226.90	30.61	-	257.51	226.61	1.71	-	228.32	29.19	0.29

FY 2017-18

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2017	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2018	As at 1 April 2017	For the period	Adjustments/ Deductions during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
1	Software	242.39	-	15.49	226.90	240.09	2.00	15.49	226.61	0.29	2.30
	Total	242.39	-	15.49	226.90	240.09	2.00	15.49	226.61	0.29	2.30

FY 2016-17

(₹ in lacs)

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2016	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2017	As at 1 April 2016	For the period	Adjustments/ Deductions during the year	As at 31 March 2017	As at 31 March 2017	
1	Software	239.08	3.31	-	242.39	238.06	2.03	-	240.09	2.30	
	Total	239.08	3.31	-	242.39	238.06	2.03	-	240.09	2.30	

Note 12: Other non financial assets

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Prepaid expenses	20.64	17.49	9.44
Unamortised Expenses towards staff	74.84	24.80	1.73
Total	95.48	42.29	11.17

Note 13: Payables

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Trade payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	72.44	19.98	42.28
(a)	72.44	19.98	42.28
Other payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	-	-	167.32
(b)	-	-	167.32
Total (a) + (b)	72.44	19.98	209.60

Note 14: Borrowings

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
At amortised cost			
Secured			
Term loans			
-From Banks			
- from RBI (LAF borrowing, Term LAF and Refinance borrowing)*3	146,000.00	177,331.00	40,000.00
-From Other Parties			
- CBLO(Collateralised Borrowing and Lending Obligation)/ TREPS (Tri-Party Repo System) borrowing from CCIL *4	91,952.08	82,798.19	22,634.77
- REPO borrowings*5	367,400.89	71,336.21	92,584.47
Unsecured			
Term loans			
-From Banks			
- Call short notice and term borrowings	129,960.00	97,800.00	90,750.00
- Loans from Related parties (Punjab National Bank)	88,078.97	-	105,423.71
-From Other Parties			
- Inter corporate Borrowing	-	7,600.00	-
Total gross (A)	823,391.94	436,865.40	351,392.95
Borrowings in India	823,391.94	436,865.40	351,392.95
Borrowings outside India	-	-	-
Total gross (B)	823,391.94	436,865.40	351,392.95
Total (B) to tally with (A)	823,391.94	436,865.40	351,392.95

- 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. 2,15,797.40 lacs and Rs. 3,24,785.00 lacs respectively(Previous year 2018 Net Average and Peak borrowings - Rs 1,87,601.04 lacs and Rs.3,02,025.00 lacs respectively). (Previous Year 2017- Net Average and Peak borrowings – Rs 135748.22 lacs and Rs 303050.00 lacs respectively) For the year 2019, average and peak leverage ratio stands at 7.40 and 9.97 respectively (Previous year 2018-6.15 and 8.29 times respectively) (Previous Year 2017- average and peak stands at 4.47 and 7.50 times respectively).
- Pledge of Security Face Value for year 2019 -Rs. 1,53,370 lacs and Book value Rs. 1,52,633.44 lacs (Pledge of Security Face Value for Previous Year 2018-Rs.189688.40 lacs and Book Value Rs.190023.86 lacs) (Previous. Year 2017 Face Value Rs 40,590 lacs and Book Value Rs 40,782 lacs).
- Pledge of Security Face Value for year 2019-Rs.99,270 lacs and Book value Rs. 97,914.39 lacs (Pledge of security Face Value for Previous Year 2018-Rs.92,070 lacs and Book Value Rs. 89,833.95 lacs) (2017: Face Value Rs 25,470.00 lacs and Book Value Rs.24,965.94 lacs).
- Pledge of Security Face Value for year 2019-Rs. 3,64,632 lacs and Book value Rs. 3,61,457.99 lacs (Pledge of security Face Value for Previous Year 2018-Rs.72,148.00 lacs and Book Value Rs.71,689.02 lacs) (Previous Year 2017. Face Value Rs.89,392.00 lacs and Book Value Rs.91,204.69 lacs).
- The weighted average rate of interest for the borrowings are as follows:

- LAF	6.25%
- Term LAF	6.45%
- Refinance	6.25%
- CBLO/TREPS from CCIL	6.74%
- Repo	7.20%
- Call & Notice Money Borrowing	8.27%

- Term Borrowing	7.76%
- Loan from related party (PNB)	8.10%

Note 15: Other financial liabilities

	(₹ in lacs)		
	As at 31.03.19	As at 31.03.18	As at 01.04.17
Interest accrued but not due			
Short term borrowings	734.45	904.73	85.94
Unclaimed dividend	71.56	67.89	49.08
Unclaimed bonus fractional entitlement payable	0.32	0.32	0.32
Stale cheques	3.50	3.57	1.30
Total	809.83	976.51	136.63

Note 16: Current Tax Liabilities

	(₹ in lacs)		
Particulars	As at 31.03.19	As at 31.03.18	As at 01.04.17
Provision for Taxation-18-19	27.29	-	-
Provision for Taxation-2005-06	11.44	-	-
Provision for Taxation-17-18	-	379.09	-
Provision for Taxation-2009-10	5.14	-	-
Provision For Taxation-2012-13	11.20	-	-
Provision for Taxation-2013-14	8.34	-	-
Provision for Taxation-2016-17	-	-	451.41
Provision for Taxation FY 2015-16	5.77	178.44	178.44
Total	69.18	557.53	629.85

Note 17: Provisions

	(₹ in lacs)		
	As at 31.03.19	As at 31.03.18	As at 01.04.17
Provision for employee benefits			
Leave encashment	177.21	149.07	131.99
Provision for Performance Linked Incentive	67.00	45.67	208.92
Others			
Provision for expenses	103.40	70.47	60.48
Total	347.61	265.21	401.39

	(₹ in lacs)		
Note 18: Other Non-Financial Liabilities	As at 31.03.19	As at 31.03.18	As at 01.04.17
TDS/ GST Payable	24.01	56.33	12.76
Total	24.01	56.33	12.76

Note 19. Share Capital

(₹ in lacs)

Particulars	31 st March, 2019		31 st March, 2018		1 st April, 2017	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised:						
50,00,00,000 Equity shares of Rs. 10/-each	500,000,000	50,000.00	500,000,000	50,000.00	500,000,000	50,000.00
Issued, subscribed and Paid Up						
180,010,134 Equity shares of Rs.10/-each fully paid up	180,010,134	18,001.01	180,010,134	18,001.01	180,010,134	18,001.01
Promoter:						
Punjab National Bank 133,333,333 Equity shares of Rs.10/-each fully paid up	133,333,333	13,333.33	133,333,333	13,333.33	133,333,333	13,333.33
Share holding (%)	74.07%	74.07%	74.07%	74.07%	74.07%	74.07%
Share holding more than 5% details:						
Punjab National Bank 133,333,333 Equity shares of Rs.10/-each fully paid up	133,333,333	13,333.33	133,333,333	13,333.33	133,333,333	13,333.33
Share holding (%)	74.07%	74.07%	74.07%	74.07%	74.07%	74.07%

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

	31 st March, 2019	31 st March, 2018	1 st April, 2017
Opening number of shares	180,010,134	180,010,134	180,010,134
Add: Additions during the year	-	-	-
Less: Reduction during the year	-	-	-
Closing number of shares	180,010,134	180,010,134	180,010,134

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 value 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:

- Aggregate number and class of shares allotted as fully paid pursuant to contract(s) without payment being received in cash :** NIL (Previous year: NIL).
- 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 25,000,000 and in July, 2013 and the number of equity shares issued as bonus were 44,992,534. Aggregate of equity shares issued as bonus shares are 69,992,534. During current year, equity shares issued as bonus shares NIL (previous Year: NIL).
- 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 37.

Note 20: Other equity

Reserve and surplus

(a) Statutory reserve

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Opening balance	24,097.54	23,366.02	20022.54
Transferred from retained earnings	1,057.16	731.52	3343.48
Closing balance	25,154.70	24,097.54	23,366.02

(b) Securities premium reserve

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Opening balance	2,501.27	2,501.27	2,501.27
Addition during the year	-	-	-
Closing balance	2,501.27	2,501.27	2,501.27

(c) General reserve

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Opening balance	9,776.54	9,776.54	9776.54
Addition during the year	-	-	-
Closing balance	9,776.54	9,776.54	9,776.54

(d) Capital reserve

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Opening balance	6,320.04	5,988.96	3759.25
Transferred from retained earnings	-	331.08	2229.71
Closing balance	6,320.04	6,320.04	5,988.96

(e) Market fluctuation reserve

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Opening balance	6,300.00	6,300.00	6300
Addition during the year	-	-	-
Closing balance	6,300.00	6,300.00	6,300.00

(f) Retained earning

(₹ in lacs)

	As at 31.03.19	As at 31.03.18	As at 01.04.17
Opening balance	18,710.60	25,051.51	12,807.01
Addition during the year	5,230.35	138.09	16,717.38
Transferred to other reserves	(1,057.16)	(1,062.60)	(5,573.19)
Dividends (including dividend tax)	(2,170.13)	(5,416.40)	-
Opening Ind AS adjustments	-	-	1,100.31
Closing balance	20,713.66	18,710.60	25,051.51
Total	70,766.21	67,705.99	72,984.30

- A sum of Rs. 1061.26 lacs (P.Y. 2018 Rs.731.52 lacs and PY 2017 Rs. 3343.48 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 2018-19, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on March 31, 2019 in this reserve is Rs.6300 lacs (P.Y. 2018 Rs.6300 lacs and PY 2017 is Rs. 6300 lacs). The same is not free for distribution of dividend.
- The Board of Directors have recommended a final dividend of Rs. 1.40 per equity share amounting to Rs. 2520.14 lacs for FY 18-19 after the balance sheet date. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the company and therefore proposed final dividend of Rs. 2520.14 lacs and DDT of Rs. 518.02 lacs has not been recognised as a liability as at the balance sheet date. Proposed final dividend for FY 2017-18 of Re 1 per equity share of Rs. 10 each amounting to Rs. 1800.10 lacs and DDT of Rs. 370.02 lacs has been accounted for in the current financial year.
- Net owned Funds (after deducting Deferred Tax , Intangible Assets and unamortised expenses on staff advances) of the Company stands at Rs 88565.77 lacs (P.Y. 2018 Rs.84322.81 lacs and P.Y. 2017 Rs. 90981.28 lacs) as against the minimum stipulated capital of Rs. 25000.00 lacs. Return on Average Net Worth for the year 2018-19 stands at 6.11 per cent (P.Y.2018 0.16 per cent).
- Capital Adequacy Ratios as per Ind AS on June 30, 2018, September 30, 2018, December 31, 2018 and March 31, 2019 were 47.68 per cent (P.Y. 24.15 per cent), 50.36 per cent (P.Y. 31.92 per cent), 55.14 per cent (P.Y. 26.32 per cent) and 36.59 per cent (P.Y. 38.27 per cent) respectively as against RBI stipulation of 15 per cent.

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, 2019 and 31st March, 2018.
- (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. The balance as on April 01, 2017 is adjusted by Rs. 167.32 lacs on account of prior period office rent expenses and by Rs. 208.92 lacs on account of Performance Linked Incentive pertaining to FY 2016-17.

Note 21: Interest income

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
On financial assets measured at amortised cost		
(a) Interest on loans		
-Short term lending	555.70	449.60
(b) Other interest income		
-Deposit with CCIL	24.62	16.80
-Interest on deposits with banks	1,038.44	391.91
	(I) 1,618.76	858.31
On financial assets classified at fair value through profit and loss		
(c) Interest income from Investments		
-Government securities	25,957.59	24,540.39
-Corporate bonds and debentures	8,653.18	7,537.46
(d) Other interest income		
-Interest on non competitive sales	6.96	6.98
	(II) 34,617.73	32,084.83
Total interest income (I+II)	36,236.49	32,943.14

Note 22: Discount income

(₹ in lacs)

Commercial papers

	Year ended 31.03.19	Year ended 31.03.18
Sales	3,010.77	2,401.34
Add: Closing stock	-	-
Less: Purchases	2,963.03	2,401.09
Less: Opening stock	-	-
Total (I)	47.74	0.25

Certificate of deposits

Sales	75,310.83	47,557.60
Add: Closing stock	64,765.01	4,983.48
Less: Purchases	134,767.44	52,448.01
Less: Opening stock	4,983.48	-
Total (II)	324.92	93.07

Treasury bills/cash management bills

Sales

Add: Closing stock

Less: Purchases

Less: Opening stock

Total (III)
Total discount income (I+II+III)

(₹ in lacs)

Year ended 31.03.19	Year ended 31.03.18
2,685,887.38	2,645,274.75
162,873.98	87,665.34
2,747,455.71	2,689,305.93
87,665.34	36,589.31
13,640.31	7,044.85
14,012.97	7,138.17

Note 23: Rental income

Rent received*

Total

(₹ in lacs)

Year ended 31.03.19	Year ended 31.03.18
4.20	-
4.20	-

* 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 24: Net gain/ (loss) (Realised & Unrealised)
Net gain/ (loss) on financial instruments at fair value through profit or loss

On trading portfolio

- Investment

- Derivatives

Total net gain/(loss) (Realised & Unrealised)
A. Trading Profit/(loss) (Realised)
(a) Government securities

Sales

Add: Closing stock

Less: Purchases

Less: Opening stock

Total
(b) Bonds & Debentures

Sales

Add: Closing stock

Less: Purchases

Less: Opening stock

Total
(c) Equity Shares

Sales

Add: Closing stock

(₹ in lacs)

