

September 19, 2017

<p>The Manager - Listing BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.</p> <p><u>Scrip code: 532366</u></p>	<p>The Manager Listing National Stock Exchange Of India Ltd, Exchange Plaza, Bandra- Kurla Complex, Bandra (E), Mumbai- 400 051.</p> <p><u>Scrip code: PNBGILTS</u></p>
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Dear Sir / Madam,

Sub: Annual Report for FY 2016-17

Please find attached Annual Report for the financial year 2016-17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members in their 21st Annual General Meeting held on 16th September, 2017.

This is for your information and records.

Thanking you

Yours truly,
For PNB Gilts Ltd.

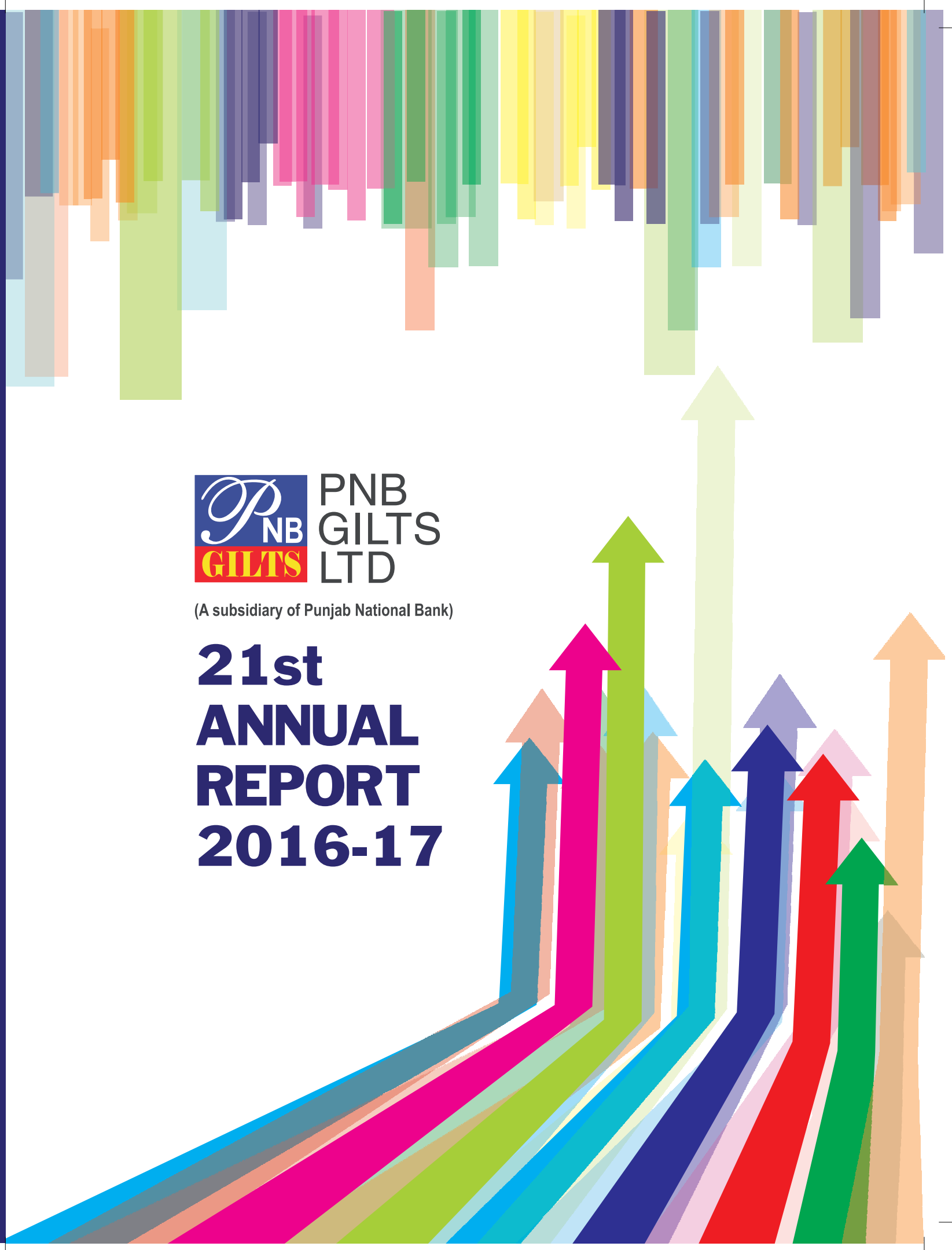

(Monika Kochar)
Company Secretary





(A subsidiary of Punjab National Bank)

21st ANNUAL REPORT 2016-17





Board of Directors



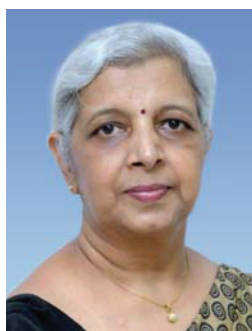
Shri Sunil Mehta
Chairman



Shri K. V. Brahmaji Rao
Non-Executive Director



Shri S. K. Dubey
Managing Director



Smt. Sunita Gupta
Executive Director & CFO



Dr. Kamal Gupta
Independent Director



Shri S. K. Soni
Independent Director



Shri P. P. Pareek
Independent Director



Shri R.S. Ramasubramaniam
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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From the Chairman's Desk

Dear Shareholders,

It gives me great pleasure to share with you the Annual Report of the Company for FY 17.

During 2016-17, the biggest macro economic development, that left its mark on each and every sector of the economy was “demonetization” which paved the way for digitization. The Central Government’s decision to demonetize about 86 per cent of the currency notes in circulation led to a surge in bank deposits and a fall in currency in circulation. The economy also moved a step closer to the reality of Goods and Sales Tax (GST) implementation. The GST is being looked at as the single largest indirect tax reform and is poised to push India’s economic growth forward by creating a single market, improving tax compliance and governance, from July 2017.

Despite demonetization and the resultant slowdown in consumption and investment demand, India’s GDP growth for FY’17 stands at 7.1 per cent against 7.6 per cent in the previous year. While manufacturing continued to grow at a moderate pace, some slowdown in the services sector was seen during the year. However, the growth in agriculture and allied activities accelerated, reflecting the record food grain production in second half of FY’17 on the strength of a normal monsoon after two consecutive years of near drought conditions, vigorous sowing activity and effective supply management by the Government.

Due to low inflation the RBI anchored its policy rate to achieve the domestic inflation target consistent with growth. In line with the disinflation glide path, the Central Bank reduced the repo rate twice by a total of 50 basis points till October 2016. However, post demonetization, RBI maintained status quo on monetary policy in December 2016 and changed its stance from accommodative to neutral in February 2017 on the back of stickiness in core inflation.

On the global front, the Brexit vote and US election results made the environment conducive for a debt market rally. Global commodity prices remained in control. Oil prices remained within a comfortable range despite huge production cuts by the OPEC countries. Geopolitical worries emerged as the new risk element in the global scenario and still continue. Indian markets have shown remarkable endurance to geo-political events and have swiftly priced them in.

The Government securities market, which is the core area of our operations,

exhibited strong volatility. For major part of the year, yields kept moving down, with the 10 year benchmark yield touching low of 6.14 per cent after demonetization. Yields hardened again after application of the Incremental Cash Reserve Ratio (ICRR) to absorb surplus liquidity. Status quo on monetary policy in December 2016 and change in stance of RBI from 'accommodative' to 'neutral' in February 2017 further added to hardening of yields. However, ten year benchmark closed the year at a much lower level of 6.66 percent as against previous year close of 7.46 percent.

Against the backdrop of these macro economic developments and volatility in interest rates, Company made an impressive trading profit of ₹ 185.50 crore. The total secondary market outright turnover stood at ₹ 6.51 lakh crore as against ₹ 3.76 lakh crore in FY16. Company's Profit Before Tax stood at ₹ 256.54 crore as against ₹ 51.47 crore in the previous year. The total Net worth of the company rose to ₹ 898.36 crore as on March 31, 2017 from ₹ 731.22 crore as on March 31, 2016. The Company is adequately capitalized with capital adequacy ratio of 54.48 per cent as on March 31, 2017, against RBI's minimum stipulation of 15 per cent.

I am equally pleased to share with you that your 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. Continued support of all our shareholders has been our driving force. We are immensely grateful to you for your understanding and cooperation.

Looking Ahead

A range of proposals in the Union Budget 2017-18 are expected to be growth stimulating like stepping up of capital expenditure, boosting the rural economy and affordable housing and the planned roll-out of the GST. Further, the benign outlook for inflation and possibility of good monsoon augur well for the debt market. With the new fiscal year upon us and optimistic macroeconomic outlook, your Company will primarily focus on improving its profitability while confidently navigating its way through uncertainties, if any. 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 effective 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
DIN: 07430460

Date : July 3, 2017
Place: New Delhi

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty First Annual Report together with the Company's audited financial statements for the financial year ended March 31, 2017.

1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

The Company's financial performance, for the year ended March 31, 2017 is summarized below:

(₹ in lacs)

	For the year ended 31.3.2017	For the year ended 31.3.2016
Total Income	50054.47	34339.65
Less : Total Expenditure	24400.36	29195.04
Add: Prior Period Income	-	2.62
Profit/(loss) Before Tax	25654.11	5147.23
Less : Provision for Income Tax (including deferred tax)	8936.73	1697.58
Profit /(loss) After Tax	16717.38	3449.65
Add: Balance in Statement of Profit and Loss brought forward	12807.02	12786.97
Add: Prior Period Income	-	0.10
Amount available for Appropriation	29524.39	16236.72
Proposed Appropriations		
Transfer to Statutory Reserve	3343.48	689.93
General Reserve	-	-
Capital Reserve	2229.71	356.56
Proposed Dividend	-	1980.11
Dividend Distribution Tax	-	403.10
Balance carried forward	23951.20	12807.02

During FY 2016-17, your 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 56.07 per cent in both H1 and H2. In G-sec category, Company fulfilled the underwriting commitments, thereby supporting the government borrowing program.

During FY 2016-17, the yields on Government Securities trended down, with the ten-year benchmark yield moving down to 6.66 per cent as on March 31, 2017 as against previous year close of 7.46 per cent. The market remained highly volatile with the yields touching low of 6.14 per cent after demonetization and policy rate cut in October, 2016 and then again moving up after application of the Incremental Cash Reserve Ratio (ICRR) to absorb surplus liquidity. Status quo on monetary policy in December, 2016 and change in stance of RBI from accommodative to neutral in February, 2017 also hardened yields. Inflation was well contained and declined to significantly low levels during November, 2016 – February, 2017. Current Account Deficit was at comfortable levels. Internationally, with strengthening of US economy, the Federal Reserve raised the target federal funds rate twice in December, 2016 and March, 2017 while ECB has kept policy rate unchanged since March, 2016.

The Central Government reduced its market borrowings in Q4 by ₹ 1800000 lacs through dated securities and ₹ 5100000 lacs through T-Bills. Average liquidity surplus in Q2 was ₹ 2930000 lacs which declined to ₹ 630000 lacs in October, 2016. However, after demonetization, currency in circulation declined drastically and this increased the liquidity in the banking system. To manage this excess liquidity RBI did open market sales of

CMBs issued under MSS and variable rate reverse repos of various tenors. The peak level of liquidity absorbed reached ₹ 79560000 lacs on January 4, 2017. The ICRR was in place for one fortnight ending December 9, 2016, which helped in draining liquidity to the extent of ₹ 40000000 lacs. ICRR was withdrawn after increase in limit on issuance of securities under MSS from ₹ 30000000 lacs to ₹ 60000000 lacs. In Q4, with re-monetization at an accelerated pace, the liquidity surplus in the system reduced to ₹ 31410000 lacs by end of March, 2017. Yields got further support by lower fiscal deficit target of 3.2 per cent and reduced government borrowing for 2017-18.

During the FY 2016-17, your Company posted a Profit Before Tax of ₹ 25654.11 lacs as against ₹ 5147.23 lacs in FY 2015-16. The net revenue from operations of your Company during FY 2016-17 stood at ₹ 50054.47 lacs as against ₹ 34339.65 lacs and Profit after Tax for FY 2016-17 stood at ₹ 16717.38 lacs vis-à-vis ₹ 3449.65 lacs in the previous fiscal.