Year ended 31.03.19	Year ended 31.03.18
1,638.33	(4,844.39)
(1,358.12)	(251.22)
280.21	(5,095.61)
14,333,763.24	14,719,500.27
495,311.93	311,386.05
14,524,403.44	14,745,552.90
311,386.05	286,112.01
(6,714.32)	(778.59)
1,240,934.56	1,302,722.52
157,837.09	101,338.60
1,297,360.62	1,320,780.35
101,338.60	83,118.89
72.43	161.88
3,394.04	5,822.61
269.01	128.83

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
Less: Purchases	3,497.02	5,553.68
Less: Opening stock	128.83	209.48
Total	37.20	188.28
(d) Mutual Funds		
Sales	2,040,491.05	1,178,174.37
Add: Closing stock	-	-
Less: Purchases	2,038,599.50	1,148,015.26
Less: Opening stock	-	26,762.76
Total	1,891.55	3,396.35
(e) Derivatives		
Interest Rate Swaps	(17.25)	12.98
Interest Rate Futures	(17.57)	(338.80)
Futures & Options	(11.71)	(35.54)
	(46.53)	(361.36)
Total Trading profit/(loss) (Realised) (a+b+c+d+e)	(A) (4,759.67)	2,606.56
B. Fair value changes: Unrealised		
(a) Government Securities		
Add: Closing Stock	596.50	(4,727.01)
Less: Opening Stock	(4,727.01)	2,013.80
	5,323.51	(6,740.81)
(b) Bonds & Debentures		
Add: Closing Stock	120.26	(906.05)
Less: Opening Stock	(906.05)	164.42
	1,026.31	(1,070.47)
(c) Equity Shares		
Add: Closing Stock	(2.23)	(3.88)
Less: Opening Stock	(3.88)	(2.85)
	1.65	(1.03)
(d) Mutual Funds	-	-
(e) Derivatives	(1,311.59)	110.14
Total fair value changes (Unrealised) (a+b+c+d+e)	(B) 5,039.88	(7,702.17)
Total Net gain/ (loss) (Realised & Unrealised)	(A+B) 280.21	(5,095.61)
Note 25: Fees and commission income		(₹ in lacs)
	Year ended 31.03.19	Year ended 31.03.18
Underwriting fees	224.61	117.91
Commission and other fees	18.68	22.81
Total	243.29	140.72

Note 26: Other income

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
Amount received from MMCBL**	2.00	-
Profit on sale of property, plant and equipment	-	0.96
Other miscellaneous income #	19.92	15.53
Total	21.92	16.49

** Rs. 2.00 lacs is received from Madhavpura Mercantile Cooperative Bank Ltd. (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.

Interest on staff loans amounts to Rs. 14.31 lacs (PY: Rs.4.71 lacs).

Note 27: Finance Cost

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
<i>On financial liabilities measured at amortised cost</i>		
Interest on borrowings		
Call and short notice borrowing	14,166.43	11,523.26
CBLO/TREPS borrowing	5,475.90	5,580.10
Repo borrowing	12,739.35	8,567.69
RBI borrowing	7,330.45	5,202.52
Overdraft borrowing	70.20	236.40
ICD borrowing	561.34	1,962.23
Total	40,343.67	33,072.20

Note 28: Fee and commission expense

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
Brokerage on securities and financial instruments	4.06	3.20
Financial information services	57.89	57.20
Operating expenses for futures and options	4.03	5.78
Operating expenses for equity	8.51	14.83
Operating expenses for IRF	3.99	4.69
Transaction charges etc	453.30	380.26
Bank charges	3.38	1.38
Total	535.16	467.34

Note 29: Employee benefit expenses

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
Salaries and allowances*	531.82	458.83
Stipend expenses	0.82	-
Contribution to PF and gratuity fund	58.98	35.67
Staff welfare and other establishment expenses	73.69	101.61
Staff recruitment and training	48.72	14.36
Total	714.04	610.47

* This figure includes Rs. 67.00 lacs as performance linked incentive provision (P.Y. : Rs. 45.68 lacs)

Note 30: Other expenses

(₹ in lacs)

	Year ended 31.03.19	Year ended 31.03.18
Rent on business premises	162.40	161.75
Postage, telegram, couriers and telephone	47.93	50.21
Travelling and conveyance and motor car expense	46.37	35.84
Printing and stationery	10.48	13.00
Repairs to building	28.17	22.67
Repairs and maintenance - Others	70.89	61.64
Internal audit fees and expense	19.47	18.29
Legal and professional expense	54.72	19.08
Listing fees	7.43	6.67
Books and periodicals	2.54	2.74
Workshops and business meets	39.38	39.40
Water and electricity expenses	16.80	15.43
Insurance charges	3.45	1.78
Director's sitting fees	22.67	17.49
Auditors remuneration (refer note a)	19.78	17.35
Net loss on disposal of property, plant and equipment	0.51	-
Share transfer fees	7.50	6.94
Corporate membership	3.90	3.11
Advertisement and publicity	2.93	1.87
Board / statutory meeting expenses	5.97	7.57
Miscellaneous expenses (refer note b)	35.15	24.47
CSR expenses (refer Note 50)	255.61	291.56
Total	864.05	818.86

(a) Payment to Auditors

(₹ in lacs)

As auditor:

- Audit fee
- Tax audit fee

In other capacity:

- Certification and other fees

	Year ended 31.03.19	Year ended 31.03.18
	9.98	8.96
	2.05	1.86
	7.75	6.53
Total	19.78	17.35

- (b) There was an instance of SGL bouncing during the year. On 5th december, 2018, one transaction of borrowing against the stock of 8.43% Telangana SDL 2043 of Rs. 5 cr was rejected due to insufficient security in company's account. CCIL charged the company with Rs. 29, 500/- as shortfall charges and RBI imposed penalty of Rs. 50, 000/-.

Note 31: Earning 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.

(₹ in lacs)

	2018-19	2017-18
Net profit from continued operation attributable to equity holders of the parent	5,285.78	141.43
Net profit from continuing operation attributable to equity holders of the parent adjusted for the effect of dilution	5,285.78	141.43
Weighted average number of equity shares for basic earnings per share	180,010,134.00	180,010,134.00
Weighted average number of equity shares adjusted for the effect of dilution	180,010,134.00	180,010,134.00
Earnings per share		
Basic earnings per share	2.94	0.08
Diluted earnings per share	2.94	0.08

Note 32: Retirement benefit plan

Defined benefit plan

(A) Leave encashment

The benefit on account of leave encashment are provided based on actuarial valuation for the company as a whole.

Key assumptions

	31.03.19	31.03.18
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2006-08 ultimate
Attrition Rate	6.00% p.a.	5.00% p.a.
Imputed Rate of Interest (Discounting)	7.70% p.a.	7.65% p.a.
Imputed Rate of Interest (Interest Cost)	7.65% p.a.	7.50% p.a.
Salary Rise	7.00% p.a.	8.00% p.a.
Return on Plan Assets	N.A.	N.A.
Remaining working life	19.67 years	20.30 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, 2019

(₹ in lacs)

Particulars	1-Apr-18	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-19
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	149.07	44.08	7.54	51.62	(100.95)	77.46	177.20

Changes in the defined benefit obligation as at 31st March, 2018

(₹ in lacs)

Particulars	1-Apr-17	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-18
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	131.99	38.83	8.06	46.89	(48.93)	19.12	149.07

(B) **Gratuity**

The disclosure on account of gratuity are provided based on actuarial valuation for the company as a whole.

Key assumptions	31 st March, 2019	31 st March, 2018
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2006-08 ultimate
Attrition Rate	6.00% p.a.	5.00% p.a.
Imputed Rate of Interest (Discounting)	7.70% p.a.	7.65% p.a.
Imputed Rate of Interest (Interest Cost)	7.65% p.a.	7.50% p.a.
Salary Rise	7.00% p.a.	8.00% p.a.
Return on Plan Assets	7.65% p.a.	7.50% p.a.
Remaining working life	19.67 years	20.30 years

Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2019

(₹ in lacs)

Particulars	1-Apr-18	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-19
	(i)			(ii)	(iii)		(iv)		(v) = (i+ii+iii+iv)
Defined benefit obligation	98.35	9.44	6.73	16.17	(20.71)	-	10.41	-	104.21
Fair value of plan assets	98.35	-	-	-	(20.88)	7.49	2.66	20.12	107.75

Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2018

(₹ in lacs)

Particulars	1-Apr-17	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-18
	(i)			(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (i) to (vi)
Defined benefit obligation	82.93	37.34	6.18	43.52	(0.98)	-	(14.18)	-	111.29
Fair value of plan assets	82.93	-	-	-	(1.07)	6.56	(0.20)	10.13	98.35

(C) Expected payment for future years
(i) Gratuity (₹ in lacs)

Based on past service	31 st March, 2019	31 st March, 2018
Within the next 12 months (next annual reporting period)	7.07	18.03
Between 2 and 5 years	45.19	42.20
Between 5 and 10 years	21.63	20.50
Beyond 10 years	131.81	143.07
Total expected payments	205.69	223.81

(₹ in lacs)

Based on terminal service	31 st March, 2019	31 st March, 2018
Within the next 12 months (next annual reporting period)	7.34	18.26
Between 2 and 5 years	56.49	52.25
Between 5 and 10 years	40.13	42.99
Beyond 10 years	214.41	234.12
Total expected payments	318.38	347.62

(ii) Leave encashment (₹ in lacs)

Based on terminal service	31 st March, 2019	31 st March, 2018
Within the next 12 months (next annual reporting period)	10.64	29.67
Between 2 and 5 years	75.76	51.97
Between 5 and 10 years	35.85	25.71
Beyond 10 years	220.01	188.47
Total expected payments	342.26	295.82

(D) Sensitivity analysis
(i) Gratuity

(₹ in lacs)

Assumptions	31-Mar-19		31-Mar-18		31-Mar-19		31-Mar-18		31-Mar-19		31-Mar-18	
	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	(3.54)	3.77	(3.75)	4.02	3.01	(3.12)	2.31	(2.90)	0.20	(0.22)	0.01	(0.02)

(ii) Leave encashment

(₹ in lacs)

Assumptions	31-Mar-19		31-Mar-18		31-Mar-19		31-Mar-18		31-Mar-19		31-Mar-18	
	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	(5.58)	5.96	(4.66)	5.00	5.97	(5.64)	4.96	(4.66)	0.31	(0.33)	(0.16)	0.11

Note 33: First-time adoption of Ind AS

These financial statements, for the year ended 31st March, 2019, are the first financial statements of the Company and have been prepared in accordance with Ind AS. For periods up to and including the year ended 31st March, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March, 2019, together with the comparative period data as at and for the year ended 31st March, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April, 2017 and the financial statements as at and for the year ended 31st March, 2018.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions:

Mandatory exemptions

1. Estimates

The estimates at 1st April, 2017 and at 31st March, 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- (a) FVTPL – equity and debt instrument
- (b) Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April, 2017, the date of transition to Ind AS and as of 31st March, 2018.

2. Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

3. Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2017.

Optional Exemption

1. Arrangements containing a lease:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

2. Fair value measurement of financial assets or financial liabilities at initial recognition

Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS.

Note 34(a): Reconciliation of Equity as at March 31, 2017

(₹ in lacs)

	Notes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents	3	18.55	-	18.55
Bank balance other than above	4	75.40	-	75.40
Derivative financial instruments	5	1.25	61.41	62.66
Loans	6	26.49	(4.11)	22.38
Investments	7	432,789.61	2,204.43	434,994.04
Other financial assets	8	8,618.66	-	8,618.66
		441,529.95	2,261.73	443,791.69
Non- financial assets				
Current tax assets (net)	9	425.19	-	425.19
Deferred tax assets (net)	10	47.01	(47.01)	-
Investment property	11(a)	-	13.44	13.44
Property, plant and equipment	11(b)	299.10	(13.44)	285.66
Other Intangible assets	11(c)	2.30	-	2.30
Other non- financial assets	12	9.44	1.73	11.17
		783.03	(45.28)	737.77
TOTAL		442,313.00	2,216.46	444,529.46
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	5	21.06	204.59	225.65
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		42.28	-	42.28
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		-	167.32	167.32
Borrowing (other than debt securities)	14	351,392.95	-	351,392.95
Other financial liabilities	15	136.63	-	136.63
		351,592.92	371.91	351,964.83

(₹ in lacs)

Non financial liabilities	Notes	Indian GAAP	Adjustments	Ind AS
Current tax liabilities (net)	16	629.85	-	629.85
Provisions	17	192.47	208.92	401.39
Deferred tax liabilities (net)	10	-	535.32	535.32
Other non-financial liabilities	18	12.76	-	12.76
Equity				-
Equity share capital	19	18,001.01	-	18,001.01
Other equity	20	71,883.99	1,100.31	72,984.30
		90,720.08	1,844.55	92,564.63
TOTAL		442,313.00	2,216.46	444,529.46

Note 34 (b): Reconciliation of Equity as at March 31, 2018

(₹ in lacs)

	Notes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents	3	36.48	-	36.48
Bank balance other than above	4	10,556.21	-	10,556.21
Derivative financial instruments	5	(16.03)	767.47	751.45
Loans	6	179.49	(28.09)	151.41
Investments	7	503,541.61	(3,676.26)	499,865.36
Other financial assets	8	11,729.87	-	11,729.87
		526,027.66	(2,936.87)	523,090.78
Non- financial assets				
Current tax assets (net)	9	458.15	-	458.15
Deferred tax assets (net)	10	59.66	1,299.44	1,359.10
Investment property	11(a)	-	12.78	12.78
Property, plant and equipment	11(b)	279.19	(12.78)	266.40
Other Intangible assets	11(c)	0.29	-	0.29
Other non- financial assets	12	17.48	24.81	42.29
		814.77	1,324.25	2,139.01
TOTAL		526,842.41	(1,612.63)	525,229.79
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	5	20.91	760.91	781.83
Payables	13			
Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-

(₹ in lacs)

	Notes	Indian GAAP	Adjustments	Ind AS
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19.98	-	19.98
Borrowing (other than debt securities)	14	436,865.40	-	436,865.40
Other financial liabilities	15	976.51	-	976.51
		437,882.81	760.91	438,643.72
Non financial liabilities				
Current tax liabilities (net)	16	557.53	-	557.53
Provisions	17	219.54	45.68	265.21
Deferred tax liabilities (net)	10	-	-	-
Other non-financial liabilities	18	56.33	-	56.33
Equity				
Equity share capital	19	18,001.01	-	18,001.01
Other equity	20	70,125.17	(2,419.22)	67,705.99
		88,959.58	(2,373.54)	86,586.07
TOTAL		526,842.41	(1,612.63)	525,229.79

Note 34 (c): Reconciliation of Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in lacs)

	Notes	Indian GAAP	Adjustments	Ind AS
Revenue from operations				
Interest Income	21	32,943.14	-	32,943.14
Discount Income	22	7,164.43	(26.26)	7,138.17
Dividend Income		6.34	-	6.34
Net gain (Realised & unrealised)	24	-	-	-
Fees and commission Income	25	140.72	-	140.72
Total Revenue from operations		40,254.63	(26.26)	40,228.37
Other Income	26	15.63	0.86	16.49
Expenses				
Finance Costs	27	33,072.20	-	33,072.20
Fees and commission expense	28	467.34	-	467.34
Net loss (Realised & unrealised)	24	(609.07)	5,704.68	5,095.61
Employees Benefit Expense	29	777.07	(166.60)	610.47
Other expenses	30	818.86	-	818.86
Depreciation, amortization and impairment	11(a), (b), (c)	48.50	-	48.50
Total expenses		34,574.90	5,538.08	40,112.98
Prior Period Expense		167.32	(167.32)	-
Profit/(loss) before tax		5,528.04	(5,396.16)	131.88

(₹ in lacs)

	Notes	Indian GAAP	Adjustments	Ind AS
Tax Expense/(Credit):				
(1) Current Tax		1,879.10	-	1,879.10
(2) Earlier year Taxes		4.00	-	4.00
(2) Deferred Tax		(12.65)	(1,880.00)	(1,892.65)
Profit for the year		3,657.59	(3,516.16)	141.43
Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan			(5.14)	(5.14)
(ii) Income tax relating to items that will not be reclassified to profit or loss				
			1.80	1.80
Other Comprehensive Income		-	(3.34)	(3.34)
Total Comprehensive Income for the year (comprising Profit/(Loss) and other Comprehensive Income for the year)		3,657.59	(3,519.50)	138.09

Note 35

1. FVTPL financial assets

Under Indian GAAP, the company accounted for Held till maturity investments as investment at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the company has designated such investments as Fair value through profit & loss investments. Ind AS requires FVTPL investments to be measured at fair value and account for both depreciation and appreciation in fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised in the retained earnings, net of related deferred taxes.

2. Derivative adjustment

Under IGAAP, Derivative contracts entered for trading/ hedging purposes are measured at fair value and only depreciation is accounted for, however 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 IGAAP, concessional loans/interest free loans given to staff are recognized at the disbursed amount. However 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.

4 Expected Credit Loss (ECL) on Deposits

Under Indian GAAP no provision on Deposits with CCIL and SHCIL was made. However, under Ind AS ECL will be recognised on these deposits as required.

5 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. 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.

6 Other comprehensive income (OCI)

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

7. Leases

The Company has taken Delhi office on lease from Punjab National Bank and the validity of lease is 11 months with three times rollover.

8. Company's consultants:

Ind AS Consultants- Ernst & Young Associates LLP

GST Consultant- Lodha & Co.

Tax Consultant- Vinod Krishna & Associates

Actuary-Dr. Y.P. Sabharwal

Note 36: Related party disclosures

1.1 Details of Related Party

Particulars	Relationship
Punjab National Bank	Parent
Punjab National Bank (International) Ltd.	Subsidiary of Parent
PNB Investment Services Ltd.	Subsidiary of Parent
Druk PNB Bank Ltd.	Subsidiary of Parent
PNB Insurance Broking Pvt. Ltd.	Subsidiary of Parent
Madhya Bihar Gramin Bank	Associates of Parent
Sarva Haryana Gramin Bank	Associates of Parent
Himachal Gramin Bank	Associates of Parent
Punjab Gramin Bank	Associates of Parent
Sarva UP Gramin Bank	Associates of Parent
Principal PNB Asset Management Co. Pvt. Ltd.	Associates of Parent
Principal Trustee Co. Pvt. Ltd.	Associates of Parent
PNB Housing Finance Ltd.	Associates of Parent
PNB Metlife India Insurance Co. Ltd.	Associates of Parent
JSC Tengri Bank	Associates of Parent
Everest Bank Ltd.	Associates of Parent
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
PNB Gilts Ltd. Employees Company Gratuity Fund Trust	Post Employment benefit plan of Reporting Entity

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.

(₹ In Lacs)

	2019	2018
Short-term employee benefits		
- Mr. S.K. Dubey- MD (from April 01, 2018 to January 31, 2019)	53.19	82.29
- Mr. Vikas Goel-MD & CEO (w.e.f. February 01, 2019)	16.46	-
- Mrs. Sunita Gupta (ED & CFO)	46.24	65.13
- Mrs. Monika Kochar (Company Secretary)	19.82	23.39
- Sitting Fee to Non-Executive Directors	22.67	17.49
Post-employment pension (defined contribution)	-	-
Termination benefits	-	-
Other Long term benefits	-	-
Share Based Payments	-	-
TOTAL	158.38	188.30

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 18-19, PLI paid to Mr. S.K. Dubey (Managing Director) was Rs. 8.60 lacs, to Mrs. Sunita Gupta (Executive Director and CFO) was Rs. 6.56 lacs and to Mrs. Monika Kochar (Company Secretary) was Rs. 1.40 Lacs. During FY 17-18, PLI paid to Mr. S.K. Dubey (Managing Director) was Rs. 39.10 lacs, to Mrs. Sunita Gupta (Executive Director and CFO) was Rs. 29.25 lacs and to Mrs. Monika Kochar (Company Secretary) was Rs. 7.50 Lacs.

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 fee income from three superannuation funds of PNB and PNB sponsored RRBs and 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.

(₹ In Lacs)

	2018-19	2017-18
	(Book Value)	(Book Value)
1 Security Purchase		
Punjab Gramin Bank	18,775.43	112,458.04
PNB Employees PF Trust	8,673.03	1,043.52
Himachal Gramin Bank	13,884.43	1,027.00
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	19,856.56	19,767.25
Sarva Haryana Gramin Bank	5,447.65	3,489.15
Sarva UP Gramin Bank	8,278.94	8,047.10
Punjab National Bank	35,389.66	2,061.75
Principal PNB Asset Management Co. Pvt. Ltd.	2,490.75	-
PNB Metlife India Insurance Co. Ltd.	436.35	-

(₹ In Lacs)

	2018-19	2017-18
	(Book Value)	(Book Value)
2 Security Purchase Against Short Sale		
Madhya Bihar Gramin Bank/Dakshin Bihar Gramin Bank	54,210.60	22,426.95
Punjab Gramin Bank	-	6,178.35
Sarva Haryana Gramin Bank	5,810.95	-
Himachal Gramin Bank	1,893.15	-
Sarva UP Gramin Bank	492.23	-
3 Security Sale		
Sarva UP Gramin Bank	21,974.18	47,097.91
Punjab National Bank	1,986.80	9,349.24
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	185,033.13	175,681.98
Himachal Gramin Bank	40,452.66	19,199.00
PNB Housing Finance Ltd.	6,008.94	6,296.94
PNB Employees PF Trust	12,948.70	3,479.76
Punjab Gramin Bank	47,075.61	66,442.33
Sarva Haryana Gramin Bank	12,887.02	53,292.19
PNB Metlife India Insurance Co. Ltd.	7,535.02	-
PNB Employees Pension Fund	59,761.59	-
4 Short Sale		
Sarva UP Gramin Bank	487.00	-
Madhya Bihar Gramin Bank	-	8,910.20
5 Fixed Deposit Redemption		
Punjab National Bank	-	13.00
6 Interest on Fixed Deposit		
Punjab National Bank	-	0.33
7 Reverse Repo Lending		
Punjab National Bank	-	20,483.19
8 Interest on Reverse Repo Lending		
Punjab National Bank	-	1.13
9 Profit on Sale/Purchase against short sale		
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	109.30	99.08
Sarva UP Gramin Bank	10.25	10.54
Punjab National Bank	0.03	(0.04)
Himachal Gramin Bank	69.53	101.93
PNB Housing Finance Ltd.	3.63	6.34
PNB Employees PF Trust	(4.98)	9.72
Punjab Gramin Bank	72.29	40.28
PNB Employees Pension Fund	(5.70)	-
PNB Metlife India Insurance Co. Ltd.	(5.89)	-
Sarva Haryana Gramin Bank	2.55	20.29

(₹ In Lacs)

	2018-19	2017-18
	(Book Value)	(Book Value)
10 Fee Income		
Himachal Gramin Bank	1.58	1.42
PNB Housing Finance Ltd.	0.62	0.59
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	0.59	0.99
Punjab Gramin Bank	0.76	0.97
Sarva Haryana Gramin Bank	0.80	0.92
PNB Employees Pension Fund	0.58	-
PNB Employees PF Trust	0.28	-
PNB Employees Gratuity Fund	0.13	-
Sarva UP Gramin Bank	0.73	0.86
11 Rent Paid		
Punjab National Bank	160.68	327.46
12 Bank Charges Paid		
Punjab National Bank	2.95	0.96
13 Rent booked in P&L from PNB	4.20	-
14 Term Insurance premium paid		
PNB Metlife India Insurance Co. Ltd.	3.61	3.21
15 Rent receivable from PNB	0.18	-
16 TDS receivable on rent from PNB	0.42	-
17 Interest accrued on CD		
Punjab National Bank	14.94	-
18 Line of credit availed		
Punjab National Bank	91,766.88	-
19 Interest paid on line of credit		
Punjab National Bank	70.20	-

Note 37: 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:

	31 st March, 2019	31 st March, 2018	31 st March, 2017
Capital Adequacy Ratio	36.59%	38.27%	37.08%

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, 2019, 31st March, 2018 and 31st March, 2017.

Note 38: Change in liabilities arising from financing activities

(₹ In Lacs)

Particulars	1-Apr-17	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-18
Payables	209.60	(189.62)	-	-	-	19.98
Borrowing other than debt securities	351,392.95	85,472.45	-	-	-	436,865.40
Other financial liabilities	136.63	839.88	-	-	-	976.51

(₹ In Lacs)

Particulars	1-Apr-18	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-19
Payables	19.98	52.46	-	-	-	72.44
Borrowing other than debt securities	436,865.40	386,526.54	-	-	-	823,391.94
Other financial liabilities	976.51	(166.68)	-	-	-	809.83

Note 39: Contingent liabilities, commitments and leasing arrangements

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.

CONTINGENT LIABILITY
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:

(₹ In Lacs)

Assessment year	2018-19	2017-18	Forum where pending
2012-13 under section 143(3) of the Income Tax Act, 1961	342.80	356.58	ITAT
2013-14 under section 143(3) of the Income Tax Act, 1961	190.51	205.25	ITAT
2014-15 under section 143(3) of the Income Tax Act, 1961	268.70	277.72	ITAT
2016-17 under section 143(3) of the Income Tax Act, 1961	123.83	-	CIT(A)
2014-15 under section 271(1)(c) of the Income Tax Act, 1961	7.12	-	CIT(A)
2007-08 under section 115WE(1) of the Income Tax Act, 1961	1.33	-	AO
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	1.78	-	AO
2011-12 under section 154 of the Income Tax Act, 1961	3.21	-	AO
TOTAL	939.41	839.55	

Note 40: Segment information

The Company's primary business segment is reflected based on the principal business carried out, i.e. trading in securities. The company does not meet the definition of operating segments, therefore no operating segments reporting is done. The risk and returns of the business of the company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment.

Note 41: Standards issued but not yet effective

Ind AS 116 : Leases

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

Note 42: Maturity analysis of assets and liabilities

(₹ in lacs)

Assets	31-Mar-19			31-Mar-18			31-Mar-17		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	20.52	-	20.52	36.48	-	36.48	18.55	-	18.55
Bank balance other than above	10,488.00	71.88	10,559.88	10,488.00	68.21	10,556.21	26.00	49.40	75.40
Derivative financial instruments	37,467.43	-	37,467.43	751.45	-	751.45	62.66	-	62.66
Receivables	-	-	-	-	-	-	-	-	-
Loans	5,001.55	255.79	5,257.34	33.76	117.65	151.41	1.23	21.15	22.38
Investments	881,771.57	-	881,771.57	499,865.36	-	499,865.36	434,994.04	-	434,994.04
Other financial assets	14,762.40	1,579.00	16,341.40	10,408.50	1,321.37	11,729.87	7,524.82	1,093.84	8,618.66
Non- financial assets									
Current tax assets (net)	306.59	-	306.59	458.15	-	458.15	425.19	-	425.19
Deferred tax assets (net)	-	97.42	97.42	-	1,359.10	1,359.10	-	-	-
Investment property	-	28.41	28.41	-	12.78	12.78	-	13.44	13.44
Property, plant and equipment	-	228.79	228.79	-	266.40	266.40	-	285.67	285.67
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Other Intangible assets	-	29.19	29.19	-	0.29	0.29	-	2.30	2.30

(₹ In Lacs)

Assets	31-Mar-19			31-Mar-18			31-Mar-17		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other non-financial assets	20.64	74.84	95.48	17.49	24.80	42.29	9.44	1.73	11.17
Total Assets	949,838.70	2,365.33	952,204.03	522,059.19	3,170.60	525,229.79	443,061.92	1,467.53	444,529.46
Liabilities									
Financial liabilities									
Derivative financial instruments	38,721.80	-	38,721.80	781.83	-	781.83	225.65	-	225.65
Trade Payables (other than MSME)	72.44	-	72.44	19.95	0.03	19.98	38.52	3.76	42.28
Other Payables (other than MSME)	-	-	-	-	-	-	167.32	-	167.32
Debt Securities	-	-	-	-	-	-	-	-	-
Borrowing	823,391.94	-	823,391.94	436,865.40	-	436,865.40	351,392.95	-	351,392.95
Deposits	-	-	-	-	-	-	-	-	-
Other financial liabilities	734.45	75.38	809.83	904.73	71.78	976.51	85.94	50.70	136.63
Non financial liabilities									
Current tax liabilities (net)	69.18	-	69.18	557.53	-	557.53	629.85	-	629.85
Provisions	181.04	166.57	347.61	145.81	119.40	265.21	296.46	104.93	401.39
Deferred tax liabilities (net)	-	-	-	-	-	-	-	535.32	535.32
Other non Financial Liabilities	24.01	-	24.01	56.33	-	56.33	12.76	-	12.76
Total Liabilities	863,194.86	241.95	863,436.81	439,331.58	191.21	439,522.79	352,849.44	694.71	353,544.15

Note 43: 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 annually by the Audit Committee and on the basis of the Committee's recommendation, the Board approves the same.