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the Company.

Capital Adequacy

Capital adequacy ratio as on March 31, 2017 stood at 54.48 per cent as against the RBI stipulation of 15 per cent.

Dividend

Your Board has recommended a dividend of ₹ 2.50 (i.e. 25 per cent) per equity share (last year ₹ 1.10 per equity share) for the financial year ended March 31, 2017, subject to approval in the ensuing Annual General Meeting. The total outflow on account of said dividend shall be ₹ 5416.40 lacs (including Dividend Distribution Tax of ₹ 916.15 lacs).

Transfer to Reserves

Your Company proposes to transfer ₹ 3343.48 lacs in Statutory Reserve as required under the provisions of Section 45-IC of the Reserve Bank of India Act, 1934. ₹ 2229.71 lacs is proposed to be transferred in Capital Reserve in terms of RBI guidelines for Primary Dealers. 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 Kapoor Tandon & Co. (Firm Reg. No. 000952C), Statutory Auditor of the Company regarding compliance of conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed with the 'Report on Corporate Governance' forming part of the Board's Report.

Number of meetings of the Board

The Board met five times during the financial year 2016-17 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 Annual Report.

Directors and Key Managerial Personnel

During the year 2016-17, the members in their Annual General Meeting held on September 17, 2016 approved the appointment of Sh. R. S. Ramasubramaniam (DIN : 00008937) as an Independent Director for a term of 5 consecutive years effective from February 3, 2016.

Smt. Usha Ananthasubramanian (DIN: 02784580), consequent upon her appointment as Managing Director & CEO of Allahabad Bank, demitted the office of Managing Director & CEO of Punjab National Bank on May 5, 2017. Accordingly, she resigned from the Directorship and Chairpersonship of the Company w.e.f. May 5, 2017. The Board appreciate and thank her for her vision, leadership and guidance, enabling your Company to reach another standard of excellence.

In her place, on the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Sh. Sunil Mehta (DIN: 07430460), Managing Director & CEO of Punjab National Bank as an Additional Director (in the Non-Executive & Non-Independent category) effective from May 12, 2017. In terms of the Articles of Association of the Company, he will act as Chairman of the Board of your Company.

Further, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Sh. K. V. Brahmaji Rao (DIN: 06861202) shall retire by rotation in the ensuing Annual General Meeting and is eligible for reappointment.

Performance Evaluation

The Company has devised a policy for performance evaluation of Board of its own performance, Independent Directors, Non-Independent/Executive Directors and Board level Committees etc. as required under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The evaluation of all the Directors, the Board as a whole and its Committees was conducted based on the criteria and framework adopted by the Board. Copy of said policy, inter-alia, containing the process and criteria for evaluation is available at Company's website at the link <http://pnbgilts.com/data/governance/1461912736.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 <http://pnbgilts.com/data/governance/1459924857.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 including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013 is appended as Annexure A to the Board's Report.

Declaration by Independent Directors

The Company has received declaration pursuant to Section 149(7) of the Companies Act, 2013 from each Independent Director confirming therein the criteria of Independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. OTHER DISCLOSURES –

Audit Committee

The Audit Committee comprises of the following members –

Name of Director	Position
Dr. Kamal Gupta	Chairman
Sh. S. K. Soni	Member
Sh. P. P. Pareek	Member
Sh. R. S. Ramasubramaniam	Member

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 is as under –

Name of Director	Position
Sh. K. V. Brahmaji Rao	Chairman
Dr. Kamal Gupta	Member
Sh. S. K. Dubey	Member

The CSR policy of the Company, duly recommended by the CSR Committee and approved by the Board, is available at our website at the link <http://pnbgilts.com/data/governance/1461912787.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 our CSR for the year 2016-17 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 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/1461912704.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 2016-17 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, 2017, 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 judgements 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, 2017 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 2016-17 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.

During the year 2016-17, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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.

Deposits

During the year ended March 31, 2017, 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.

Risk Management

In terms of RBI guidelines for NBFCs, a Risk Management Committee, constituted at management level, 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 a 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 on the basis of the Committee's recommendation, 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 form part of this Annual Report.

4. AUDITORS, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Statutory Auditor

The Comptroller and Auditor General of India had appointed M/s Kapoor Tandon & Co., Chartered Accountants (Firm Reg. No. 000952C) as the Statutory Auditor of the Company for the financial year ended March 31, 2017. The report of the auditor is self-explanatory and do 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 2016-17. The Auditors' 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 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2017 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. 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 2016-17, 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 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 3, 2017

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. At present, Non-Executive/ Independent Directors are entitled to sitting fee of ₹ 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 to be paid to Independent Directors for holding interviews, if any, is ₹ 5000/-. 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, 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. Thus, the Committee shall consider whether each director candidate and each director possess the following:-

- High level of personal and professional ethics, reputation, integrity and values;
- An appreciation of the Company's mission and purpose, and loyalty to the interests of the Company and its shareholders;
- The ability to exercise objectivity and independence in making informed decisions;
- The ability to communicate effectively and collaborate with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others; and
- The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable company or organization, including, but not limited to relevant experience in treasury operations, finance, accounting, strategic planning, technology, human resources, legal matters etc.;
- Directors must possess experience/capability at policy-making and operational levels in large/mid-level organizations that will indicate their ability to make meaningful contributions to the Board's discussion and decision making in the array of complex issues facing a financial conglomerate;
- Directors should be able to balance the legitimate interests and concerns of all the Company's stakeholders in arriving at decisions; and
- Directors shall abide with the Code of Conduct for Directors and Senior Management.

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 a 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 Agreement, 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). At present, the Board consists of 2 executive members and 6 non-executive members.

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



(Sunil Mehta)
Chairman
DIN: 07430460

Date : July 3, 2017
Place: New Delhi

Annexure B

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 focus area of CSR activity of the Company is education or research in the field of finance/debt markets and working in the field of education for economically weaker sections.

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/1461912787.pdf>.

2. Composition of the CSR Committee

The composition of the CSR Committee is as under –

Name of Director	Position
Sh. K. V. Brahmaji Rao	Chairman
Dr. Kamal Gupta	Member
Sh. S. K. Dubey	Member

3. Average Net Profit of the Company for last 3 financial years : ₹ 9176.29 lacs

4. Prescribed CSR expenditure (2 per cent of amount) – ₹ 183.53 lacs

5. Details of CSR spent during the financial year:

(a) Total amount to be spent during the financial year – ₹ 183.53 lacs

(b) Amount un-spent, if any – Nil

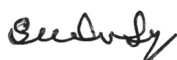
(c) Manner in which the amount spent during financial year is detailed below:

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.	Contribution to Prime Minister's National Relief Fund	-	-	₹ 183.53 lacs	₹ 183.53 lacs (Direct)	₹ 183.53 lacs	Direct – ₹ 183.53 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 14, 2017
Place : New Delhi



(S. K. Dubey)
Managing Director
DIN: 01770805



(K. V. Brahmaji Rao)
Chairman, CSR Committee
DIN: 06861202

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, 2017, 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
2.	Nature of contracts/ arrangements/ transactions	Availing or rendering of any services	Leasing of property (business and residential premises)	Leasing of property (business premises)	Leasing of property (business premises)
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.	1. Business premises from PNB taken on lease / rent sharing arrangement – Registered Office at Delhi: Presently, the same is under lease for 11 months w.e.f. 20.03.2014 and PNB can extend the tenancy for further period of 11 months each, if requested by the Company until decided by PNB. Even if the Company does not notify its option to PNB, then it shall be presumed that the Company has opted to remain in possession of premises, for said period. 2. Residential Flats of the Company to PNB officers as per their entitlement in PNB for a period of 11 months, with two/more extensions.	Business premises from PNB taken on lease / rent sharing arrangement - Mumbai Branch Office: The lease for 5 years is effective from September, 2011, renewable after every five years. The same was renewed from September, 2016.	Business premises from PNB taken on lease / rent sharing arrangement – Chennai Branch Office: The premises has been provided under a mutual rent sharing arrangement by PNB since 15.05.12 on the basis of area occupied. The said premises has been taken by PNB on lease from Tamil Nadu Khadi and Village Industries Board, Tamil Nadu (State Govt. Department) for a period of 5 years (subject to continuation of their office at this place).
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.	a. Delhi Branch Office: Rent at present is ₹ 283600/- p.m. plus service tax. b. Residential premises: Rent is as per the lease entitlement of PNB officers in PNB.	Mumbai Branch Office: Rent paid till August 2016 was ₹ 218750/- p.m. plus service tax. As per lease, the rent is subject to increase @ 25 per cent at the time of renewal of lease. Accordingly, rent paid w.e.f. September 2016 is ₹ 273434/- p.m. plus service tax.	Chennai Branch Office: Rent paid till 28.07.2016 is ₹ 24535/- p.m. plus taxes. Subsequently, the rate was revised at ₹ 12250/- p.m. plus taxes as the area occupied has been reduced from 701 sq. ft. to 350 sq. ft. (The rent is subject to enhancement as may be done by abovesaid State Govt Department.)

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-subsidary relationship.	The Company and parent bank are entering into these transactions due to its parent-subsidary relationship. As a matter of policy, the Company does not enter into 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.
6	Date(s) of approval by the Board	03.08.2015	29.01.2015	29.01.2015 and 26.10.2016	29.01.2015 and 30.07.2016
7	Amount paid as advances, if any	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

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, 2017.

On behalf of Board of Directors



(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 3, 2017

Place : New Delhi

Annexure D

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 2016-17

(₹ in lacs)

Sl. No	Name of Director	Director's Remuneration	Employee Median Remuneration	Ratio (No. of times)
1	Smt. Usha Ananthasubramanian	1.25	10.01	0.12
2	Sh. K. V. Brahmaji Rao	1.40		0.14
3	Dr. Kamal Gupta	4.20		0.42
4	Sh. S. K. Soni	3.45		0.34
5	Sh. P. P. Pareek	2.25		0.22
6	Sh. R. S. Ramasubramaniam	3.65		0.36
7	Sh. S. K. Dubey	49.10*		4.91
8	Smt. Sunita Gupta	41.04**		4.10

* In addition, salary arrears of ₹ 0.58 lacs (last year : ₹ 1.03 lacs paid in 2016-17. Being an ex-employees, he also receives pension from PNB.

** In addition, salary arrears of ₹ 1.63 lacs (last year : ₹ 2.19 lacs) paid in 2016-17.

Notes: 1. Directors at Sl. No. 1 to 6 are Non-Executive Directors and only sitting fee has been paid to them or their institution.

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	Smt. Usha Ananthasubramanian**	-
2	Sh. K. V. Brahmaji Rao**	75.00
3	Dr. Kamal Gupta**	68.00
4	Sh. S. K. Soni**	13.11
5	Sh. P. P. Pareek**	40.63
6	Sh. R. S. Ramasubramaniam**	*
7	Sh. S. K. Dubey	0.17
8	Smt. Sunita Gupta	3.56
9	Smt. Monika Kochar	5.88

* Details not given, as they were directors only for part of the financial year 2015-16.