(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 table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2019:

(₹ In Lacs)

31-Mar-19	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	328,214.14	34,083.34	-	2,705.68	-	-	-	-	365,003.16
Market Borrowing	459,724.64	-	-	-	-	-	-	-	459,724.64
	787,938.78	34,083.34	-	2,705.68	-	-	-	-	824,727.80

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2018:

(₹ In Lacs)

31-Mar-18	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	225,778.00	33,415.00	-	17,105.00	-	-	-	-	276,298.00
Market Borrowing	154,294.00	-	-	-	8,131.00	-	-	-	162,425.00
	380,072.00	33,415.00	-	17,105.00	8,131.00	-	-	-	438,723.00

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 1st April, 2017:

(₹ In Lacs)

1-Apr-17	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	209,768.00	2,520.00	20,342.00	4,091.00	-	-	-	-	236,721.00
Market Borrowing	115,269.00	-	-	-	-	-	-	-	115,269.00
	325,037.00	2,520.00	20,342.00	4,091.00	-	-	-	-	351,990.00

(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. 22386.52 lacs (P.Y. 2018 Rs. 18983.63 lacs) and to single group of borrower or counterparty was Rs. 28704.37 lacs (P.Y. 2018 Rs. 36969.19 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 :

(₹ In Lacs)

	31-Mar-19			31-Mar-18			1-Apr-17			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
ASSETS										
Financial assets										
Cash and cash equivalents	20.52	-	20.52	36.48	-	36.48	18.55	-	18.55	Interest rate
Bank balance other than above	10,559.88	-	10,559.88	10,556.21	-	10,556.21	75.40	-	75.40	Interest rate
Derivative financial instruments	37,467.43	37,467.43	-	751.45	751.45	-	62.66	62.66	-	Interest rate
Loans	5,257.34	-	5,257.34	151.41	-	151.41	22.38	-	22.38	Interest rate
Investments	881,771.57	881,771.57	-	499,865.36	499,865.36	-	434,994.04	434,994.04	-	Interest rate
Other financial assets	16,341.40	-	16,341.40	11,729.87	-	11,729.87	8,618.66	-	8,618.66	
Total	951,418.14	919,239.00	32,179.14	523,090.78	500,616.81	22,473.97	443,791.68	435,056.70	8,734.98	
LIABILITIES										
Financial liabilities										
Derivative financial instruments	38,721.80	38,721.80	-	781.83	781.83	-	225.65	225.65	-	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	72.44	-	72.44	19.98	-	19.98	42.28	-	42.28	

(₹ In Lacs)

	31-Mar-19			31-Mar-18			1-Apr-17			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
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	-	-	-	-	-	-	167.32	-	167.32	
Borrowing	823,391.94	-	823,391.94	436,865.40	-	436,865.40	351,392.95	-	351,392.95	Interest rate
Other financial liabilities	809.83	-	809.83	976.51	-	976.51	136.63	-	136.63	
Total	862,996.01	38,721.80	824,274.21	438,643.72	781.83	437,861.89	351,964.83	225.65	351,739.18	

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 (Interest rate risk + Spread risk+ equity risk) over a 301 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.

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 301 Days of historical data

(₹ In Lacs)

	Interest Rate Risk	Equity & Equity F&O	Other*
2017-18 -31st March	1,175.80	6.26	-
2017-18 -Average	3,012.70	22.57	33.91
2017-18- Maximum	5,937.70	81.25	209.27
2017-18 -Minimum	1,165.79	0.98	-

(₹ In Lacs)

	Interest Rate Risk	Equity & Equity F&O	Other*
2018-19 -31st March	2,476.46	11.55	-
2018-19 -Average	891.75	11.96	22.53
2018-19- Maximum	2,800.27	30.72	231.00
2018-19 -Minimum	465.88	3.95	-

*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 2018-19, the Company recorded three back-testing exceptions (2017-18: zero exceptions), when actual losses exceeded daily VaR limits.

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 and borrowings and hence not exposed to interest rate risk as far as these financial instruments are concerned.

Note 44 Fair value measurement

44.1 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.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

44.2 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.

44.3 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:

	'31 March 2019					31 March 2018					31 March 2017				
	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total
Assets measured at fair value															
Derivative financial instruments															
Interest rate swaps	37,467.43	-	37,467.43	-	37,467.43	751.45	-	751.45	-	751.45	62.66	-	62.66	-	62.66
Total derivative financial instruments	37,467.43	-	37,467.43	-	37,467.43	751.45	-	751.45	-	751.45	62.66	-	62.66	-	62.66
Financial investment held for trading															
Government Securities	658,798.71	-	658,798.71	-	658,798.71	394,324.38	-	394,324.38	-	394,324.38	324,713.37	-	324,713.37	-	324,713.37
Debt Securities	222,706.08	-	222,706.08	-	222,706.08	105,416.03	-	105,416.03	-	105,416.03	83,311.27	-	83,311.27	-	83,311.27
Equity instruments	266.78	266.78	-	-	266.78	124.95	124.95	-	-	124.95	206.63	206.63	-	-	206.63
Mutual Funds	-	-	-	-	-	-	-	-	-	-	26,762.76	26,762.76	-	-	26,762.76
Total financial investment held for trading	881,771.57	266.78	881,504.79	-	881,771.57	499,865.36	124.95	499,740.41	-	499,865.36	434,994.04	26,969.40	408,024.64	-	434,994.04
Total assets measured at fair value	919,239.00	266.78	918,972.22	-	919,239.00	500,616.81	124.95	500,491.86	-	500,616.81	435,056.70	26,969.40	408,087.30	-	435,056.70
Liabilities measured at fair value															
Derivative financial instruments															
Interest rate swaps	38,721.80	-	38,721.80	-	38,721.80	781.83	-	781.83	-	781.83	225.65	-	225.65	-	225.65
Liabilities measured at fair value	38,721.80	-	38,721.80	-	38,721.80	781.83	-	781.83	-	781.83	225.65	-	225.65	-	225.65

44.4 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 seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 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.

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.

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.

44.5 There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31st March, 2018 and 31st March, 2019.

44.6 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 to all relevant (not fully collateralised) over-the-counter positions with the exception of positions settled through central clearing houses and DVA to all relevant (not fully collateralised) over-the-counter positions and positions settled through central clearing houses. Based on regular assessment of the extent of the adjustments, the Company concluded that these adjustments were not significant to the levelling classification of the relevant instruments in 2018 or 2019.

44.7 Impact of valuation adjustments

The following table shows the amount recorded in the statement of profit and loss:

	2018-2019	2017-2018
Type of adjustment		
Credit value adjustment	1.28	-
Total	1.28	-

44.8 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.

	31-Mar-19				31-Mar-18				1-Apr-17						
	Carrying Value	Fair Value			Carrying Value	Fair Value			Carrying Value	Fair Value					
		Level 1	Level 2	Level 3		Total	Level 1	Level 2		Level 3	Total	Level 1	Level 2	Level 3	Total
Financial Assets:															
Cash and cash equivalents	20.52	20.52	-	-	20.52	36.48	36.48	-	-	36.48	18.55	18.55	-	-	18.55
Bank balance other than above	10,559.88	10,559.88	-	-	10,559.88	10,556.21	10,556.21	-	-	10,556.21	75.40	75.40	-	-	75.40
Loans	5,257.34	-	5,257.34	-	5,257.34	151.41	-	151.41	-	151.41	22.38	-	22.38	-	22.38
Other Financial assets	16,341.40	-	16,341.40	-	16,341.40	11,729.87	-	11,729.87	-	11,729.87	8,618.66	-	8,618.66	-	8,618.66
Total financial assets	32,179.14	10,580.40	21,598.74	-	32,179.14	22,473.97	10,592.69	11,881.28	-	22,473.97	8,734.98	93.94	8,641.04	-	8,734.98
Financial Liabilities:															
Trade payables	72.44	-	72.44	-	72.44	19.98	-	19.98	-	19.98	42.28	-	42.28	-	42.28
Other payables	-	-	-	-	-	-	-	-	-	-	167.32	-	167.32	-	167.32
Borrowing	823,391.94	-	823,391.94	-	823,391.94	436,865.40	-	436,865.40	-	436,865.40	351,392.95	-	351,392.95	-	351,392.95
Other financial liabilities	809.83	-	809.83	-	809.83	976.51	-	976.51	-	976.51	136.63	-	136.63	-	136.63
Total financial liabilities	824,274.21	-	824,274.21	-	824,274.21	437,861.89	-	437,861.89	-	437,861.89	351,739.18	-	351,739.18	-	351,739.18

44.9 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.

NOTE 45: DISCLOSURES ON INTEREST RATE SWAPS

	Hedging Swaps		Trading Swaps	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Notional Principal (Gross)	231500.00	65000.00	2210000.00	407500.00
Marked to Market Positions	234401.30	65006.56	2208907.45	407460.40
Max. of 100 * PV01 observed during the year	1765.02	625.43	1894.59	1028.60
Min. of 100 * PV01 observed during the year	414.28	72.17	15.46	NIL
Market Risk	In the event of 100 basis points adverse movement in interest rate there will be a negative impact of Rs. 1440.00 lacs (prev. year Rs. 458.03 lacs) on Hedging Swaps and Rs. 1000.00 lacs (prev. year Rs. 40.96 lacs) on Trading Swaps in Swap Book. The losses, which would be incurred if, counter parties fail to fulfill their obligations works out to Rs. 1.28 lacs (prev. year Rs. Nil lacs) The Company's exposure with regard to outstanding swap transactions is limited to banks and CCIL.			
Collateral	No Collateral is insisted upon from counterpart			
Credit Risk Concentration	Rs. 1191.26 lacs (Prev. Year Rs. 105.06 lacs))			

NOTE 46: ISSUER COMPOSITIONS OF INVESTEMENTS IN NON-GOVERNMENT SECURITIES

As on March 31, 2019, the total stock of Rs. 880469.93 lacs (P.Y. Rs. 505588.66 lacs) (Book Value before providing diminution/appreciation) comprises of

- Govt. Securities (including T. Bills) -Rs. 657613.50 lacs (prev. year Rs. 399137.75 lacs),
- Equity Instruments -Rs. 269.01 lacs (prev. year Rs. 128.83 lacs),
- Money Market instruments -Rs. 64750.32 lacs (prev. year Rs. 4983.48 lacs),
- Corporate Bonds and Debentures -Rs. 157837.10 lacs (prev. year Rs. 101338.60 lacs) &
- Mutual Fund Units -Rs. NIL lacs (prev. year Rs. NIL lacs).

The Book Value (before providing diminution/appreciation) of Non-Government Securities comprises of

- AAA rated - Rs. 139507.03 lacs (prev. year Rs. 81353.01 lacs)
- AA+ rated bonds -Rs. 8512.74 lacs (prev. year Rs. 19985.59 lacs)
- AA rated bonds - Rs. 2327.84 lacs (prev year Rs. NIL lacs)
- A+ rated bonds -Rs. 2480.94 lacs (prev year Rs. NIL lacs)
- A1+ rated Bank CDs. - Rs 64750.32 lacs (prev. year Rs. 4983.48 lacs)
- A rated bonds -Rs. 5008.55 lacs (prev year Rs. NIL lacs)

The ratings of the following bonds have declined as under:

Issuer Name	Migrated Rating	Rating Action
Mahindra & Mahindra Financial Services Ltd.	AA+	AAA to AA+
Deewan Housing Finance Corporation Limited	A	AA- to A
Reliance Home Finance Limited	A+	AA to A+
SREI equipment Finance Limited	AA	AA+ to AA

(₹ 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	48342.81 (12609.20)	NA	NA	NA	NA
2	FIs	999.80 (88547.58)	NA	NA	NA	NA
3	Banks	64750.32 (4983.48)	NA	NA	NA	NA
4	Other PDs	NIL (NIL)	NA	NA	NA	NA
5	Private Corporates	11086.70 (181.82)	NA	NA	NA	NA
6	Subsidiaries/Joint Ventures	NIL (NIL)	NA	NA	NA	NA
7	Others (NBFCs)	97407.80 (NIL)	NA	NA	NA	NA
8	Provision held towards (-diminution)/ appreciation	134.94 (-906.05)	NA	NA	NA	NA
	Total	222587.43 (105416.03)	NA	NA	NA	NA

Figures in brackets relate to FY 2017-18

NOTE 47: CRAR AND RELATED INFORMATION

(₹ in Lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	CRAR (%)	36.59	38.27
ii)	CRAR – Tier I (Capital (%))	36.59	38.27
iii)	CRAR – Tier II (Capital (%))	NA	NA

Interest Rate Swaps

(₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	The Notional Principal of swap agreements	2441500.00	472500.00
ii)	Losses which would be incurred if counterparties fail to fulfill their obligations under the agreements	1.28	-
iii)	Concentration of credit risk arising from the swaps	1191.27	105.06
iv)	The fair value of the swap book	2440308.73	472466.96

Quantitative Disclosures of Interest Rate Swaps for Financial Year 2018-19 are as under:

(₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	a) For Hedging	231500.00	65000.00
	b) For Trading	2210000.00	407500.00
ii)	Marked to Market Positions		
	a) Asset (+)	2440308.73	472466.96
	b) Liability (-)	-	-

iii)	Credit Exposures	1191.27	105.06
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	1000.00	458.03
	b) On Trading Derivatives	1440.00	40.96
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	1765.02 & 414.28	625.43 & 72.17
	b) On Trading Derivatives	1894.59 & 15.46	1028.60 & NIL

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 stop loss 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.