** received only sitting fee during the year.

- c. In the financial year 2016-17, there was an increase of 2.10 per cent in the median remuneration of employees.
- d. Total number of employees of the Company as on March 31, 2017 were 35 (including 3 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 2016-17 was 5.09 per cent whereas the increase in managerial remuneration was 1.86 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

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

(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 3, 2017

Place: New Delhi

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017 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	Dealing in Government Securities	66110 - Security dealing activities (as per NIC 2008)	94.82

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 (31.03.2017)				No. of Shares held at the end of the year (31.03.2016)				% 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	71522	0	71522	0.03	72192	0	72192	0.04	0.01
(b)	Banks / FI	914419	0	914419	0.51	993442	0	993442	0.55	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	1108622	0	1108622	0.62	1108622	0	1108622	0.62	0
(g)	FIs	467256	0	467256	0.26	1815893	0	1815893	1.01	0.75
(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):-	2561819	0	2561819	1.42	3990149	0	3990149	2.22	0.80
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate									
(i)	Indian	6238257	165459	6403716	3.56	7121500	165459	7286959	4.04	0.48
(ii)	Overseas	0	0	0	0	0	0	0	0	
(b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	18595936	328327	18924263	10.51	20960469	318820	21279289	11.82	1.31
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15810834	34665	15845499	8.80	11749069	34665	11783734	6.55	(2.25)
(c)	Others									
(i)	Trusts and Foundations	11699	0	11699	0.01	13199	0	13199	0.01	0
(ii)	Non-Resident Individuals	2927540	932	2928472	1.63	2317206	932	2318138	1.29	(0.34)
(iii)	NBFCs	0	0	0	0	4000	0	4000	0	0
(iv)	Directors and their relatives	1333	0	1333	0	1333	0	1333	0	0
	Sub-total (B)(2):-	43585599	529383	44114982	24.51	42166776	519876	42686652	23.71	(0.80)
	Total public shareholding (B)=(B)(1)+(B)(2)	46147418	529383	46676801	25.93	46156925	519876	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)	179480751	529383	180010134	100.00	179490258	519876	180010134	100.00	0

(ii) Shareholding of Promoters

Sl 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 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

Sl. 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):

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in share-holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No of Shares at the beginning (01-04-16)/ end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total Shares of the company
1	Morgan Stanley Mauritius Company Ltd.	0	0.00	01/04/2016				
				10/02/2017	34243	Purchase	34243	0.02
				17/02/2017	861954	Purchase	896197	0.50
				24/02/2017	700749	Purchase	1596946	0.89
				03/03/2017	104958	Purchase	1701904	0.95
				17/03/2017	(4916)	Sale	1696988	0.94
				24/03/2017	60616	Purchase	1757604	0.98
				31/03/2017	(4227)	Sale	1753377	0.97
		1753377	0.97	31/03/2017			1753377	0.97
2	Canara Bank- Mumbai	853693	0.47	01/04/2016				
		853693	0.47	31/03/2017	0	Nil	853693	0.47
3	The Oriental Insurance Company Limited	630866	0.35	01/04/2016				
		630866	0.35	31/03/2017	0	Nil	630866	0.35
4	Mala Rajan Bharvani	1345208	0.75	01/04/2016				
				04/11/2016	(240943)	Sale	1104265	0.61
				11/11/2016	(268327)	Sale	835938	0.46
				18/11/2016	(50000)	Sale	785938	0.44
				25/11/2016	(100000)	Sale	685938	0.38
				17/02/2017	(100000)	Sale	585938	0.33
		585938	0.33	31/03/2017	0	Nil	585938	0.33

5	Bengal Vipanapan Pvt. Ltd	0	0.00	01/04/2016				
				25/11/2016	440043	Purchase	440043	0.24
		440043	0.24	31/03/2017	0	Nil	440043	0.24
6	Vikas Kumar Agarwal	328037	0.18	01/04/2016				
		328037	0.18	31/03/2017	0	Nil	328037	0.18
7	General Insurance Corporation of India	300000	0.17	01/04/2016				
		300000	0.17	31/03/2017	0	Nil	300000	0.17
8	Dilipkumar Lakhi	745983	0.41	01/04/2016				
				08/07/2016	(15000)	Sale	730983	0.41
				15/07/2016	(36376)	Sale	694607	0.39
				02/12/2016	(387913)	Sale	306694	0.17
				27/01/2017	(6694)	Sale	300000	0.17
		300000	0.17	31/03/2017	0	Nil	300000	0.17
9	Edelweiss Custodial Services Ltd.	0	0.00	01/04/2016				
				15/07/2016	11370	Purchase	11370	0.01
				26/08/2016	(1500)	Sale	9870	0.01
				11/11/2016	10260	Purchase	20130	0.01
				18/11/2016	(8800)	Sale	11330	0.01
				16/12/2016	5170	Purchase	16500	0.01
				13/01/2017	218332	Purchase	234832	0.13
				03/02/2017	15132	Purchase	249964	0.14
				17/02/2017	(51211)	Sale	198753	0.11
				24/02/2017	(7852)	Sale	190901	0.11
				03/03/2017	17960	Purchase	208861	0.12
				10/03/2017	(59724)	Sale	149137	0.08
				17/03/2017	37990	Purchase	187127	0.10
				24/03/2017	82692	Purchase	269819	0.15
				31/03/2017	4679	Purchase	274498	0.15
		274498	0.15	31/03/2017			274498	0.15
10	Gaurav Manocha	104012	0.06	01/04/2016				
				06/05/2016	156544	Purchase	260556	0.14
				28/10/2016	7000	Purchase	267556	0.15
				04/11/2016	(7000)	Sale	260556	0.14
		260556	0.14	31/03/2017			260556	0.14
11	Manish Lakhi*	767326	0.43	01/04/2016				
				06/01/2017	(150000)	Sale	617326	0.34
				27/01/2017	(117326)	Sale	500000	0.28
				03/02/2017	(268575)	Sale	231425	0.13
				10/02/2017	(156425)	Sale	75000	0.04
		75000	0.04	31/03/2017			75000	0.04
12	Kothari Industrial Development Corporation Ltd.*	490000	0.43	01/04/2016				
				11/11/2016	(150000)	Sale	340000	0.19
				16/12/2016	(90000)	Sale	250000	0.14
				31/12/2016	(25000)	Sale	225000	0.13
				06/01/2017	(50000)	Sale	175000	0.10
13	Girdharilal V Lakhi*	1414252	0.79	01/04/2016				
				15/07/2016	(20000)	Sale	1394252	0.77

				22/07/2016	(51716)	Sale	1342536	0.75
				05/08/2016	(50520)	Sale	1292016	0.72
				12/08/2016	(50000)	Sale	1242016	0.69
				19/08/2016	(3394)	Sale	1238622	0.69
				26/08/2016	(35446)	Sale	1203176	0.67
				02/09/2016	(65707)	Sale	1137469	0.63
				21/10/2016	(120000)	Sale	1017469	0.57
				28/10/2016	(176906)	Sale	840563	0.47
				04/11/2016	(251506)	Sale	589057	0.33
				18/11/2016	(100000)	Sale	489057	0.27
				25/11/2016	(489057)	Sale	0	0.00
		0	0.00	31/03/2017			0	0.00
14	Ashok Kothari*	920000	0.51	01/04/2016				
				08/04/2016	5000	Purchase	925000	0.51
				22/04/2016	28000	Purchase	953000	0.53
				13/05/2016	10000	Purchase	963000	0.54
				30/06/2016	(10000)	Sale	953000	0.53
				08/07/2016	(50000)	Sale	903000	0.50
				29/07/2016	(5000)	Sale	898000	0.50
				05/08/2016	(90000)	Sale	808000	0.45
				21/10/2016	(8000)	Sale	800000	0.44
				28/10/2016	(600000)	Sale	200000	0.11
				04/11/2016	(200000)	Sale	0	0.00
		0	0.00	31/03/2017			0	0.00
15	Chirag Dilipkumar*	920000	0.51	01/04/2016				
				28/10/2016	(100000)	Sale	488438	0.27
				02/12/2016	(388000)	Sale	100438	0.06
				27/01/2017	(438)	Sale	100000	0.06
				03/02/2017	(100000)	Sale	0	0.00
		0	0.00	31/03/2017			0	0.00
16	Samena India Credit (Singapore) Pvt. Ltd.*	465256	0.26	01/04/2016				
				25/11/2016	(349475)	Sale	115781	0.06
				30/12/2016	(115781)	Sale	0	0.00
		0	0.00	31/03/2017			0	0.00

*Not in the list of top 10 shareholders as on 31/03/2017.

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

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in share- holding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No of Shares at the beginning (01-04-16)/ end of the year (31-03-2017)	% of total shares of the Company				No. of Shares	% of total Shares of the company
1.	Sh. P. P. Pareek, Director	1333	0	01/04/2016		NIL		
		1333	0	31/03/2017	0		1333	0.00

The following Directors and Key Managerial Personnel (KMP) did not hold any shares during the financial year 2016-17

- a. Smt. Usha Ananthasubramanian – Chairperson
- b. Sh. K. V. Brahmaji Rao – Director
- c. Dr. Kamal Gupta – Director
- d. Sh. S. K. Soni – Director
- e. Sh. R. S. Ramasubramaniam – Director
- f. Sh. S. K. Dubey – Managing Director (KMP)
- g. Smt. Sunita Gupta, Executive Director and CFO (KMP)
- h. Smt. Monika Kochar – Company Secretary (KMP)

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	306522.17	185545.45	-	492067.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	199.14	20.91	-	220.05
Total (i+ii+iii)	306721.31	185566.36	-	492287.67
Change in Indebtedness during the financial year				
• Addition	49390528.23	33148990.97	-	82539519.20
• Reduction	49541831.16	33138362.71	-	82680193.87
Net Change	(151302.93)	10628.26	-	(140674.67)
Indebtedness at the end of the financial year				
i) Principal Amount	155219.24	196173.71	-	351392.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	34.17	51.77	-	85.94
Total (i+ii+iii)	155253.41	196225.48	-	351478.89

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sh. S. K. Dubey, Managing Director	Smt. Sunita Gupta, Executive Director & CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	40.92*	32.78**	73.70
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	-	-	-
	(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	-	2.01	2.01
	b) Medical facilities	0.15	0.15	0.30
	c) Child education allowance	-	0.01	0.01
	d) Variable pay (Performance Linked Incentive)	7.21	5.40	12.61
	e) Leave travel concession	0.82	0.69	1.51
	Total (A)	49.10	41.04	90.14
	Ceiling as per the Act	₹ 2558.47 lacs (being 10 per cent of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

Note 1: Gratuity not included as the same is subject to the Payment of Gratuity Act, 1972.

Note 2: Leave travel concession is permissible once in two years (within India).

* In addition, salary arrears of ₹ 0.58 lacs (last year : ₹ 1.03 lacs) was paid in 2016-17. Being an ex-employee of PNB, he also receives pension from PNB

** In addition, salary arrears of ₹ 1.63 lacs (last year : ₹ 2.19 lacs) was paid in 2016-17.

B. Remuneration to other directors:

(₹ in lacs)

Particulars of Remuneration	Name of Director						Total Amount
	Smt. Usha Ananthasubramanian	Sh. K. V. Brahmaji Rao	Dr. Kamal Gupta	Sh. S. K. Soni	Sh. P. P. Pareek	Sh. R. S. Ramasubramaniam	
1. Independent Directors							
• Fee for attending Board / Committee meetings	-	-	4.20	3.45	2.25	3.65	13.55
• Commission	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-
Total (1)	-	-	4.20	3.45	2.25	3.65	13.55
2. Other Non-Executive Directors (paid to PNB for its nominated directors)							
• Fee for attending Board / Committee meetings	1.25	1.40	-	-	-	-	2.65
• Commission	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-
Total (2)	1.25	1.40	-	-	-	-	2.65
Total (B)=(1+2)	1.25	1.40	4.20	3.45	2.25	3.65	16.20
Total Managerial Remuneration*							106.34

Overall Ceiling as per the Act for Directors other than Managing Director and Whole-time Directors ₹ 255.85 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 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		CFO	Total Amount
			CEO	Smt. Monika Kochar, Company Secretary		
1.	Gross salary		Not Applicable		Smt. Sunita Gupta, Executive Director is also CFO. Hence disclosed in A above	
	(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961		12.53		12.53
	(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961		0.91		0.91
	(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		0.82		0.82
	b)	Medical facilities		0.15		0.15
	c)	Child education allowance		-		-
	d)	Variable pay (Performance Linked Incentive)		1.32		1.32
	e)	Leave travel concession		0.31		0.31
	Total			16.04		16.04

Note 1 : Gratuity not included as the same is subject to the Payment of Gratuity Act, 1972.

Note 2 : Leave travel concession is permissible once in two years (within India).

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

Date : July 3, 2017
Place: New Delhi


(Sunil Mehta)
Chairman
DIN: 07430460

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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, 2017. 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 representations 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, 2017, 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, 2009 – 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; and
 - (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Reserve Bank of India Act, 1934 and Guidelines made thereunder; and
- (vii) RBI guidelines/Master Directions for NBFCs/Systemically Important Non-deposit taking Non-Banking Financial Companies (NBFC-ND- SI) and Primary Dealers.

We have also examined compliance with the applicable clauses of the following:

- (i) 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; and

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

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 nu 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**



CS Arpita Saxena
Partner
ACS: 23822
CP No.:11962

Place: Ghaziabad
Date: April 24, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC REVIEW: 2016-17

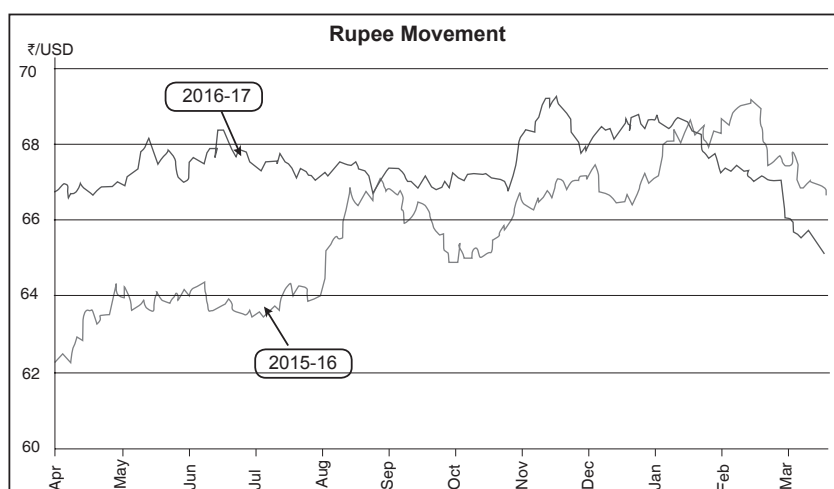
Domestic Overview

During FY 2016-17 India emerged amongst the few large economies with promising economic outlook. The growth in Gross Domestic Product (GDP) stood at 7.10 per cent for FY 2016-17 compared to 8 per cent in FY 2015-16. The higher growth was achieved despite global challenges and impact of demonetization. Additionally, other macroeconomic parameters like inflation, fiscal deficit and current account balance exhibited distinct signs of improvement. Wholesale price inflation remained on the higher side. However, the all India consumer prices inflation declined to 3.81 per cent in March, 2017 compared to 4.83 per cent a year ago.

The manufacturing sector continued to grow at a moderate pace, while the slowdown in the services sector was sharper due to demonetization. The growth in agriculture and allied activities accelerated due to the record food grain production on the strength of normal monsoon, vigorous sowing activity and effective supply management. Saving and investment rates showed hardly any signs of revival. Yet, from the macroeconomic perspective, implementation of the Goods and Services Tax (GST) and the measures taken in the Union Budget to boost the rural economy, infrastructure, micro, small and medium enterprises (MSMEs) and low cost housing, should help the Indian economy to register growth in excess of 7 per cent in FY 2017-18.

Forex Market

In the foreign exchange market, the rupee moved in a narrow range against the US dollar and the euro for most part of FY 2016-17. During Q3, rupee witnessed a sudden fall against the US dollar due to the US presidential election outcome and FPI outflows both in equity and debt market. The FCNR(B) redemptions and the policy rate cut in October 2016 also kept rupee under pressure. The US dollar remained strong in anticipation of an expansionary fiscal policy and tighter monetary policy by the Fed. Consequently, the rupee depreciated against the US dollar by 2.9 per cent. The rupee regained about half of the lost ground by the first week of December,



2016, but came under renewed downward pressure till end-January, 2017 in response to the Fed policy rate hike. However, toward the end of the financial year, rupee made smart recovery due to foreign portfolio inflows on policy announcements in Union Budget. The rupee gained further in March as FPI inflows, especially in equity, were boosted by the outcome of State elections and pro-India sentiment arising out of perceived policy stability and internal reforms.

Current Account Balance

India's current account deficit narrowed down to 0.70 per cent of GDP in FY 2016-17 compared to 1.10 per cent in FY 2015-16 on account of contraction in trade deficit. Sharp pick-up in external demand helped India's exports. Current account deficit was appreciably smaller than expected, despite the pressure exerted by higher gold imports and crude oil prices.

Fiscal Deficit

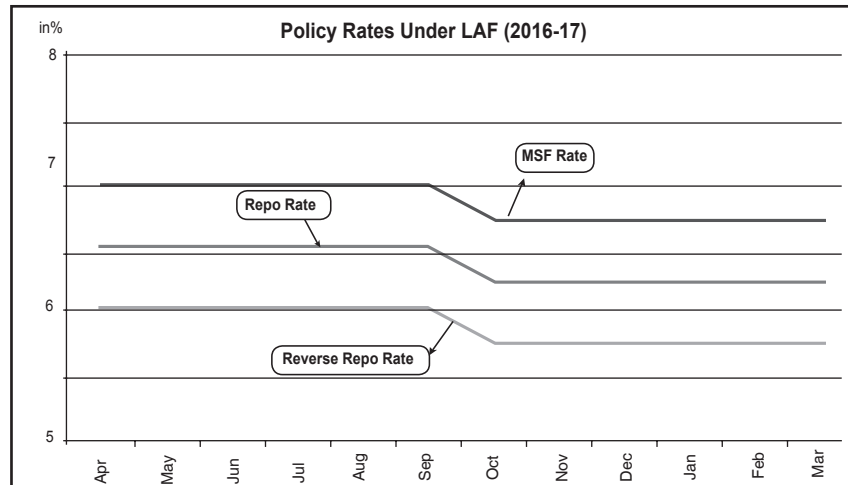
Fiscal deficit was contained at 3.5 percent of GDP in FY 2016-17. The benign fiscal deficit target was due to buoyant indirect tax collections and non-tax revenues that helped in realizing the fiscal deficit target even as capital expenditure did not experience any cutbacks, unlike in previous years. Low oil prices also assisted in achieving the fiscal deficit target. However, there was a deficit in realization of budgeted receipts from disinvestment and spectrum auctions.

Government Borrowings

The gross borrowing during the year was ₹ 582000 crore as compared to ₹ 585000 crore in FY16. In addition to this, state governments also raised funds to the tune of ₹ 381979 crore through market borrowings as against ₹ 296369 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 anchored its policy rate to achieve the domestic inflation target consistent with growth. In line with the disinflation glide path, the central bank reduced the repo rate twice by a total of 50 basis points till October, 2016. However, post demonetization, RBI maintained status quo on monetary policy in December, 2016 and changed its stance from accommodative to neutral in February, 2017.



Average liquidity surplus in Q2 was ₹ 29300 crores which declined to ₹ 6300 crores in October 2016. However, after demonetization, currency in circulation declined drastically and this increased the liquidity in the banking system. To manage this excess liquidity RBI did open market sales of CMBs issued under MSS and variable rate reverse repos of various tenors. The Incremental Cash Reserve Ratio (ICRR) was in place for one fortnight ending December 9, 2016 which helped in draining liquidity to the extent of ₹ 400000 crores. ICRR was withdrawn after increase in limit on issuance of securities under MSS from ₹ 30000 crores to ₹ 600000 crores. In Q4, with re-monetization at an accelerated pace, the liquidity surplus in the system reduced to ₹ 314100 crores by end March, 2017.

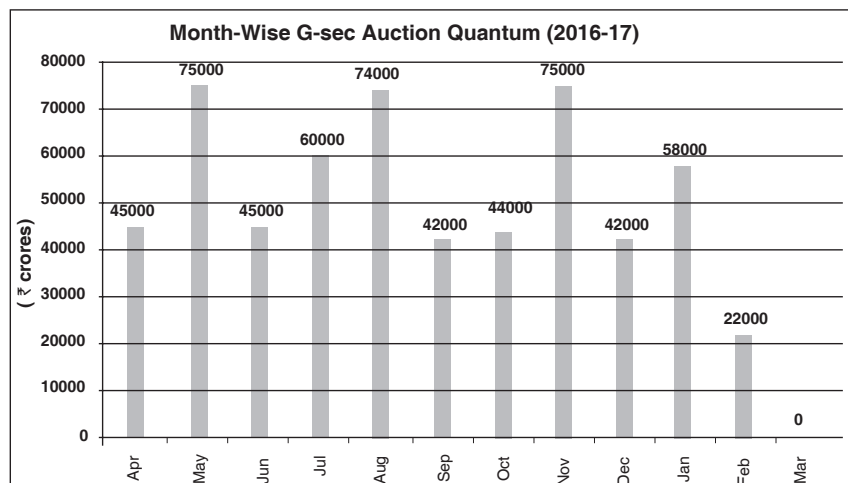
Treasury Bill Market

During FY 2016-17, the borrowings through T-Bills stood at ₹ 691966 crore. The yields on treasury bills in Primary Market eased significantly during the year. The cut-off yield on 91DTB eased from 6.85 per cent in the beginning of the FY to 5.82 per cent in the end, cut-off yield on 182 DTB fell from 6.93 per cent in April beginning to 6.05 per cent in March and the cut-off yield on 364 DTB closed the year at 6.14 per cent while opening the fiscal at 6.90 per cent. Weighted average implicit yield at cut-off price on 91 DTB, 182 DTB and 364 DTB stood at 6.44 per cent, 6.52 per cent & 6.51 per cent as against 7.42 per cent, 7.44 per cent & 7.42 per cent in the previous year respectively.

Government Dated Securities

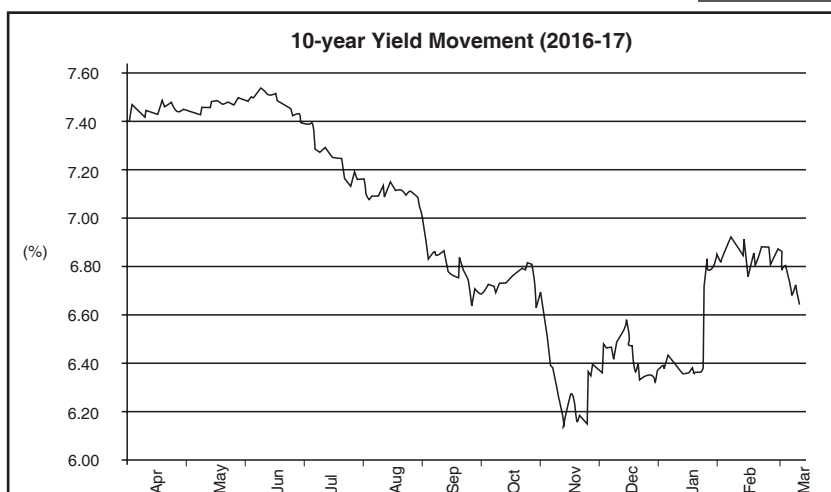
Primary Market

During FY 2016-17, the gross borrowings through dated issuances stood at ₹ 582000 crore, while net borrowings stood at ₹ 408198 crore. The weighted average maturity of issuances stood at 14.60 years vis-a-vis 15.88 years in the previous year. The weighted average yield of dated securities issued during FY 2016-17 stood at 7.13 per cent as against 7.88 per cent in FY 2015-16.