For hedging of Interest Rate Derivative transactions undertaken on the exchanges, Company follows RBI guidelines.

Quantitative Disclosures of Interest Rate Futures & Currency Derivatives for Financial Year 2018-19 are as under:

(₹ 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 Futures	-	-

Quantitative Disclosures of Exchange Traded Interest Rate Futures for FY 2018-19 are as under:

(₹ in Lacs)

S.No.	Particulars	Current Year	Previous Year
i)	Notional Principal Amount of IRF undertaken during the year	20811.50	86170.69
ii)	Notional Principal Amount of IRF outstanding as on 31.03.2018	-	-
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 48: REAL ESTATE EXPOSURES

Exposure to Real Estate Sector

(₹ 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)	217.46	102.49
	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
	iii. Investments in mortgage backed securities (MBS and other securitized exposures-		
	a. Residential b. Commercial Real Estate	NIL	NIL
b.	Indirect Exposure		
	Fund Based and non fund based exposures on Housing Finance Companies (HFCs)	44167.16	49022.97

NOTE 49: ASSET LIABILITY MANAGEMENT

FY-2018-19

(₹ 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
Liabilities									
Borrowings from Banks	327538.97	34000.00	-	2500.00	-	-	-	-	364038.97
Market Borrowings	459352.97	-	-	-	-	-	-	-	459352.97
Assets									
Advances / Investments	886793.57	-	-	-	22.19	1.50	15.00	1861.11	888693.37

FY 2017-18
(₹ 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
Liabilities									
Borrowings from Banks	225400.00	33331.00	-	16400.00	-	-	-	-	275131.00
Market Borrowings	154134.40	-	-	-	7600.00	-	-	-	161734.40
Assets									
Advances / Investments	499896.12	-	-	-	20.48	0.85	14.29	1441.27	501373.01

NOTE 50: Details of Corporate Social Responsibility expenses:

- (a) Gross amount required to be spent by the company during the year is Rs. 255.61 lacs (P.Y. 291.56 lacs)
 (b) Amount spent during the year on:

(₹ in Lacs)

		In cash/cheque	Yet to be paid in cash/ cheque	Total
(i)	Construction/acquisition of any asset	NIL	NIL	NIL
(ii)	On purposes other than (i) above (Towards Prime Minister's National Relief Fund)	55.61 (P.Y. 291.56)	NIL	55.61 (P.Y. 291.56)
(iii)	On purposes other than (i) above (Towards Clean Ganga Fund)	200.00 (P.Y. NIL)	NIL	200.00 (P.Y. NIL)

NOTE 51: Customer Complaints

- (a) No. of complaints pending at the beginning of the year NIL
 (b) No. of complaints received during the year NIL
 (c) No. of complaints redressed during the year NIL
 (d) No. of complaints pending at the end of the year NIL

NOTE 52: Exposure to capital market
(₹ 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;	269.01	128.83
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 units 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;		
Bridge loans to companies against expected equity flows/ issues;		
All exposure to venture capital funds(both registered and unregistered)		
Total exposure to capital market	269.01	128.83

For and on behalf of the Board



(Sunil Mehta)

Chairman

DIN:07430460



(Prem Prakash Pareek)

Director

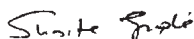
DIN: 00615296



(Vikas Goel)

Managing Director & CEO

DIN: 08322541



(Sunita Gupta)

Executive Director & CFO

DIN:06902258

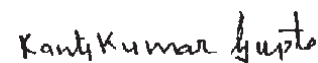


(Monika Kochar)

Company Secretary

Membership No.F6514

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



(CA. Kanti Kumar Gupta)

Partner

Membership No. 071615

Date: May 27, 2019

Place : New Delhi

Regd Off: 5, Sansad Marg, New Delhi – 110 001

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]

(₹ in lacs)

Particulars	Amount outstanding	Amount overdue
Liabilities Side :		
(1) Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid:		
(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)	823,391.94	-
Secured Loans		
1 Borrowings from RBI	146,000.00	-
2 CBLO Borrowings	91,952.08	-
3. Repo Borrowing	367,400.89	-
4. Overdraft Borrowing	-	-
Unsecured Loans		
1 Call Money Borrowings	129,960.00	-
2. Line of Credit from PNB	88,078.97	-
* Please see Note 1 below		
Assets Side :		
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured	5,232.22	-
(b) Unsecured	25.12	-
(3) Break up of leased Assets and stock on hire and other assets counting towards AFC activities	NA	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		

(₹ in lacs)

(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
(4) Break-up of Investments / Stock-in-trade :		
Current investments (Stock-in-trade):	Amount outstanding	
1. Quoted :		
(I) Shares : (a) Equity	269.01	(Market Value Rs. 266.77 lacs)
(b) Preference	-	
(ii) Debentures and Bonds	157,837.11	(Market Value Rs. 157941.11 lacs)
(iii) Units of mutual funds	-	
(iv) Government Securities	657,613.50	(Market Value Rs. 658807.6 lacs)
(v) Others (Please specify) CDs	64,750.32	(Market Value Rs. 64765.01 lacs)
2. Unquoted :		
(I) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long Term Investments :		
1. Quoted :		
(I) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-
2. Unquoted :		
(I) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
TOTAL :	880,469.94	-

(5) Borrower group-wise classification of Assets financed as in (2) and (3) above : (Please see Note 2 below)

Category

	Amount net of provisions	
	Secured	Unsecured
1. Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	-	-
TOTAL:	-	-

Note: Loans & Advances given in Col. 2 above are Staff Advances & Security Deposits, hence do not fall in this category and not disclosed.

(6) Investor group-wise classification of all investments (current and long term) in shares and Securities (both quoted and unquoted) :

(Please see note 3 below)

Category

	Market Value/ Break up or fair value or NAV	Book Value
1. Related Parties **	-	-
(a) Subsidiaries	-	-
(b) Companies in the same group	19,860.11	19,840.30
(c) Other related parties	-	-
2. Other than related parties	861,920.38	860,629.64
TOTAL :	861,920.38	880,469.94

** As per Accounting Standard of ICAI (Please see Note 3)

(7) Other Information

Particulars

	Amount	
(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 :

- 1 As defined in paragraph 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 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



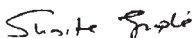
(Sunil Mehta)
Chairman
DIN:07430460



(Prem Prakash Pareek)
Director
DIN: 00615296



(Vikas Goel)
Managing Director & CEO
DIN: 08322541




(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(Monika Kochar)
Company Secretary
Membership No.F6514

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



(CA. Kanti Kumar Gupta)
Partner
Membership No. 071615

Date: May 27, 2019

Place : New Delhi

Regd Off: 5, Sansad Marg, New Delhi – 110 001

FINANCIALS AT A GLANCE

FINANCIAL PARAMETERS

	2018-19 (%)	2017-18 (%)	2016-17 (%)
Financial Performance			
Interest Income/ Total Income	98.91	99.59	62.68
Trading Income/ Total Income	0.55	(12.66)	37.06
Other Income/ Total Income	0.53	0.41	0.26
Interest Expense/ Total Income	79.41	82.18	45.09
Interest Expense/ Total Expense	94.93	82.45	92.51
Establishment Expense/ Total Expense	1.68	1.52	2.38
Admn and other Expense/ Total Expense	3.39	3.33	5.12
PBT/ Total Income	16.34	0.33	51.25
PAT/ Total Income	10.40	0.35	33.40
Human Assets			
Security Turnover per employee (₹ Crore)	13462.80	13149.56	19604.77
Profit before tax per employee (₹ crore)	2.37	0.04	7.33
Average Age of the employees (years)	40.00	40.00	38.00
Per Share Data			
Earnings Per Share (₹)	2.94	0.08	9.29
Cash Earnings Per Share (₹)	(0.22)	3.16	9.22
Book Value Per Share (₹)	49.20	46.84	49.91
Price Earnings, end of year (₹)	10.80	432.50	5.71
Price/ Cash Earnings, end of year (₹)	(144.32)	10.95	5.75
Price/ Book Value, end of year (₹)	0.65	0.74	1.06
Dividend Per Share (₹)	1.40	1.00	2.50

Financials: Last 10 Years

(₹ in Crore)

Financials \ Financial Year	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
INCOME	101.73	103.09	165.30	288.65	346.26	410.01	343.42	500.54	351.48	508.01
I Interest & Discount on Securities	121.21	108.19	175.28	244.37	304.12	332.91	359.06	313.74	400.81	502.50
II Profit on Sale of Securities	(30.78)	(11.28)	(14.51)	40.06	31.41	75.85	(16.90)	185.50	(50.96)	2.80
III Other Income	11.30	6.18	4.53	4.22	10.73	1.25	1.26	1.30	1.63	2.71
EXPENDITURE	45.70	59.05	135.66	199.88	255.56	277.47	291.95	244.00	350.16	424.99
I Interest Expenses	34.57	51.57	125.67	188.65	242.67	260.51	275.62	225.72	330.72	403.44
II Operating Expenses	6.83	6.56	9.08	10.53	12.34	16.03	15.86	17.94	18.95	21.13
III Depreciation on fixed assets	0.46	0.91	0.91	0.70	0.55	0.93	0.47	0.34	0.49	0.42
IV Bad debts written off	0.02	0.01								
Prov. Against overdue call lending	3.82									
PROFIT BEFORE TAX	56.03	44.04	29.64	88.77	90.70	132.55	51.47	256.54	1.32	83.02
Less Prov. / (Release) for Taxation	19.33	13.47	8.59	27.52	29.32	44.28	16.98	89.37	(0.09)	30.16
PROFIT AFTER TAX	36.70	30.58	21.05	61.25	61.38	88.27	34.50	167.17	(1.41)	52.86
PAID UP CAPITAL	135.01	135.01	135.01	135.01	180.01	180.01	180.01	180.01	180.01	180.01
RESERVES	425.59	437.28	442.64	488.08	485.51	541.00	551.67	718.84	677.06	707.66
NET WORTH	557.76	568.92	574.69	620.08	662.53	718.06	731.22	898.36	843.23	885.66
Turnover (Primary + Secondary)	63726	87858	249382	241137	344239	511329	413787	686167	473384	471198
Dividend(%)	10	12	10	10	9	15	11	25	10	14



NOTICE



PNB Gilts Ltd.

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 23rd Annual General Meeting (AGM) of members of PNB Gilts Limited ("the Company") will be held on Wednesday, August 28, 2019, at 10:30 a.m. at Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi 110 075, 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, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend of ₹ 1.40 per Equity Share of ₹ 10/- each for the year ended March 31, 2019.
3. To appoint a Director in place of Smt. Sunita Gupta (holding DIN: 06902258), who retires by rotation and being eligible, offers herself 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 2019-20 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 and when appointed by the Comptroller and Auditor General of India for the financial year 2019-20."

SPECIAL BUSINESS

5. To increase the borrowing power limits of the Company and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of Resolution no. 7 passed at 20th Annual General Meeting held on September 17, 2016 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee or delegation thereof) to borrow and raise such sum or sums of money from time to time as may be required for the purpose of the business of the Company, in excess of the 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 ₹ 12000 crores over and above the aggregate of the paid up share capital, securities premium and free reserves of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

6. To re-appoint Sh. P. P. Pareek (DIN: 00615296) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions 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) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and any other applicable law, if any, Sh. P.P. Pareek (DIN: 00615296), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and the Listing Regulations and who is eligible for reappointment 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 re-appointed as an Independent Director of the Company to hold office for another term of five consecutive years with effect from August 30, 2019 to August 29, 2024 and whose office shall not be liable to retire by rotation.”

7. To appoint Smt. Uma Ajay Relan (DIN: 07087902), as an Independent 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, 150, 152 and any other applicable provisions 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) read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and any other applicable law, if any, Smt. Uma Ajay Relan (DIN: 07087902), who was appointed as an Additional Independent Director of the Company by the Board of Directors with effect from June 28, 2019 in terms of Section 161(1) of the Act and who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations and whose term of office expires at the 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 her candidature for the office of the Director and who is eligible for such appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years with effect from June 28, 2019 to June 27, 2024 and whose office shall not be liable to retire by rotation.”

8. To appoint Sh. Vikas Goel (DIN: 08322541), as Managing 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 152, 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and any other applicable law, if any, the consent of the members be and is hereby accorded for the appointment of Sh. Vikas Goel (DIN : 08322541), who was appointed as an Additional Director with the designation “Managing Director & CEO” of the Company 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, as Managing Director & CEO of the Company, whose period of office shall be liable to retire by rotation, for a period of 3 years from February 01, 2019 to January 31, 2022 on terms and conditions as set out in the statement annexed to this notice.”