Secondary Market

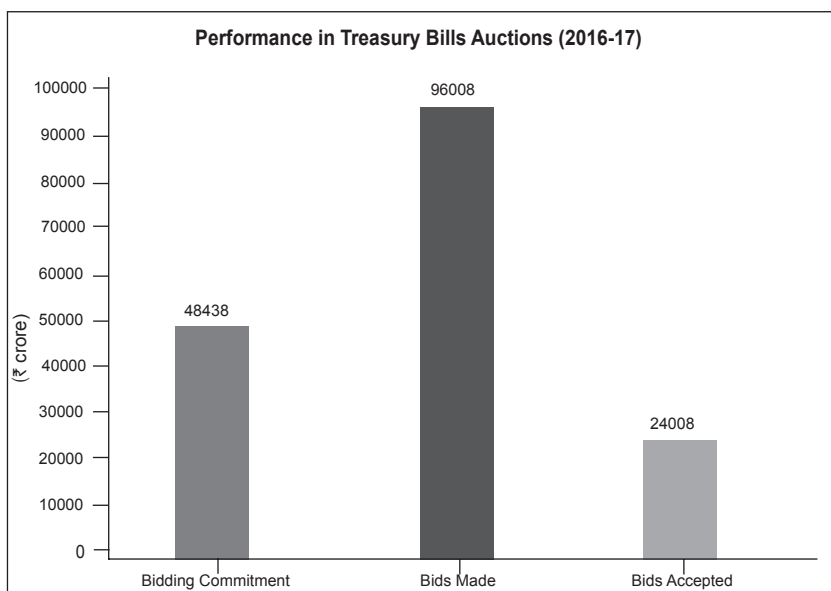
During the year, the Government bonds market exhibited strong volatility. For the major part of the year yields kept moving down, with the yields touching low of 6.14 per cent after demonetization and policy rate cut in October, 2016. Yields hardened again after application of the ICRR to absorb surplus liquidity. Status quo on monetary policy in December, 2016 and change in stance of RBI from accommodative to neutral in February 2017 further added to hardening of yields. Ten year benchmark closed the year at a much lower level of 6.66 per cent as against previous year close of 7.46 per cent.



COMPANY PERFORMANCE

Primary Market

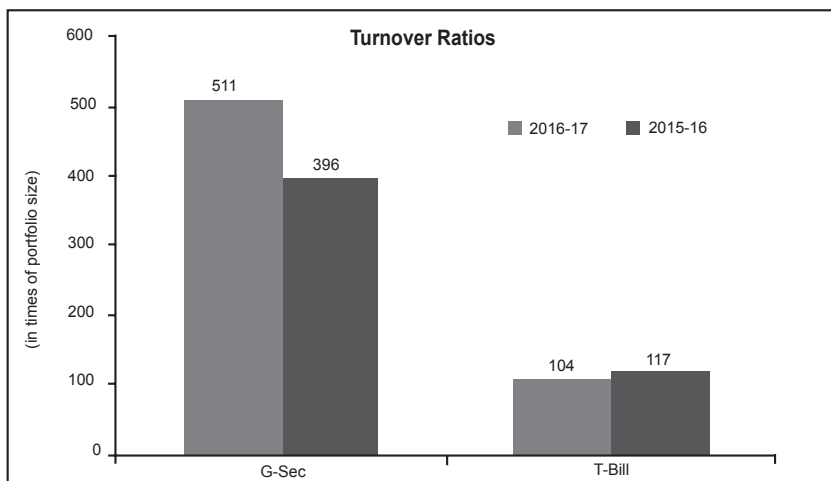
In primary market, the Company continued to comply with all the regulatory requirements of bidding under Minimum Underwriting Commitments (MUC) and Additional Competitive Underwriting (ACU) for Primary Dealers. During the year, the Company earned an underwriting commission of ₹ 0.87 crore as against previous year's commission of ₹ 1.26 crore. In treasury bill auctions, during the first half, GOI raised ₹ 380000 crore as against ₹ 364000 crore in the corresponding period of last fiscal. In the second half, GOI raised another ₹ 311966 crore through T-bills as against ₹ 358158 crore raised in corresponding period of last fiscal. The Company submitted bids aggregating to ₹ 96008 crore against the commitment of ₹ 48438 crore (being 7 per cent of notified amount).



Out of this, bids amounting to ₹ 24008 crore were accepted. Fulfilling its primary market commitment, Company achieved success ratio of 44.23 per cent and 56.07 per cent in H1 and H2 respectively of FY 2016-17, as against the statutory requirement of 40 per cent.

Secondary Market

During FY 2016-17, total secondary market outright turnover stood at ₹ 650459 crore as against ₹ 376114 crore in FY 2015-16. The total turnover stood at ₹ 686167 crore. The Central Government security segment recorded the maximum turnover of ₹ 569863 crore followed by T-bills which registered turnover of ₹ 54402 crore. Company's total turnover ratio (secondary market) stands at 104 times for treasury bills and 511 times for government-dated securities as on March 31, 2017 against the minimum RBI stipulation of 10 times and 5 times respectively.

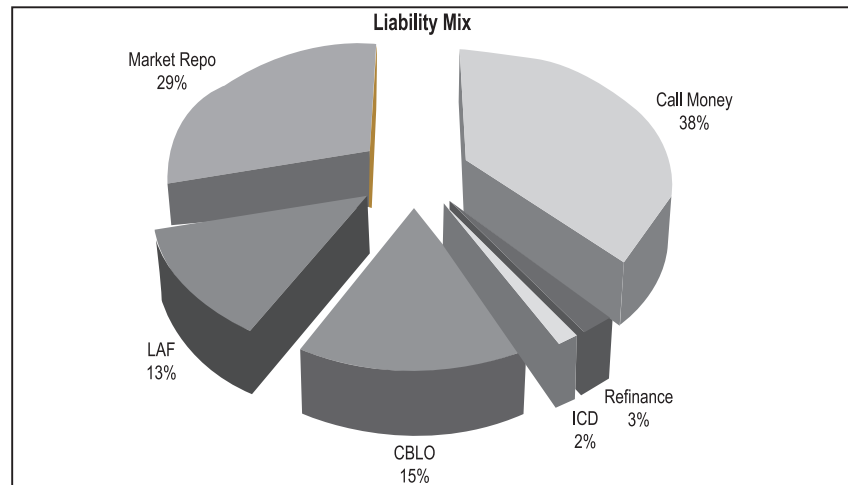


Portfolio Size and Composition

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 ₹ 3133 crore to take advantage of the opportunity provided by demonetization. The daily average holding of G-sec during FY 2016-17 stood at ₹ 1105 crore. Daily average holding in T-bills during the year stood at ₹ 1495 crore whereas the peak holding in T-bills stood at ₹ 2752 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 ₹ 3551 crore as against ₹ 3877 crore in FY 2015-16. The average leverage during the year was 4.46 times against 5.26 times in FY 2015-16, while the maximum leverage for the year stood at 7.50 times the NOF. The average cost of funds during the fiscal through Call, CBLO, etc. stood at 6.31 per cent, lower than 7.09 per cent during the last year and the same was about 7 basis points lower than the average NSE overnight MIBOR of 6.38 per cent during the year.



Trading Stance & Financial Performance

During FY 2016-17, the yield on the benchmark 10-year security decreased by 80 basis points to close the year at 6.66 per cent. Though the yields on point to point basis declined, the market remained highly volatile. Domestic factors played a predominant role in driving down yields like lowering of inflation rate, surplus liquidity and demonetization. In expectation of softening of yields, the Company had enlarged the size & duration of its portfolio. As a result, the Company incurred a trading profit of ₹ 185.50 crore.

During the year, the Company's Profit Before Tax stood at ₹ 256.54 crore as against ₹ 51.47 crore in the previous year. The Net Worth of the company increased to ₹ 898.36 crore as on March 31, 2017 as against ₹ 731.22 crore in previous year. The Company is adequately capitalized with capital adequacy ratio of 54.48 per cent as on March 31, 2017, 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), PVB 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 provide 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 detail regarding employees is given in the Board's Report. 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. 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. As a part of this control system, your Board appoints Internal Auditor as well. For the year 2016-17, 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 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

The Company has taken membership as a stock broker from SEBI and membership of NSE (IRF) for smooth functioning of its activities.

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 |

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. The profit for FY 2016-17 stood at ₹ 256.54 crores. The Company operates with substantial Capital Adequacy Ratio with comparatively low operational cost. The same stood at 54.48 per cent for the year ended March 31, 2017. The Company has efficient risk management and research department responsible for monitoring, analysis and compliance with 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.

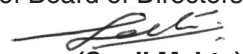
Opportunities and Threats

The macroeconomic fundamentals of Indian economy have made substantial improvements with reforms in key areas, pursuit of fiscal prudence and consolidation, focus on price stability and the resultant benign price situation and comfortable level of external current account. With the accelerated rate of remonetization, discretionary consumer spending held back by demonetization is expected to have picked up and will gather momentum over quarters ahead. The recovery will also likely be aided by the reduction in banks' lending rates due to large inflows of current and savings accounts (CASA) deposits. A range of proposals in the Union Budget 2017-18 are expected to be growth stimulating like stepping up of capital expenditure, boosting the rural economy and affordable housing and the planned roll-out of the GST.

With improved agriculture growth, overall economic growth has also picked up. India stands out as a haven of stability and an outpost of opportunity. Its economic growth is amongst the highest in the world, helped by a reorientation of government spending toward needed public infrastructure. Global growth picked up modestly towards end 2016 and is expected to improve in 2017. Therefore, global trade and output are expected to expand at a stronger pace in 2017 and 2018 than in recent years, easing the external demand constraint on domestic growth prospect. Looking ahead, the benign outlook for inflation and possibility of good monsoon can give room for easing towards the end of year. Further, the surplus liquidity in the system and reduction in net government borrowing in 2017-18 will definitely give boost to Government bonds market.

However, hardening of crude prices due to global factors as well as deficient monsoon can cause some worry for the financial markets in India. The Company proposes to be nimble footed in trading and also look for more stable avenues of revenue to maintain consistency in the returns to the stakeholders.

On behalf of Board of Directors


(Sunil Mehta)

Chairman

DIN:07430460

Date: July 3, 2017

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 five Committees at Board level, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility 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. The Board comprises of eight directors, consisting of six 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, general 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, 2017, the composition of the Board is as follows –

Smt. Usha Ananthasubramanian (DIN: 02784580), Managing Director & Chief Executive Officer – Punjab National Bank (PNB), is the Non-Executive Chairperson of the Company. Prior to joining the Bank, she was Chairman & Managing Director of Bharatiya Mahila Bank. She also served as Executive Director of PNB. She has over 34 years of rich experience in Banking Industry. Her forte has been finance, secretarial and HR development. She is also Chairperson 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 EXIM Bank.

Sh. K. V. Brahmaji Rao¹ (DIN: 06861202), Executive Director – PNB is Non-Executive Director of the Company. Prior to his assignment in PNB, he was the General Manager of Vijaya Bank. He is having 35 years experience in the banking industry with specialization in Integrated Risk Management, Management Advisory Services, Treasury, Finance etc. He is Director on the Board of PNB Investment Services Ltd. and JSC SB PNB Kazakhstan.

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 Rajasthan Spinning & Weaving Mills Ltd., H.E.G. 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.

¹ also known as Sh. K.V. Brahmajee Rao

Sh. P. P. Pareek (DIN: 00615296), Independent Director, is a practising Chartered Accountant. He is a senior partner of M/s S. Bhandari & Co. for the last 34 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., Rajasthan State Mines & Minerals Ltd. and Rajasthan State Beverages Corporation Ltd.

Sh. R. S. Ramasubramaniam (DIN: 00008937), is an MBA from IIM-Ahmedabad and B.Tech (Mech. Eng) from IIT- Madras. He is Co-Chairman of Feedback Infra Pvt. Ltd. and thus, having in-depth experience in business affairs of Feedback Infra and its subsidiaries. He is having around 28 years of experience including his stint in Hindustan Unilever Ltd. Presently, he is Director of Mission Holdings Pvt. Ltd., Feedback Ventures & Gosh Bose Associates Private Limited, Feedback Power Operations & Maintenance Services Pvt. Ltd. and Feedback Energy Distribution Company Limited.

Sh. S. K. Dubey (DIN: 01770805) is the Managing Director of Company since February 2012. Prior to this assignment, he headed the Treasury Division and International Banking Division of Punjab National Bank. He is having a rich experience of around 37 years in various senior capacities in the PNB group. He is Chairman of Primary Dealers' Association of India.

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 18 years in the Company in various senior capacities.

Other information regarding the Board as on March 31, 2017 is given below:

Name of the Directors	Category	No. of other Directorships and other Committee Memberships/ Chairmanships ¹		
		Directorships	Committee Memberships	Committee Chairmanships
Smt. Usha Ananthasubramanian	Non-Executive/ Non-Independent	6	1	-
Sh. K. V. Brahmaji Rao	Non-Executive/ Non-Independent	3	2	-
Dr. Kamal Gupta	Non-Executive/ Independent	6	9	4
Sh. S. K. Soni	Non-Executive/ Independent	-	-	-
Sh. P. P. Pareek	Non-Executive/ Independent	3	2	-
Sh. R. S. Ramasubramaniam	Non-Executive/ Independent	5	4	-
Sh. S. K. Dubey	Executive	1	-	-
Smt. Sunita Gupta	Executive	-	-	-

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, 2017, 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 has 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 <http://pnbgilts.com/data/governance/1459924857.pdf>.

2. Meetings of the Board

During the year 2016-17, five Board Meetings were held on May 16, 2016, July 30, 2016, October 26, 2016, January 30, 2017 and March 21, 2017.

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

Names of Directors	No. of Board Meetings attended	Attended last AGM held on September 17, 2016
Smt. Usha Ananthasubramanian	5	Yes
Sh. K. V. Brahmaji Rao	4	Yes
Dr. Kamal Gupta	5	No
Sh. S. K. Soni	5	Yes
Sh. P. P. Pareek	5	Yes
Sh. R. S. Ramasubramaniam	4	Yes
Sh. S. K. Dubey	5	Yes
Smt. Sunita Gupta	5	Yes

3. 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 is instrumental in overseeing the financial reporting besides reviewing the quarterly, half-yearly, annual financial results of the Company and in reviewing 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 2016-17, five meetings of the Committee were held on May 16, 2016, July 30, 2016, October 26, 2016, January 30, 2017 and March 21, 2017. The composition and attendance of Members is as under:

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

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, pursuant to 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 2016-17, three Committee meetings were held on May 16, 2016, July 30, 2016 and January 30, 2017. The composition of Committee and attendance of the Members is as under:

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Dr. Kamal Gupta	Chairman	3
Sh. K. V. Brahmaji Rao	Member	2
Sh. P. P. Pareek	Member	3
Sh. R. S. Ramasubramaniam	Member	3

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.

The criteria for performance evaluation of Independent Directors cover the areas relevant to the functioning as Independent Directors such as quality of corporate governance, adherence to various compliances, effectiveness of participation in meetings, commitment (incl. guidance to senior management outside of Board /Committee meetings), level of deployment of knowledge and expertise, maintenance of confidentiality, Independence of views and judgement etc.

(C) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee oversees, inter-alia, redressal of Stakeholders' grievances. During the year 2016-17, four meetings of the Committee were held on May 16, 2016, July 30, 2016, October 26, 2016 and January 30, 2017.

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	Chairman	4
Sh. P. P. Pareek	Member	4
Sh. R. S. Ramasubramaniam	Member	4
Sh. S. K. Dubey	Member	4

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 year, the Company had received 10 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, 2017.

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

(D) Corporate Social Responsibility (CSR) Committee

The CSR Committee discharges the role as contemplated 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 2016-17, three CSR Committee meetings were held on May 16, 2016, January 30, 2017 and March 21, 2017.

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

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. K. V. Brahmaji Rao	Chairman	2
Dr. Kamal Gupta	Member	3
Sh. S. K. Dubey	Member	3

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) 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 2016-17, twenty eight meetings of the said Committee were held on 6th, 20th and 29th April, 2016, 13th and 25th May, 2016, 7th and 21st June, 2016, 5th and 19th July, 2016, 2nd, 16th and 29th August, 2016, 12th and 26th September, 2016, 10th and 24th October, 2016, 7th and 21st November, 2016, 5th, 19th and 31st December 2016, 13th and 27th January 2017, 9th and 23rd February, 2017, 8th, 22nd and 31st March, 2017.

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

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Soni	Chairman	28
Dr. Kamal Gupta	Member	27
Sh. R. S. Ramasubramaniam	Member	27
Sh. S. K. Dubey	Member	26

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

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. Further, the Company has devised a policy for performance evaluation of directors, Board and Committees.

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 2016-17 are as under:

	Sh. S. K. Dubey Managing Director*	Smt. Sunita Gupta Executive Director & CFO
Salary**	40.92	32.78
Perquisites and allowances	0.97	0.85
Company's Contribution to PF	Nil	2.01
Performance Linked Incentive***	7.21	5.40

* Being an ex-employee of PNB, he also receives pension from PNB.

** In addition, arrears of salary of ₹ 0.54 lacs and ₹ 1.63 lacs were also paid in 2016-17 to the Managing Director and Executive Director, respectively.

*** paid, as per the performance evaluation criteria laid down, on the recommendation of the Nomination and Remuneration Committee and approved by the Board.

The tenure of office of Managing Director is upto January 31, 2018 and for Executive Director and CFO, the tenure is upto August 31, 2017.

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 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. The sitting fee payable to the Non-Executive Directors is ₹ 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 to be paid to Independent Directors for holding interviews, if any, is ₹ 5000/-. In addition, 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 2016-17 is as under:

(in ₹)

Names of the Directors	Sitting Fees**
Smt. Usha Ananthasubramanian*	125000/-
Sh. K. V. Brahmaji Rao*	140000/-
Dr. Kamal Gupta	420000/-
Sh. S.K.Soni	345000/-
Sh. P. P. Pareek	225000/-
Sh. R. S. Ramasubramaniam	365000/-

*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 paid extra.

No other remuneration or stock option is in place.

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 conveying 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 2016-17. 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, the Auditor's Certificate on Corporate Governance is appended to this report.

VI CEO/CFO Certification

The Managing Director 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 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
2015-16	Punjab National Bank Auditorium,	September 17, 2016 at 1100 hrs
2014-15	Central Staff College, 8, Under Hill	September 19, 2015 at 1100 hrs
2013-14	Road, Civil Lines, Delhi -110054	August 30, 2014 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 three which were passed in the AGMs held on August 30, 2014 (regarding borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013 and Rules made thereunder and the clarification issued by Ministry of Corporate Affairs, Govt. of India vide circular no. 4/2014 dated 25th March, 2014) and on September 19, 2015 (for adoption of new set of Articles of Association of the Company) and 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

During 2016-17, 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 the Directors 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 <http://pnbgilts.com/data/governance/1461912704.pdf>.

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.

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.

The Company is not having any exposure in commodity market and foreign exchange. Regarding, exposure in hedging activities, the Company is having exposure in Interest Rate Swaps. Details of the same are given in Note No. 2.26 at page no. 91.

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 (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	: September 16, 2017 at 11:00 a.m.
Venue	: Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi-110054.
Financial Year	: April 1, 2016 to March 31, 2017
Date of Book Closure	: September 9, 2017 to September 16, 2017 (both days inclusive)
Dividend Payment Date	: on or before October 13, 2017.

2. Listing on Stock Exchange

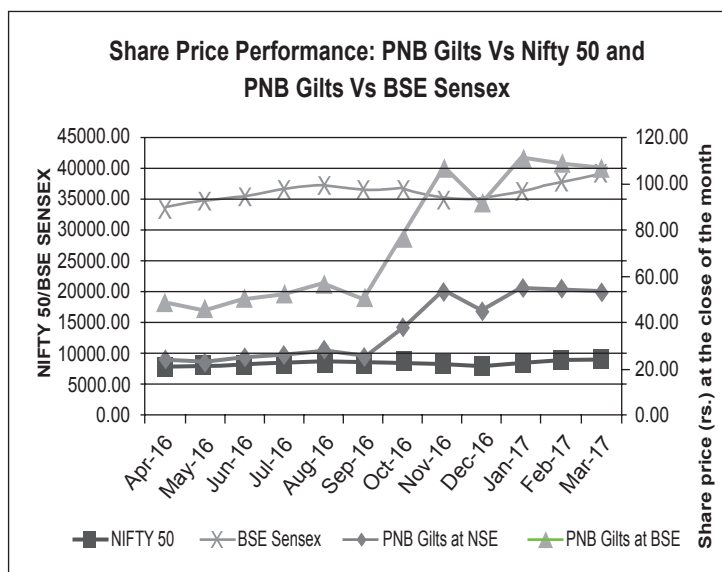
Listed in September, 2000
BSE Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G - Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

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

3. Market Price Data: High/low share price data in each month during 2016-17 on the National Stock Exchange of India Ltd. and BSE Ltd. is given as under:

(₹)

	NSE		BSE	
Month	High	Low	High	Low
Apr-16	26.00	24.30	26.10	24.10
May-16	24.95	22.25	25.50	22.10
Jun-16	26.20	22.45	26.00	22.60
July-16	27.70	24.90	27.45	24.90
Aug-16	28.65	26.40	28.75	26.40
Sep-16	28.80	24.90	28.90	24.90
Oct-16	38.85	25.70	38.80	25.60
Nov-16	62.05	34.10	61.90	34.05
Dec-16	57.00	43.90	57.00	43.95
Jan-17	57.30	43.90	57.30	47.00
Feb-17	64.70	50.55	64.80	50.50
Mar-17	56.75	51.50	56.75	51.30



Source : NSE and BSE website

Information on the daily share prices: The quotes can be known from any financial daily like EconomicTimes, 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. Registrar and 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, transfer, 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 dematerialised form: Shareholders holding shares in electronic/ dematerialised 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/Registrar in physical mode. For transfer of shares in physical mode, the Share Transfer and Issue of Duplicate Share Certificates Committee meet every fortnight. 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 secretarial 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, 2017

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 500	32222	75.51	4683631	2.60
501-1000	4948	11.59	3951723	2.20
1001-2000	2601	6.10	3966059	2.20
2001-3000	870	2.04	2281822	1.27
3001-4000	421	0.99	1550204	0.86
4001-5000	377	0.88	1800744	1.00
5001-10000	650	1.52	4861840	2.70
10001 and above	585	1.37	156914111	87.17
Total	42674	100.00	180010134	100.00

- **Shareholding pattern as on March 31, 2017**

Particulars	No. of shares held	% of Shareholding
Promoter (PNB)	133333333	74.07
Financial Institutions, Other Banks, Mutual Funds/UTI and Insurance Companies	2174256	1.21
Bodies Corporates, Trust & Foundations and NBFCs	7304158	4.06
Indian Public and Directors	33064356	18.37
NRIs and FPIs	4134031	2.29
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
June, 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, 2017) 99.71 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, 2017 are as follows:

Financial Year	Amt of dividend (₹ Lacs)	Unclaimed Dividend as on 31.03.2017 (₹ Lacs)	Unclaimed dividend Percentage	Last date for making claim*	Last date for making transfer to IEPF
2009-10 (Final Dividend)	1350.07	4.61	0.34	5 th Sep 2017	5 th Oct 2017
2010-11 (Final Dividend)	1620.09	5.92	0.37	31 st Jul 2018	30 th Aug 2018
2011-12 (Final Dividend)	1350.07	4.93	0.37	30 th Aug 2019	29 th Sep 2019
2012-13 (Final Dividend)	1350.08	5.26	0.39	23 rd Jul 2020	22 nd Aug 2020
2013-14 (Final Dividend)	1620.09	6.93	0.43	1 st Oct 2021	31 st Oct 2021
2014-15 (Final Dividend)	2700.15	12.22	0.45	20 th Oct 2022	19 th Nov 2022
2015-16 (Final Dividend)	1980.11	9.21	0.47	19 th Oct 2023	18 th Nov 2023

The details of sale proceeds of fractional entitlements, arising out of bonus issue made in 2013, as on March 31, 2017 are as follows:

	Date of Payment	Total Fractional Entitlement (₹ Lacs)	Unclaimed Fractional Entitlement as on 31.03.2017 (₹ 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)/entitlements not claimed by them. It is hereby once again requested to shareholders who have not yet claimed the said dividend(s)/entitlements, 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. 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. The Company also simultaneously published notices in the leading newspaper in English and regional language for the attention of such shareholders.

- **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.

- **Non-Mandatory Requirements under the Listing Regulations: -**

- 1. The Board**

Chairperson 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. Separate post of Chairman and Managing Director / CEO**

The Company appoints separate persons to the post of (a) Chairman; and (b) Managing Director.

- 5. 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

On behalf of Board of Directors



(Sunil Mehta)
Chairman

Date : July 3, 2017
Place: New Delhi

DECLARATION

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

Dear Member,

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

Based on the affirmations received from Directors and Senior Management Personnel as covered under the said Code, I, S. K. Dubey, 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 2016-17.