“RESOLVED FURTHER THAT the Board of Directors including its Committee(s), be and is hereby authorised to alter/modify and vary such terms and conditions of appointment including remuneration, subject to the relevant provisions of the Companies Act, 2013 including Schedule V to the Companies Act, 2013 and Rules made thereunder.”

By Order of the Board of Directors



(Monika Kochar)
Company Secretary
FCS 6514

June 29, 2019

Regd. Off.: 5, Sansad Marg, New Delhi -110001
CIN: L74899DL1996PLC077120
E-mail: m.kochar@pnbgilts.com
Website: www.pnbgilts.com

NOTES :

1. 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.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.**

The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as may be applicable.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting atleast 48 hours before the Meeting.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
6. The Company has notified closure of Register of Members and the Share Transfer books from Saturday, August 17, 2019 to Wednesday, August 28, 2019 (both days inclusive) in connection with (a) AGM and (b) to determine the entitlement of shareholders to receive the Final Dividend for the Financial Year 2018-19, if declared at the 23rd AGM of the Company.
7. The dividend, as recommended by the Board, if declared, at the AGM, will be paid within 30 days 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 August 16, 2019 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 on August 16, 2019.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Share Transfer Agent cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Further, the members holding shares in the electronic form intimate all changes with respect to nomination, power of attorney, etc. to their depository participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to members.
9. 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.

Members holding shares in physical form can notify the change of address (with pincode), dividend mandate, bank details (including complete details of bank account, branch & bank name, address of branch etc), nomination etc. quoting reference of their folio number to the Share Transfer Agents at the following address :

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– helpdeskdelhi@mcsregistrars.com

10. 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 ₹ 5,87,250/- being the unpaid/ unclaimed dividend amount pertaining to Final Dividend 2010-11 on August 13, 2018 to the IEPF during 2018-19.

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. Members who have not encashed Final Dividend 2011-12 or any subsequent dividend declared by the Company, are advised to write to the Company immediately.

11. 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, 23938 Equity Shares of ₹ 10/- each on which the dividend remained unpaid or unclaimed for seven consecutive years with reference to the due date of August 1, 2018, were transferred during the year 2018-19 to the IEPF Account, after following the prescribed procedure.

Further, all the shareholders who have not claimed / encashed their dividends in the last seven consecutive years from 2011-12 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.

12. In case the mailing address mentioned on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
13. 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 the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment. None of Directors, seeking appointment/re-appointment at the Annual General Meeting, is debarred from being appointed as a Director pursuant to order of SEBI or any other authority.
14. Electronic copy of the Annual Report for 2018-19 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2018-19 is being sent in the permitted mode.
15. Electronic copy of the Notice of the 23rd AGM of the Company inter-alia indicating the process and manner of electronic voting (‘e-voting’) alongwith Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 23rd AGM of the Company inter-alia indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Route Map is being sent as per the permitted mode.

16. Members may also note that the Notice of the 23rd AGM and the Annual Report for 2018-19 will be available on the Company's website www.pnbgilts.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: m.kochar@pnbgilts.com.
17. SEBI vide amendment in the Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, dated June 8, 2018, mandated that the transfer of securities would be carried out in dematerialized form only w.e.f. December 5, 2018, which was further extended to April 01, 2019 vide notification dated December 03, 2018. Members are therefore advised to dematerialize their physical shareholding at earliest as w.e.f. April 1, 2019, no request for transfer of shares in physical form can be processed by the Company/STA.
18. The Company's shares are listed on BSE Ltd. and National Stock Exchange of India Ltd. The listing fees of these Exchanges have been paid on time.
19. **E-COMMUNICATION FACILITY**
- Shareholders are requested to avail E-Communication facility by registering their Email ID with MCS Share Transfer Agent Ltd, Share Transfer Agent (in case the shareholding is in physical form) or with their Depository Participant (if the shareholding is in demat form) so as to enable the Company to send notice of AGM, annual report and such other important communication directly by e-mail. A format in this respect for shareholders holding shares in physical form is available in the Annual Report. Shareholders holding shares in demat form may also submit similar information to their Depository Participant to avail this facility.
20. **NATIONAL AUTOMATED CLEARING HOUSE (NACH)**
- The Company is presently using National Automated Clearing House (NACH) as an option to pay dividend through bank accounts. Under this option, an investor's bank account is directly credited and intimation thereof is sent by the Company to the shareholder. This service not only protects a shareholder against fraudulent interception and encashment of dividend warrants but also eliminates dependence on the postal system, loss/damage of dividend warrants in transit and correspondence relating to revalidation/ issue of duplicate warrants. Where the Bank details are not available or rejected through NACH mechanism, the company pays the dividend through dividend warrants/demand drafts etc.
21. **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.
22. **REQUEST TO SHAREHOLDERS**
- Due to strict security reasons, Mobile Phones, brief cases, eatables and other belongings are not allowed inside the venue of the Annual General Meeting.
 - Shareholders may kindly note that no gift /coupon will be distributed at the Annual General Meeting in view of the strict guidelines issued by SEBI and Secretarial Standard – 2 on General Meetings ('SS-2') notified by Ministry of Corporate Affairs, Govt. of India.
 - Shareholders are advised to bring their attendance slip along with the copy of the Annual Report, as the same will not be distributed at the venue of the Annual General Meeting.
23. **Voting through Electronic means**
- 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 23rd 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 facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting, who have not cast their vote by remote e-voting, shall be able to exercise their right at the meeting through ballot paper.
- III The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. In case, a member cast vote through remote e-voting and also through ballot paper, vote cast through remote e-voting shall only be considered as valid.
- IV The remote e-voting period commences on August 24, 2019 (9:00 a.m.) and ends on August 27, 2019 (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 21, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V A person, who is not a member as on the cut-off date, should treat this Notice for information purpose only.
- VI The process and manner for remote e-voting are as under:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. 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 ‘Shareholders’ section.
3. A new screen will open. You will have to enter your User ID, your Password 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. Your password details 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. .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, your 'initial password' is communicated to you on your postal address.
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.
 - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
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.

Details on Step 2 is mentioned below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional 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 vote, to the Scrutinizer by e-mail to nitesh@indiacp.com with a copy marked to evoting@nsdl.co.in
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 to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in or contact Ms. Pallavi Mhatre, Assistant Manager, National Securities Depository Ltd., Trade World, ‘A’ Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email address: pallavid@nsdl.co.in/evoting@nsdl.co.in or at telephone no. +91 22 2499 4545 who will also address the grievances connected with the voting by electronic means.
- VII 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 which is August 21, 2019.
- VIII 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 i.e. August 21, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/STA. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password?” option available on www.evoting.nsdl.com or contact NSDL at the toll free no.: 1800-222-990.
- IX A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- X Mr. Nitesh Latwal, Practising Company Secretary bearing CP No. 16276 or in his absence/non-availability, Mr. Ankit Singhi, Practising Company Secretary bearing CP No. 16274 will act as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XI The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XII The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 (forty eight) hours 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 forthwith.
- XII 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.
24. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the registered office of the Company during normal business hours (9:30 a.m. to 5:30 p.m.) on all working days except Saturdays, upto and including the date of Annual General Meeting of the Company.
25. Route Map and the prominent land mark of the AGM Venue is annexed with this notice.
26. **ATTENDANCE SLIP-CUM-ENTRY PASS-CUM-BALLOT PAPER PASS**

Shareholders/ Proxies/ Authorised Representatives are requested to fill in and affix their signatures at the space provided on the Attendance Slip-cum-Entry Pass-cum-Ballot Paper Pass and surrender the same at the AGM venue.

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 Company is a Primary Dealer (PD) in Government Securities (G-Sec) and its main objective is to support the Government Borrowing programme. In fulfillment of its commitment as PD, it has to participate in the T-Bills and G-sec auctions conducted by RBI. The Company is a regular borrower under call money market, repo market, CBLO and all other money markets etc.

The members of the Company at their 20th Annual General Meeting held on September 17, 2016 by way of a Special Resolution under the Section 180(1)(c) of the Companies Act, 2013 authorized the Board to borrow over and above the aggregate of paid-up share capital and free reserves of the Company, provided the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time, apart from temporary loans obtained in ordinary course of business, shall not be in excess of ₹ 7000 crore in excess of the aggregate of paid-up share capital and free reserves of the Company, apart from temporary loans obtained in ordinary course of business.

In view of the significant increase in the government borrowing and Company's commitment thereto since then, it is proposed that the borrowing powers of the Board be raised to ₹ 12000 crore in excess of the aggregate of paid-up share capital, securities premium and free reserves of the Company, apart from temporary loans obtained in ordinary course of business. As per the provisions of Section 180(1)(c) of the Companies Act, 2013 and Article 64 of the Articles of Association of the Company, the Board of Directors of the Company cannot borrow moneys together with the moneys already borrowed by the company in excess of the paid-up capital and free reserves of the Company unless the consent to borrow in excess is accorded to by the members in the general meeting by way of special resolution. Accordingly, the Board recommends for approval of members by way of special resolution for increasing the borrowing powers up to ₹ 12000 crore in excess of the aggregate of the paid-up share capital, securities premium and free reserves of the Company, apart from temporary loans obtained in ordinary course of its business.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the special resolution set out at Item No. 5 of the Notice.

Item No. 6

Sh. P. P. Pareek, aged 59 years, is an Independent Director of the Company. He joined the Board of Directors of the Company in February, 2009. Pursuant to the Companies Act, 2013 ("the Act"), Sh. P. P. Pareek, was appointed as an Independent Director to hold office for five consecutive years for a term upto August 29, 2019, by the Members of the Company in the 18th AGM held on August 30, 2014. The Company has received a notice under Section 160 of the Act from a member proposing the candidature of Sh. P. P. Pareek for the office of Director of the company.

Based on the performance evaluation and recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Sh. P. P. Pareek, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed by the Board to be re-appointed as an Independent Director for another term of five consecutive years from August 30, 2019 upto August 29, 2024.

In the opinion of the Board, Sh. P. P. Pareek fulfils the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the management. Further, he is not debarred from re-appointment by any order of SEBI or any other authority. Copy of the draft letter for re-appointment of Sh. P.P. Pareek as an Independent Director setting out terms and conditions would be available for inspection.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sh. P. P. Pareek as an Independent Director, as he is associated with the company from last 23 years and thus having in-depth knowledge about the operations of a Primary Dealer.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Accordingly, the Board recommends this Special Resolution in relation to eligibility and re-appointment of Sh. P.P. Pareek as an Independent Director for another term of five consecutive years with effect from August 30, 2019 upto August 29, 2024, for the approval by the shareholders of the Company.

Brief profile of Sh. P.P. Pareek, including nature of expertise, is provided at Part II of Annexure to the Notice.

Except Sh. P.P. Pareek, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice of the AGM.

Item No. 7

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors, appointed Smt. Uma Ajay Relan (DIN: 07087902) as an Additional Director of the Company with effect from June 28, 2019 under Section 161 (1) of the Companies Act, 2013 ("the Act") and as an Independent Director of the Company under Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") to hold office upto June 27, 2024. Her appointment is subject to approval of members. The Company has received a notice under Section 160 of the Act from a member proposing the candidature of Smt. Uma Ajay Relan for the office of Director of the company.

Brief profile of Smt. Uma Ajay Relan, including nature of expertise, is provided at Part II of Annexure to the Notice.

Smt. Uma Ajay Relan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as Director. Further, she is not debarred from re-appointment by any order of SEBI or any other authority.

Smt. Uma Ajay Relan has given a declaration that she meets the criteria of independence as provided under Section 149(6) of the Act and the Listing Regulations. In the opinion of the Board, Smt. Uma Ajay Relan fulfills the conditions specified in the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for her appointment as an Independent Director of the Company and she is independent of the management. Copy of draft letter of appointment as an independent director would be available for inspection.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail the services of Smt. Uma Ajay Relan as an Independent Director. Smt. Uma Ajay Relan would bring with her immense experience to the Company in the areas of credit and risk management etc. Accordingly, the Board recommends the resolution in relation to appointment of Smt. Uma Ajay Relan as an Independent Director for a period effective from June 28, 2019 upto June 27, 2024.

Except Smt. Uma Ajay Relan, being an appointee, none of other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 7 of the Notice. The Board commends the ordinary resolution set forth in Item No. 7 for the approval of members.

Item No. 8

Based on the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on January 29, 2019 has, subject to the approval of members, appointed Sh. Vikas Goel as an Additional Director with the designation 'Managing Director & CEO' of the Company for a period effective from February 1, 2019 to January 31, 2022.

The terms and conditions of appointment of Sh. Vikas Goel are given as under :

The tenure of Sh. Vikas Goel, Managing Director & CEO shall be initially for 3 years w.e.f. February 1, 2019, extendable further by the Board depending upon his performance.

The Managing Director & CEO shall be vested with powers of management of the Company subject to the supervision

and control of the Board of Directors and shall also perform such duties and services as shall be entrusted to him, from time to time, by the Board.