For and on behalf of Board of Directors

Date : April 18, 2017
Place : New Delhi


(S. K. Dubey)
Managing Director
DIN: 01770805

AUDITOR'S CERTIFICATE

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

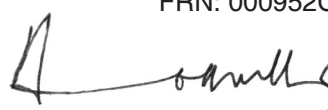
We have examined the compliance of conditions of Corporate Governance by PNB Gilts Limited for the year ended March 31, 2017, as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to 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 the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

We state that no investor grievance(s) is pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders' Relationship Committee.

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

Date : May 12, 2017
Place: New Delhi

For Kapoor Tandon & Co.
Chartered Accountants
FRN: 000952C

(Devendra Swaroop Mathur)
Partner
Membership No.082570

The background features a series of vertical bars of varying heights and shades of gray at the top, resembling a bar chart. Below this, a series of upward-pointing arrows of different heights and shades of gray are arranged in a perspective view, creating a sense of growth and upward movement.

FINANCIAL REVIEW

INDEPENDENT AUDITOR'S REPORT

To

**The Members of PNB Gilts Ltd,
Report on the Financial Statements**

We have audited the accompanying financial statements of PNB Gilts Ltd. ('the Company') which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Board as well as evaluating the overall presentation of the financial statements.

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.

Opinion

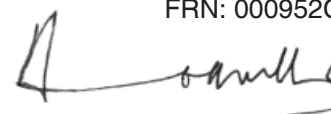
In our opinion and to the best of our information and according to the explanations given to us the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - The Balance Sheet, the aforesaid Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - In our opinion, the Financial Statements comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - On the basis of the written representation received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a Director in terms of sub-section(2) of Section 164 of the Act.
 - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, as amended from time to time, in our opinion and to the best of our information and according to the explanations given to us :
 - The Company has disclosed pending litigations relating to Income Tax in the notes of accounts under Note No.2.34-Contingent liability (claims against the Company not acknowledged as debt) forming a part of financial statements. There is no impact on the financial position in the financial statements of the Company as no provision for the same has been created by the Company during the period under review.
 - The Company does not have any material foreseeable losses on long term contracts including derivative contracts.
 - The Company has transferred ₹ 4,80,999 on 10th October, 2016, being unclaimed final dividend pertaining to financial year 2008-09 to the Investor Education & Protection Fund which was due and supposed to be transferred to Investor Education & Protection Fund by 20th October, 2016. Thus there has been no default in transferring the amounts due and required to be transferred to the Investor Education & Protection Fund.
 - The Company has provided requisite disclosures in the financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. (Refer Note 2.37 to the financial statements).
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 **Kapoor Tandon & Co.,**
Chartered Accountants
FRN: 000952C



(Devendra Swaroop Mathur)
Partner
Membership No.082570

Dated : May 12, 2017
Place : New Delhi

“Annexure A” to the Independent Auditor’s Report

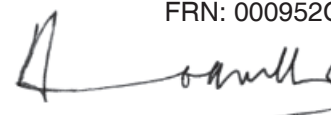
(Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date to the Financial Statements of the Company for the year ended March 31, 2017) Based upon the information and explanations furnished to us and the books and records examined by us in the normal 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) The Company has conducted physical verification of its fixed assets on quarterly basis for the head office and yearly for the branch offices. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were observed during the physical verification of assets.
- (c) The Company owns only flats as immovable properties. The title deeds of the flats are in the name of the Company.
- (ii) (a) The Company’s inventory comprising of Treasury Bills and Dated Government Securities are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified by the management with the confirmation certificate 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 material discrepancies were observed during the physical verification of inventory as compared to book records.
- (iii) In accordance with the legal opinion obtained by the company, the Directors of the Company who are nominees of Punjab National Bank are not to be regarded as concerned or interested. Hence the transactions with Punjab National Bank are not required to be listed in the register to be maintained under Section 189 of the Companies Act, 2013. 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) In our opinion and 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) In our opinion and 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 of the Companies Act, 2013 to Section 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act, 2013 and rules framed there under.
- (vi) In our opinion and 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) In our opinion and according to 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) In our opinion and according to information/explanations given to us, the Company has some disputes which have resulted into demands under the Income Tax Act, 1961 which have not been deposited. The details of which are given below:

Assessment Year	Amount involved	Forum where dispute is pending
2010-2011 under Section 143(3) of the Income Tax Act, 1961	46.39	ITAT
2012-2013 under Section 143(3) of the Income Tax Act, 1961	356.58	ITAT
2013-2014 under Section 143(3) of the Income Tax Act, 1961	205.25	CIT Appeals
2010-2011 under Section 271(1)(c) of the Income Tax Act, 1961	3.86	CIT Appeals
2014-15 under Section 143(3) of the Income Tax Act, 1961	277.72	CIT Appeals

- (viii) In our opinion and 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) In our opinion and 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). The Company has not raised any term loan during the year under audit.
- (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) In our opinion and 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) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company, thus this para does not apply to it.
- (xiii) In our opinion and 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. 2.25- Related Party Information.
- (xiv) In our opinion and 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) In our opinion and 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) In our opinion and according to the information and explanations given to us, the Company is a NBFI already registered under Section 45 I-A of the Reserve Bank of India Act, 1934

For **Kapoor Tandon & Co.,**
Chartered Accountants
FRN: 000952C



(Devendra Swaroop Mathur)
Partner
Membership No.082570

Dated : May 12, 2017
Place : New Delhi

Annexure – “B” to the Independent Auditor’s Report

(Referred to in Paragraph 2 (f) of Report on other Legal and Regulatory Requirements of our report of even date to the Financial Statements of the Company for the year ended 31st March, 2017)

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

We have audited the internal financial controls over financial reporting of PNB Gilts Ltd (“the Company”) as of 31 March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit.

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

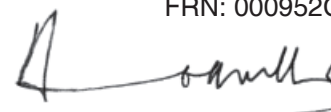
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kapoor Tandon & Co.,**
Chartered Accountants
FRN: 000952C



(Devendra Swaroop Mathur)
Partner
Membership No.082570

Dated : May 12, 2017
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 2016-17 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 clear title/lease deeds for freehold and leasehold land respectively? If not, please state the areas of freehold and leasehold land for which title/lease deeds are not available	The Company does not own any freehold or leasehold land. Thus the requirement of having the title/lease deeds in possession of the company is not applicable.
2	Whether there are any cases of waiver/write off of debts/loans/interest etc. If yes, the reasons therefor and amount involved	There is no case of waiver/write off of debts/loans/interest during the year.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Government or other authorities	The Company does not have any inventories lying with the third parties. Further, the Company has not received any asset as a gift from the Central Government or other authorities.

PNB Gilts Limited

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. The Company has received Registration Certificate, 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, 2017.
- The Company is meeting the required net owned fund required as laid down in 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 by the Board on April 13, 2016.
- The Company has not accepted any public deposits during the year ended March 31, 2017.
- 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 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.
- The Profit & Loss account for the year ended March 31, 2017 of the company along with Note 1 and 2 has disclosed the problem exposures and also the effect of valuation of portfolio as per instructions issued by Reserve Bank of India from time to time.

For **Kapoor Tandon & Co.,**
Chartered Accountants
FRN: 000952C



(Devendra Swaroop Mathur)

Partner

Membership No.082570

Dated : May 12, 2017
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 2017

The preparation of financial statements of PNB Gilts Limited for the year ended 31 March 2017 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 12 May 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of PNB Gilts Limited for the year ended 31 March 2017. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

A handwritten signature in black ink, appearing to read 'Ritika Bhatia'.

(Ritika Bhatia)

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

Place: New Delhi
Date: 3 July 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(₹ in lacs)

	Note	As at 31.03.2017		As at 31.03.2016	
I. EQUITY & LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2.1	18001.01		18001.01	
(b) Reserves & Surplus	2.2	71883.99	89885.00	55166.62	73167.63
2. Non-Current Liabilities					
(a) Long Term Provisions	2.3	104.93	104.93	96.62	96.62
3. Current Liabilities					
(a) Short Term Borrowings	2.4	351392.95		492067.62	
(b) Trade Payables	2.5	42.28		35.75	
(c) Other Current Liabilities	2.6	169.20		291.33	
(d) Short Term Provisions	2.7	14956.41	366560.84	11322.73	503717.43
TOTAL			456550.77		576981.68
II. ASSETS					
1. Non-Current Assets					
(a) Fixed Assets	2.8	301.40		280.31	
-Tangible Assets		299.11		279.30	
- Intangible Assets		2.29		1.01	
(b) Non Current Investments	2.9	44254.41		64046.51	
(c) Deferred Tax Assets (Net)	2.10	47.01		44.39	
(d) Long Term Loans & Advances	2.11	1506.40	46109.22	1028.66	65399.87
2. Current Assets					
(a) Inventories	2.12	388535.20		496058.15	
(b) Cash & Bank Balances	2.13	93.95		2119.03	
(c) Short Term Loans & Advances	2.14	32.82		266.53	
(d) Other Current Assets	2.15	21779.58	410441.55	13138.10	511581.81
TOTAL			456550.77		576981.68

NOTE. 1 - Significant Accounting Policies and NOTE. 2 - Notes to Accounts (Both are forming part of the Financial Statements)

For and
on
behalf
of the
Board


(Sunil Mehta)
Chairman
DIN:07430460

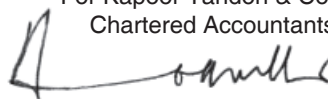
(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Kamal Gupta)
Director
DIN:00038490

(Monika Kochar)
Company Secretary
Membership No.F6514


(S.K. Dubey)
Managing Director
DIN:01770805

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants


(Devendra Swaroop Mathur)
Partner (M. No. 082570)
FRN:000952C

Date : May 12, 2017

Place :New Delhi

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


STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2017

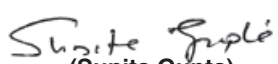
(₹ in lacs)

	Note	For the year ended 31.03.2017		For the year ended 31.03.2016	
I. Revenue From Operations					
(a) Discount Income	2.16	11614.62		15246.31	
(b) Interest Income	2.17	19759.73		20660.44	
(c) Trading Income	2.18	18550.37		(1690.09)	
(d) Other Operational Income	2.19	107.00	50031.72	105.74	34322.40
II Other Income	2.19A		22.75		17.25
III. Total Revenue (I+II)			50054.47		34339.65
IV. Expenses					
(a) Interest Expenses	2.20	22571.70		27562.13	
(b) Operating Costs	2.21	508.51		400.06	
(c) Employees Benefits Expenses	2.22	580.36		545.30	
(d) Depreciation & Amortization on Fixed Assets	2.8	33.55		46.88	
(e) Other Expenses	2.23	522.71		442.58	
(f) Corporate Social Responsibility Expenses	2.35	183.53	24400.36	198.09	29195.04
IVA Prior Period Income	2.36		-		2.62
V. Profit Before Exceptional & Extraordinary Items & Tax (III-IV+IVA)			25654.11		5147.23
VI. Exceptional Items			-		-
VII. Profit Before Extraordinary Items & Tax (V-VI)			25654.11		5147.23
VIII. Extraordinary Items			-		-
IX. Profit Before Tax – (PBT) (VII-VIII)			25654.11		5147.23
X. Tax Expenses					
(a) Current Tax		8951.41		1449.19	
(b) Deferred Tax Adjustment		(2.62)		248.39	
(c) Adjustment for earlier years		(12.06)	8936.73	-	1697.58
XI Profit (Loss) for the period from Continuing Operations (IX-X)			16717.38		3449.65
XII. Profit (Loss) from Discontinuing Operations			-		-
XIII. Tax Expenses for Discontinuing Operations			-		-
XIV. Profit (Loss) for the period from Discontinuing Operations (XII-XIII)			-		-
XV. Profit (Loss) for the period(XI+XIV)			16717.38		3449.65
XVI. Earning per Equity (in Rs.)					
(a) Basic	2.33		9.29		1.92
(b) Diluted	2.33		9.29		1.92
There are no potential equity shares outstanding. Hence there is no dilution.					