The remuneration of Sh. Vikas Goel shall be governed by the provisions / service regulations of the Company as applicable to the Managing Director of the Company and any modifications, revision therein that may take place from time to time, subject to the limits prescribed under Schedule V of the Companies Act, 2013. Subject to the aforesaid, the salary, allowances and other perquisites of Sh. Vikas Goel are as under:

The CTC of Sh. Vikas Goel, Managing Director & CEO shall be ₹ 8,33,398/- p.m., breakup of which is as under—

1. Basic Pay	:	₹ 3,80,000 /- p.m.
2. Special Allowance	:	₹ 76,000/- p.m.
3. Fixed Allowance	:	₹ 260000/- p.m.
4. Company's Contribution to PF @ 12% of Basic Pay	:	₹ 45600/- p.m.
5. Other facilities/ perquisites/benefits:		

- Reimbursement of entertainment expenses, Newspaper & periodicals, updation expenses, telephone expenses etc. within the limit of ₹ 40100/- p.m.
- Car facility with driver for which ₹ 14500/- p.m. is notionally charged towards CTC.
- Leave Travel Concession (LTC): Once in a block of two years for travel to home town /anywhere in India by AC First class or air economy class for upto four members of family (including self). Alternatively, LTC may be encashed upto one month's basic pay in a block of two years. At present, same works out to ₹ 15833/- p.m.
- Annual Health check up for self and spouse : Notional Cost (for the purpose of calculation of CTC) towards this facility is ₹ 865/- p.m.
- Canteen Facility : Canteen Facility will be provided. Notional Cost (for the purpose of calculation of CTC) towards this facility is ₹ 500/- p.m.
- Leave encashment, leaves, mode of travel etc. shall be as per Company Rules.
- Benefits like gratuity shall be in accordance with the scheme(s) and rule(s) applicable to other staff members from time to time. In case, his tenure gets extended and he become eligible to receive the gratuity, then the premium paid by the Company will be charged from his CTC in accordance with the service regulations of the Company.
- Group Medical Insurance and Group Term Insurance shall be as available to other staff members from time to time.

In addition, he may be paid performance linked incentive, as may be decided by the Board of Directors periodically, based on achievement of performance parameters, as may be determined by the Board of directors or a Committee thereof from time to time.

His annual increment will be considered by the Board or Committee thereof, in its absolute discretion.

His remuneration shall be governed by the provisions / service regulations of the Company and any modifications, revision therein that may take place from time to time and shall be subject to the limits as prescribed under the relevant provisions of the Companies Act, 2013 including Schedule V of the said Act and Rules made thereunder. In case of losses or inadequacy of profits, the aforesaid remuneration shall be paid as minimum remuneration in accordance with Schedule V and Section 197 of the Act.

His office will be liable to retire by rotation.

He shall not be entitled to any sitting fee for attending the meetings of the Board of Directors of the Company or any committee or sub-committee thereof.

Sh. Vikas Goel is the Key Managerial Personnel of the Company.

Sh. Vikas Goel satisfies all the conditions set out in Part – I of Schedule V to the Act and also conditions set out

under Section 196(3) of the Act for being eligible for her re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 and 196 of the Act and has given his consent to act as Director. Further, he is not debarred from appointment by any order of SEBI or any other authority.

The Company has received a notice under Section 160 of the Act from a member proposing the candidature of Sh. Vikas Goel for the office of Director of the company.

Brief profile of Sh. Vikas Goel, including nature of expertise is provided at part II of Annexure to the Notice.

Sh. Vikas Goel, being an appointee, may be deemed to be interested or concerned in the Resolution at Item No. 8. None of other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 8 of the Notice.

The above may be treated as written memorandum setting out the terms of re-appointment of Sh. Vikas Goel under Section 190 of the Act. The Board recommends the ordinary resolution set forth in Item No. 8 for the approval of members.

Part II – PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS AND IN TERMS OF SECRETARIAL STANDARDS ON GENERAL MEETING (SS-2) ISSUED BY THE INSTITUTE OF COMPANIES SECRETARIES OF INDIA, BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED/ RE-APPOINTED ARE AS UNDER:

Name of Director	Smt. Sunita Gupta	Sh. P. P. Pareek	Smt. Uma Ajay Relan	Sh. Vikas Goel
Date of Birth (Age)	18/08/1957 (61)	01/10/1959 (59)	26/01/1952 (67)	11/06/1966 (53)
Nationality	Indian	Indian	British	Indian
Date of first Appointment on Board of Company	26/06/2014	10/02/2009	29/06/2019	01/02/2019
Qualifications	M.A.(Eco.), CAIIB	B.Com, LL.B, FCA	B.Com, LLB (Gen.)	B.Com (H), MBA (Fin. & Mktg.)
Experience/Expertise in Specific functional Area	She is having vast experience in treasury operations. She has served as an Economist in PNB for around 17 years and having an experience of 20 years in the Company in various senior capacities in treasury operations.	He is Sr. Partner in M/s S. Bhandari & Co. for last 36 years. He is having rich experience in corporate laws and finance etc.	She is having experience of around 33 years in credit and risk management with Citigroup in multiple geographies, various banking disciplines and diverse product groups.	He has worked with three multinational 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 Markets businesses, primarily the Fixed Income and Currency asset classes etc.
Directorship held in other Companies	Nil	<ul style="list-style-type: none"> Jamuna Dream Estates Pvt. Ltd. Rajasthan State Mines & Minerals Ltd. 	<ul style="list-style-type: none"> Bharti Axa Life Insurance Company Ltd. Bharti Axa General Insurance Company Ltd. 	Primary Dealers' Association of India
Chairperson / Member of the Committee of the Board of Directors of the Company (as on 28.06.2019)	Member of the following Committees - <ul style="list-style-type: none"> Stakeholders' Relationship Committee Risk Management Committee 	Chairman of the following Committees - <ul style="list-style-type: none"> Nomination & Remuneration Committee Audit Committee Stakeholders' Relationship Committee 	Member of following Committees - <ul style="list-style-type: none"> Audit Committee Nomination & Remuneration Committee CSR Committee Share Transfer and Issue of Duplicate Shares Committee 	Member of the following Committees - <ul style="list-style-type: none"> CSR Committee Stakeholders' Relationship Committee Risk Management Committee Share Transfer and Issue of Duplicate Shares Committee Committee of Directors for Operational Matters
Membership/ Chairmanship of Committee of other Companies	Nil	Member of Audit Committee of Rajasthan State Mines and Minerals Ltd.	<ul style="list-style-type: none"> Chairperson of Risk Management Committee and Member of Audit Committee of Bharti Axa Life Insurance Co. Ltd. Chairperson of Risk Management Committee, and Member of Audit Committee & Investment Committee of Bharti Axa General Insurance Co. Ltd. 	Nil

Number of Board/ Committee Meetings attended during the year	She attended 6 out of 7 Board meetings held during the financial year 2018-19.	He attended 6 out of 7 Board meetings held during the financial year 2018-19.	Not applicable as in 2018-19 she was not Director.	During his directorship period from 01.02.2019 to 31.03.2019, two Board Meetings were held, which he attended.
Number of Shares Held either directly or for beneficial basis for any other person	Nil	1333	Nil	Nil
Terms & Conditions of Appointment/ Reappointment	The Whole-time Director shall be vested with powers of management of the Company subject to the supervision and control of the Board of Directors and shall also perform such duties and services as shall be entrusted to her, from time to time, by the Board and the Managing Director of the Company. The remuneration of Smt. Sunita Gupta shall be governed by the provisions / service regulations of the Company as applicable to the Whole-time Director / Executive Director of the Company and any modifications, revision therein that may take place from time to time, subject to the limits prescribed under Section 197 and Schedule V of the Companies Act, 2013. In addition, the Whole-time Director may be paid performance linked incentive, as may be decided by the Board of Directors from year to year, based on achievement of performance parameters, as may be determined by the Board of directors or a Committee thereof from time to time. The Whole-time Director shall not be entitled to sitting fees for attending the meetings of the Board of Directors of the Company or any committee or sub-committee thereof. She will be liable to retire by rotation.	He will be entitled to a sitting fee for attending various meetings of the Board / its Committees, as may be fixed by the Board, from time-to-time, subject to the ceiling prescribed from time to time under Companies Act, 2013 and rules made thereunder and other applicable laws. In addition, out of pocket expenses incurred, if any, in connection with performance of duties as a Director are also reimbursable.	She will be entitled to a sitting fee for attending various meetings of the Board / its Committees, as may be fixed by the Board, from time-to-time, subject to the ceiling prescribed from time to time under Companies Act, 2013 and rules made thereunder and other applicable laws. In addition, out of pocket expenses incurred, if any, in connection with performance of duties as a Director are also reimbursable.	Same are given in Explanatory Statement above.
Remuneration last drawn	For remuneration paid in FY 2018-19, refer Part VI of Annexure E of Board's Report.	For remuneration paid in FY 2018-19, refer Part VI of Annexure E of Board's Report.	Not Applicable	For remuneration paid in FY 2018-19, refer Part VI of Annexure E of Board's Report.
Relationship with other Directors, Manager and KMPs of the company	Nil	Nil	Nil	Nil

ROUTE MAP TO THE AGM VENUE

Venue : Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi 110 075



Landmark : Near WelcomHotel, Dwarka

Distance from Nearest Metro Station : Back side of Sector 10 Metro Station.



PROXY FORM

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

PNB GILTS LTD.

CIN : L74899DL1996PLC077120

Regd. Office : 5, Sansad Marg, New Delhi – 110001. Tel: 011-23325759, 23325779

Fax: 011-23325751, 23325763

E-mail ID: pnbgilts@pnbgilts.com Website: www.pnbgilts.com

Name of the member(s):
Registered Address:
E-mail ID:
Folio No./Client ID:
DP ID:

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

- Name:
Address:
E-mail ID:..... Signature:, or failing him
- Name:
Address:
E-mail ID:..... Signature:, or failing him
- Name:
Address:
E-mail ID:..... Signature:

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 23rd Annual General meeting of the Company to be held on Wednesday, the 28th day of August, 2019 at 10:30 a.m. at Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No.4, Sector 10, Dwarka, New Delhi-110075 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	For	Against
Ordinary Business			
1	Adoption of financial statements of the Company for the year ended March 31, 2019, and the Reports of the Directors' and Auditors' thereon.		
2	Declaration of final dividend of ₹ 1.40 per Equity Share of ₹ 10/- each for the year ended March 31, 2019.		
3	Appointment of Director in place of Smt. Sunita Gupta (DIN: 06902258), who retires by rotation and being eligible, offers herself for reappointment.		
4	Authorization to Board of Directors to fix the remuneration of the Statutory Auditor(s) of the Company as and when appointed by the Comptroller and Auditor General of India for FY 2019-20.		
Special Business			
5	Increase in borrowing powers of the Company.		
6	Re-appointment of Sh. P. P. Pareek (DIN: 00615296) as an Independent Director for a term effective from August 30, 2019 upto August 29, 2024.		
7	Appointment of Smt. Uma Ajay Relan (DIN: 07087902) as an Independent Director for a term effective from June 28, 2019 to June 27, 2024.		
8	Appointment of Sh. Vikas Goel (DIN: 08322541) as Managing Director & CEO for a term from February 01, 2019 to January 31, 2022.		

Signed this day of, 2019

Signature of Member: Signature of Proxy holder(s):

Affix Revenue Stamp (not less than ₹ 0.15)
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Notes:

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
2. It is optional to indicate your preference. Please put 'X' in the appropriate column against the resolution indicated in the Box. If you leave the For or Against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
3. A Proxy need not be a member of the Company.
4. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
5. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
6. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

E-COMMUNICATION REGISTRATION FORM*

(For Shareholders Holding Shares in Physical Form)

To,
MCS Share Transfer Agent Ltd.
(Unit : PNB GILTS)
F-65, 1st Floor, Okhla Industrial Area
Phase-1, New Delhi-110020.

Dear Sir,

REG : Green Initiative in Corporate Governance

I agree to receive all communication from the company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail.

Folio No. :

Name of 1st Registered Holder (In Block Letters) :

Name of Joint Holder(s) (In Block Letters) :

.....

Registered Address (In Block Letters) :

.....

.....

Contact No. (In Block Letters) :

E-mail ID :

Date : Signature of the first holder.....

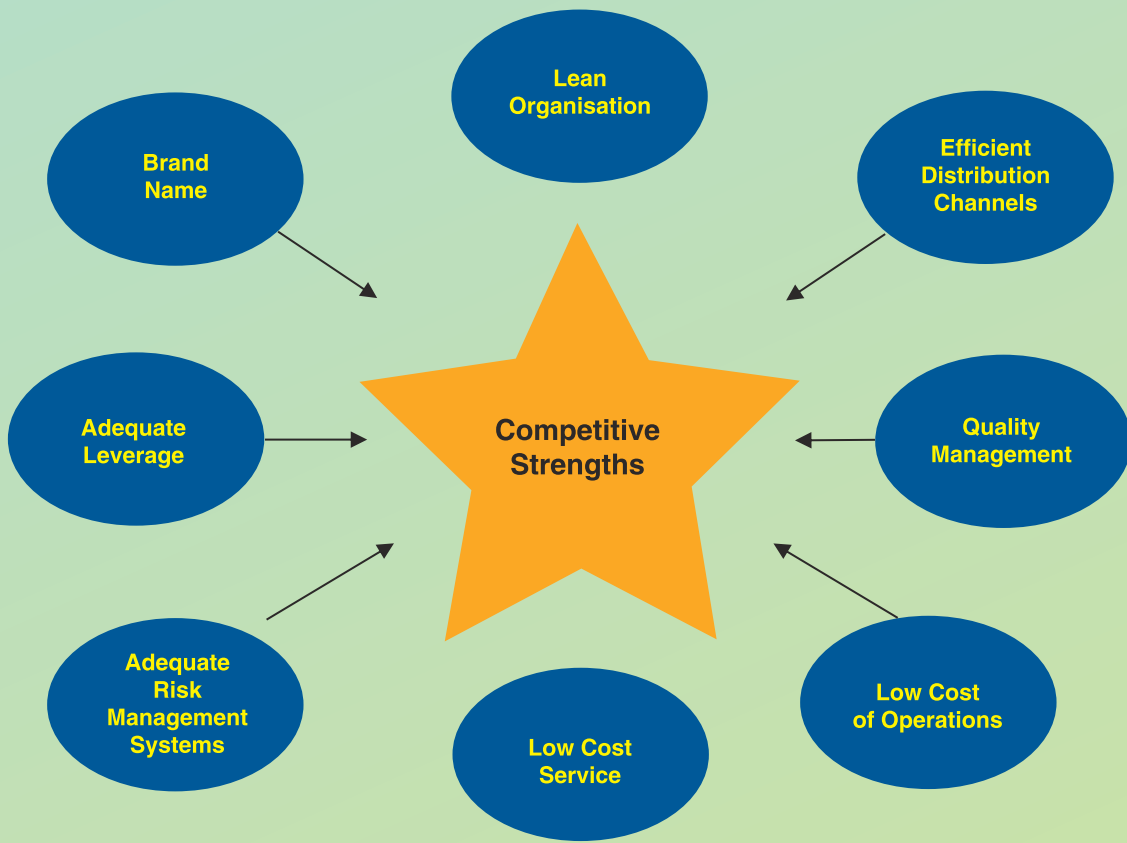
****Shareholders holding shares in Demat form – Please send same information by quoting your DP ID & Client ID to your Depository Participant to avail this facility.***

REQUEST – In addition to above, please send a test mail from your Email ID (mentioning therein your folio no. and your intention to avail e-communication facility) to our email id (m.kochar@pnbgilts.com) so that punching errors be avoided at the time of feeding of information in the system, which will be done on receipt of duly signed format.

Important Notes :

- 1) On registration, all the communication will be sent to the e-mail ID registered in the folio.
- 2) The form is also available on the website of the company www.pnbgilts.com
- 3) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email id given hereunder is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned email ID.

OUR STRENGTHS



COMPANY SECRETARY

Ms. Monika Kochar

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

PNB House, Sir P.M. Road,
Fort, Mumbai-400 001.
Tel: 022-22691812, 22693314 / 15
Fax: 022-22691811, 22692248

C/o PNB Back Office
3rd Floor, Kuralagam Building,
NSC Bose Road, Chennai - 600108
Tel: 044-25331750, 25331752
Fax: 044-25330179

8th Floor, Gujarat Bhavan,
Behind Devnandan Mall, Opp. Sanyas Ashram,
Ellisbridge, Ahmedabad - 380006
Tele : 079-27544245, 27542455
Fax : 079-27541808

ADDENDUM TO NOTICE



PNB Gilts Ltd.

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

The shareholders are hereby informed that the Board of Directors has appointed Dr. Tejendra Mohan Bhasin, as an Additional Independent Director for a term of 5 years w.e.f. July 30, 2019, subject to approval of shareholders in the General Meeting.

The Board has also appointed Sh. Vishesh Kumar Srivastava, General Manager and Group Chief Risk Officer, PNB as Additional Director w.e.f. July 30, 2019.

Accordingly, an addendum to the Notice of 23rd Annual General Meeting (AGM) of PNB Gilts Limited is hereby given for appointment of Dr. Tejendra Mohan Bhasin as an Independent Director and Sh. Vishesh Kumar Srivastava as Director of the Company in the ensuing 23rd Annual General Meeting (AGM) of the Company, scheduled to be held on Wednesday, August 28, 2019 at 10.30 a.m. at Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No.4, Sector 10, Dwarka, New Delhi- 110075. Following resolutions for the above said appointments will be taken up for consideration of the members in the AGM, as part of the Special Business of the AGM, in the form of ordinary resolutions, as set forth below:

SPECIAL BUSINESS:

9. To appoint Dr. Tejendra Mohan Bhasin (DIN: 03091429), as an Independent 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, 150, 152 and any other applicable provisions 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), read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and any other applicable law, if any (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to any permissions, approvals as may be required, Dr. Tejendra Mohan Bhasin (DIN: 03091429), who has been appointed as an Additional Independent Director of the Company by the Board of Directors with effect from July 30, 2019 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 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 an Independent Director of the Company to hold office for a term of five consecutive years with effect from July 30, 2019 to July 29, 2024 and whose office shall not be liable to retire by rotation.”

10. To appoint Sh. Vishesh Kumar Srivastava (DIN: 07234326), 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 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. Vishesh Kumar Srivastava (DIN: 07234326), General Manager and Group Chief Risk Officer of Punjab National Bank, who has been appointed as an Additional Director of the Company by the Board of Directors with effect from July 30, 2019

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 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

July 30, 2019


(Monika Kochar)
Company Secretary
FCS 6514

Regd. Off.: 5, Sansad Marg, New Delhi -110001
CIN: L74899DL1996PLC077120
E-mail: m.kochar@pnbgilts.com
Website: www.pnbgilts.com

NOTES :

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), which sets out details relating to Special Business to be transacted at the AGM, is annexed hereto.
2. Documents, if any, referred to this Addendum to the Notice may be inspected at the Registered-cum-Corporate-cum- Head Office of the Company on all working days (except Saturday) during normal business hours between 9.30 a.m. to 5.30 p.m. and also during the AGM.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.** The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten per cent of the total share capital of the Company. A member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as may be applicable.

4. **Additional Proxy Form** : An additional Proxy Form with respect to the Special Businesses covered in the Addendum to the Notice is attached.

Annexure to Notice

Part I. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ("the Act")

Item No. 9

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, has appointed Dr. Tejendra Mohan Bhasin as an Additional Director of the company with effect from July 30, 2019 under Section 161(1) of the Companies Act, 2013 ("the Act") and as an Independent Director of the Company under Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") to hold office for 5 years effective from July 30, 2019. His appointment is subject to approval

of members. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Dr. Tejendra Mohan Bhasin for the office of the Director of the Company.

Brief profile of Dr. Tejendra Mohan Bhasin, including nature of expertise, is provided at Part II of Annexure to Notice.

Dr. Tejendra Mohan Bhasin 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.

Dr. Tejendra Mohan Bhasin has given a declaration that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the Listing Regulations. In the opinion of the Board, Dr. Tejendra Mohan Bhasin fulfills the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his appointment as an Independent Director of the Company and he is independent of the management. Copy of draft letter of appointment as an independent director would be available for inspection.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Dr. Tejendra Mohan Bhasin as an Independent Director. Dr. Tejendra Mohan Bhasin would bring with him immense experience to the Company in the areas of vigilance, treasury, finance etc. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Tejendra Mohan Bhasin as an Independent Director for a period of 5 years effective from July 30, 2019.

Except Dr. Tejendra Mohan Bhasin, being an appointee, none of other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 9 of the Notice. The Board commends the resolution set forth in Item No. 9 for the approval of members.

Item No. 10

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Sh. Vishesh Kumar Srivastava, General Manager and Group Chief Risk Officer of Punjab National Bank, as an Additional Director of the company with effect from July 30, 2019. Pursuant to Section 161(1) of the Act, Sh. Vishesh Kumar Srivastava 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. Vishesh Kumar Srivastava for the office of the Director of the Company.

Sh. Vishesh Kumar Srivastava 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. Vishesh Kumar Srivastava, including nature of expertise, is provided at Part II of Annexure to Notice.

Sh. Vishesh Kumar Srivastava, does not hold by himself or for any other person, on a beneficial basis, any shares in the Company.

Sh. Sunil Mehta, Chairman, being MD & CEO of the Punjab National Bank i.e. promoter-cum-majority shareholder (74.07%) may be deemed to be concerned or interested in the appointment of Sh. Vishesh Kumar Srivastava. Further, Sh. Vishesh Kumar Srivastava, being an appointee, may also 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 are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 10 of the Notice. The Board commends the resolution set forth in Item No.10 for the approval of members.

Part II - PURSUANT TO REGULATION 36 OF LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETING (SS-2), THE BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED ARE AS UNDER:

Name of Director	Dr. Tejendra Mohan Bhasin	Sh. Vishesh Kumar Srivastava
Date of Birth (Age)	23/05/1956 (63 years)	10/11/1966 (52 years)
Nationality	Indian	Indian
Date of first Appointment on Board of Company	30/07/2019	30/07/2019
Qualifications	Ph.D, MBA, LL.B., CAIIB., M.Sc	M.Sc (Statistics), CAIIB, DTIRM, PGDBF, FRM
Experience/Expertise in Specific functional Area	He is having experience of around 40 years in treasury & banking operations and vigilance matters.	He is having experience of around 29 years in Risk Management, Bank Administration and Team Management operations
Directorship held in other Companies	Nil	Cordex India Pvt. Ltd.
Chairperson / Member of the Committee of the Board of Directors of the Company	Nil	Nil
Membership/ Chairmanship of Committee of other Companies	Nil	He is member of following Committees of Punjab National Bank- <ul style="list-style-type: none"> • ALCO • Technical Advisory group • Validation Committee • GRMC • ORMC • SPACE • CRMC • HOCAC-II • HOCAC-III • HO Staff Accountability Committee - II • New Business Group • Investment Committee • Capital Planning Committee • Customer Service Committee • Fraud Review Council Committee • Head Office Building Committee • IT Steering Committee • Committee on Information Security • Capital Planning Committee • Audit Committee of Executives • Executive Committee
Number of Board/ Committee Meetings attended during the year	Nil	Nil
Number of Shares Held either directly or on beneficial basis for any other person	Nil	Nil
Terms & Conditions of Appointment/ Reappointment	He will be entitled to a sitting fee for attending various meetings of the Board / its Committees, as may be fixed by the Board, from time-to-time, subject to the ceiling prescribed from time to time under Companies Act, 2013 and rules made thereunder and other applicable laws. In addition, out of pocket expenses incurred, if any, in connection with performance of duties as a Director are also reimbursable.	He / nominating institution will be entitled to a sitting fee for attending various meetings of the Board / its Committees, as may be fixed by the Board, from time-to- time, subject to the ceiling prescribed from time to time under Companies Act, 2013 and rules made thereunder and other applicable laws. In addition, out of pocket expenses incurred, if any, in connection with performance of duties as a Director are also reimbursable.
Remuneration last drawn	Not applicable	Not applicable
Relationship with other Directors, Manager and KMPs of the company	Nil	Nil



ADDITIONAL PROXY FORM

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

PNB GILTS LTD.

CIN : L74899DL1996PLC077120
Regd. Office : 5, Sansad Marg, New Delhi – 110001. Tel: 011-23325759, 23325779
Fax: 011-23325751, 23325763
E-mail ID: pnbgilts@pnbgilts.com Website: www.pnbgilts.com

Name of the member(s):
Registered Address:
E-mail ID:
Folio No./Client ID:
DP ID:

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

- Name:
Address:
E-mail ID:..... Signature:, or failing him
- Name:
Address:
E-mail ID:..... Signature:, or failing him
- Name:
Address:
E-mail ID:..... Signature:

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 23rd Annual General meeting of the Company to be held on Wednesday, the 28th day of August, 2019 at 10:30 a.m. at Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi – 110 075 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	For	Against
Special Business			
9	Appoint Dr. Tejendra Mohan Bhasin (DIN: 03091429) as an Independent Director for a tenure of 5 years w.e.f. 30 July, 2019 to 29 July, 2024.		
10	Appoint Sh. Vishesh Kumar Srivastava (DIN: 07234326) as Director, whose office shall be liable to retire by rotation.		

Signed this day of, 2019

Affix Revenue Stamp (not less than ₹ 0.15)
--

Signature of Member: Signature of Proxy holder(s):

Notes:

- This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
- It is optional to indicate your preference. Please put 'X' in the appropriate column against the resolution indicated in the Box. If you leave the For or Against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.



PNB Gilts Ltd.
Registered Office: 5, Sansad Marg,
New Delhi - 110001
Tel : 011-23325759, 23325779
Fax : 011-23325751, 23325763
Website - www.pnbgilts.com
E-mail ID - pnbgilts@pnbgilts.com
CIN : L74899DL1996PLC077120

ATTENDANCE SLIP-CUM-ENTRY PASS-CUM-BALLOT PAPER PASS FOR 23RD ANNUAL GENERAL MEETING

Date : Wednesday, 28th August, 2019
Time : 10-30 a.m.
Place : Multi-Purpose Hall, Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi-110075

ATTENDANCE SLIP

(To be surrendered at the time of entry to the Venue)

NAME IN BLOCK LETTERS (Member / Proxy / Authorized Representative)	FOLIO / DP ID & CLIENT ID NO.	No. of Shares

Signature of the Shareholder / Proxy/ Representative present X _____

**PNB Gilts Ltd.
ENTRY PASS**

(To be retained throughout the meeting)

ANNUAL GENERAL MEETING : Wednesday, 28th August, 2019. Time : 10.30 a.m.

NAME IN BLOCK LETTERS (Member / Proxy / Authorized Representative)	FOLIO / DP ID & CLIENT ID NO.	No. of Shares

Signature of the Shareholder / Proxy/ Representative present X _____

Note: Shareholders / proxy holders / authorized representative are requested to produce the above Attendance Slip, duly signed in accordance with their specimen signatures registered with the Company, along with the entry pass, for admission to the venue. The admission may, however, be subject to verifications/checks as may be deemed necessary. Under no circumstances, any duplicate Attendance Slip-Cum-Entry Pass-Cum-Ballot Paper Pass will be issued at the entrance to the meeting hall.

**PNB Gilts Ltd.
BALLOT PAPER PASS**

(To be surrendered at the Ballot Paper Counter for issue of Ballot paper)

ANNUAL GENERAL MEETING : Wednesday, 28th August, 2019. Time : 10.30 a.m.

NAME IN BLOCK LETTERS (Member / Proxy / Authorized Representative)	FOLIO / DP ID & CLIENT ID NO.	No. of Shares

Signature of the Shareholder / Proxy/ Representative present X _____

ELECTRONIC VOTING PARTICULARS

REVEN (Remote E-Voting Event Number)	USER ID	PASSWORD

Note : Please read instructions given at Note No. 22 of Notice of the 23rd Annual General Meeting carefully before voting electronically.