NOTE. 1 - Significant Accounting Policies and NOTE. 2 - Notes to Accounts (Both are forming part of the Financial Statements)

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN:07430460

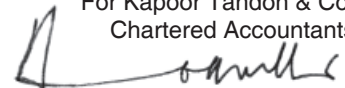

(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Kamal Gupta)
Director
DIN:00038490


(Monika Kochhar)
Company Secretary
Membership No.F6514


(S.K. Dubey)
Managing Director
DIN:01770805

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants


(Devendra Swaroop Mathur)
Partner (M. No. 082570) FRN:000952C

Date : May 12, 2017
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

SIGNIFICANT ACCOUNTING POLICIES

1.1. Basis of Preparation of Financial Statements

The Company follows accrual system of accounting and the financial statements are prepared on historical cost basis. The basis of preparation of Financial Statements is in accordance with generally accepted accounting principles. These statements are also in compliance with the mandatory Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the Reserve Bank of India guidelines as applicable to the Primary Dealers and NBFC.

- 1.2.** 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.

1.3. Revenue Recognition

- i). 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 and included in the carrying cost of the securities.
- ii). Interest accrued on Government Dated Securities, Fixed Deposits and Corporate Bonds and 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 at the prevailing floating rates.
- iii). Purchase and sale price of Fixed Income Securities is bifurcated into cost and accrued interest paid or realised. Accrued interest paid on purchase and received on sale is netted and reckoned as expense/income.
- iv). Profit/loss on sale of securities is accounted on weighted average cost method and is recognised on settlement date. Profit on sale of securities is netted scrip wise with loss on sale of securities.
- v). Brokerage and front-end fee received on subscription of securities is deducted in arriving at the cost of relevant securities. Underwriting fee earned is reduced from the cost of securities devolved/allotted and the remaining amount is directly recognised as income.
- vi). For continuing or long term duration activities (e.g. Mutual Fund Distribution), the fee is accrued proportionately as per performance (Proportionate Completion Method). The revenue is recognized only if there is no significant uncertainty regarding the amount of consideration.
- vii). For Mutual Fund (MF) Investment, in case of Daily Dividend Reinvestment Plan, the income (dividend) is accounted based on the dividend declaration by the Mutual Fund. In case of growth plan, the income is accounted daily on the basis of closing NAV declared by Mutual Fund.
- viii). As per Board approval, the Company transfers Stale Cheques outstanding for more than three years to Miscellaneous Income, and if any claim arises thereafter the same is paid by debit of Miscellaneous Expenses in the year in which it is actually paid.

1.4. Expenses Recognition

The brokerage paid in connection with acquisition of securities is added to the cost of acquisition and on sale of securities it is charged to Statement of Profit and Loss. Interest and other expenses are accounted on accrual basis.

1.5. Valuation of Inventories / Investment

a. Current Investment / Inventories

- i) All securities (except securities under HTM category classified as Non-Current Investment) in

which the Company deals are regarded as Inventory (Stock-in-Trade) and grouped as hedged and non-hedged portfolio.

- ii) The Company has the following categories of securities namely, Treasury Bills, CDs, CPs, Deep Discount Bonds, Dated Government Securities (including Central and State and Repo Stock), Corporate/PSU Bonds & Debentures, Hedging contracts/Swaps, Trading Swaps, Equity, Mutual Fund Units, Interest Rate Futures, Futures & Options. The stock of Central Government Securities, Treasury Bills (including Cash Management Bills), State Development Loans and PSU/Corporate Bonds, Debentures and Equity Shares are valued at weighted average cost or market value, whichever is lower (except securities under HTM category as per RBI circular). Market Value is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA) on last working day of the Financial Year, except for Equity Shares. Market value of Equity Shares is determined by the closing rates provided by the stock exchanges on last working day of the Financial Year. The securities in each category are considered scrip-wise and the cost and market value aggregated for all securities in each category. Net unrealized diminution, if any, for each category of securities is provided for and charged to Statement of Profit and Loss. Net unrealized appreciation, if any, is ignored. The unrealized diminution in one category of securities is not set off against unrealised appreciation in another category.
- iii) Certificates of Deposit, Commercial Papers, Bills Re-discounted and Zero Coupon Bonds held on the Balance Sheet date are valued at carrying cost.
- 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 Hedging Contracts, the diminution/appreciation of hedged assets will be netted with diminution/appreciation of hedging swaps and net diminution if any, is charged to Statement of Profit and Loss and net appreciation if any, is ignored.
- vi) In case of Future contracts (i.e IRF, Equity futures & Nifty futures) valuation is done as per the closing prices provided by SHCIL.
- vii) The secondary market short sale transactions in Government securities as permitted by RBI Circular No. RBI/2006-2007/243 IDMD.No./11.01.01(B)/2006-07 are grouped under other liabilities.

b. Non-Current Investments

The securities under HTM category shall be valued as per the guidelines issued by RBI from time to time, and important provisions are under:

- Transfer to/from HTM category shall be done at the acquisition cost/book value/market value on the date of transfer, whichever is the least, and the depreciation if any, on such transfer shall be fully provided for.
- Investments classified under HTM category need not be Marked-to-Market and will be carried at acquisition cost, unless it is more than the face value, in which case the premium should be amortized over the remaining period to maturity. The book value of the security should continue to be reduced to the extent of the amount amortized during the relevant accounting period
- The profit on sale of securities, if any from HTM category shall first be taken to the Statement of Profit and Loss and thereafter be appropriated to the Capital Reserve Account (net of tax). Loss on sale shall be recognized in the Statement of Profit and Loss. The balance in the reserve account shall be utilized strictly as per the regulatory guidelines

1.6. Accounting for Repo Transactions

In conformity with RBI guidelines, securities sold under Repo transactions are not excluded from stock-in-trade and the securities purchased under Reverse Repo are not included in the stock-in-trade. 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.

1.7. Interest Rate Swaps (IRS)

Assets and Liabilities in respect of notional principal amount of IRS are nullified. The related interest is recognized on accrual basis.

i) Trading Swaps

Trading Interest rate swaps outstanding at balance sheet date are Marked- to- Market and the resultant loss, if any, is recorded in Statement of Profit and Loss. Any other charges relating to Trading Interest Rate Swaps are charged to Statement of Profit and Loss.

ii) Hedge Swaps

Hedge Swaps are accounted for on accrual basis. A hedge swap designated to an asset/liability is carried at market value. The resulting Marked-to-Market loss/gain on swap is recorded as an adjustment to the market value of designated Asset/Liability. Gains or losses on the termination / redesignation of hedge swaps is recognized against the offsetting gain or loss recognized on the designated Asset or Liability.

On redesignation of a hedge swap from one item of Asset/Liability to another item of Asset/Liability, the Marked-to-market profit/loss of the hedge swap on the day of redesignation is amortized over the shorter of the remaining life of the swap or the remaining life of the Asset/Liability.

1.8. Accounting for Future and Options Transactions

- i. Initial Margin payable at the time of entering into Future Contract/sale of Option is adjusted against the deposits with the exchanges in the form of fixed deposits, cash deposits and securities.
- ii. Transactions in Future Contracts are done as Purchases and Sales at the notional trade value of the contract.
- iii. The difference in the settlement price or exchange closing price of the previous day and exchange closing price of the subsequent day, paid to or received from the exchange is treated as Marked- to- Market Margin (or by whatever name). The balance in the Marked- to- Market Margin Account represents the net amount paid or received on the basis of movement in the prices of open interest in Futures Contracts till the Balance Sheet date. Net debit balance in the Marked- to- Market Margin Account is charged off to revenue, whereas net credit balance is shown under Current Liabilities.
- iv. Premium paid or received on purchase and sale of Options and the difference paid or received on exercise of Options is accounted as Purchases or Sales. In case of open interest in Options sold as on the Balance Sheet date, provision is made for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those Options. The excess of premium received over the premium prevailing on the Balance Sheet date is not recognized. Similarly, in case of Options bought, provision is made for the amount by which the premium paid for the Option exceeds the premium prevailing on the Balance Sheet date and the excess of premium prevailing on the Balance Sheet date over the premium paid is ignored. In case of multiple open positions, provision is made or excess premiums are ignored after netting off the balance in buy as well as sell positions.

1.9. Investment

Long Term Investment in debt is valued at carrying cost. However, provision for diminution is made, when there is a decline other than temporary in the value of long-term investment.

1.10. Deferred Tax

Deferred tax is recognized in accordance with the provisions of Accounting Standard 22 issued by Institute of Chartered Accountants of India on "Accounting for Taxes on Income".

1.11. Depreciation

Depreciation on Fixed Assets is charged as per the useful life prescribed in Schedule II of the Companies Act 2013 on Written Down Value (WDV) basis. 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/-.

1.12. Share Issue Expenses

Share issue expenditure is charged to Statement of Profit and Loss in the year of occurrence.

1.13. Dividend and Tax on Dividend

Final Dividends on Shares and Dividend Distribution Tax thereon as per Section 115-O of the Income Tax Act, 1961 are recorded as liability as on the date of approval of dividend. Interim Dividends are recorded as a liability on the date of declaration by the Companies Board of Directors.

1.14. Retirement Benefits – Provident Fund, Gratuity & Leave Liability (As per Accounting Standard 15)

- i. Gratuity contribution made under the Employee Group Gratuity cum life insurance scheme of LIC is charged to revenue. The premium is calculated on actuarial basis by LIC as per Projected Unit Credit Method (PUCM) as per AS-15.
- ii. Leave Liability is accounted for on actuarial valuation carried at year-end.
- iii. Contribution to recognised provident fund is charged to revenue.

1.15. Operating Cycle

As the Company is a trader in Government and Fixed Income Securities, the Company buys and sells securities depending upon the market condition. There is no normal fixed period for sale of stock. However, for the purpose of preparing Balance Sheet and Statement of Profit and Loss (as per the revised guidelines), the Company assumes, one year is the operating cycle period.

1.16. Fixed Assets

Tangible Fixed Assets are stated at their cost of acquisition or construction alongwith the other directly related costs incurred in acquiring the tangible fixed assets and making it ready for its intended use less depreciation and impairment. Intangible assets are amortized over a useful life of the asset. Intangible assets are stated at cost of acquisition or construction alongwith the other directly related costs incurred in acquiring the intangible fixed assets less depreciation and impairment.

1.17. Impairment of Assets

The management periodically (annually) assesses whether there is any indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of the asset exceeds its recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.18. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

The difference, if any, between the actual and the estimate is recognized in the accounting period in which the same is acknowledged or materialized.

1.19. Income Taxes

Tax expense comprises of current and deferred taxes. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income tax Act, 1961 enacted in India.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Unrecognised deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually not certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.20. Segment Reporting

The Company's primary business segments are reflected based on the principal business carried out, i.e. trading in securities.

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.

1.21. Cash flow statement

Cash flows are reported using the indirect method as prescribed in AS-3, 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.

1.22. Cash and Cash Equivalents

Cash and Cash Equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

NOTE - 2

NOTES TO ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2017

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
NOTE - 2.1		
SHARE CAPITAL		
Authorised :		
50,00,00,000 Equity Shares of ₹ 10/- each	50000.00	50000.00
(Prev. Year : 50,00,00,000 Equity Shares of ₹ 10/- each)		
Issued, Subscribed and Paid Up:		
18,00,10,134 Equity Shares of ₹ 10/- each fully paid up	18001.01	18001.01
(Prev. Year : 18,00,10,134 Equity Shares of ₹ 10/- each)		
To know the Equity history, please see Report on Corporate Governance in previous pages.		
Promoter (Holding Company)		
Punjab National Bank -13,33,33,333 shares of ₹ 10/- each.	13333.33	13333.33
(Prev. Year : 13,33,33,333 shares of ₹ 10/-each)		
(Shareholding %)	74.07%	74.07%
Shareholding more than 5% details		
Punjab National Bank -13,33,33,333 shares of ₹ 10/- each.	13333.33	13333.33
(Prev. Year : 13,33,33,333 shares of ₹ 10/-each)		
(Share holding %)	74.07%	74.07%
Reconciliation of the number of Shares:		
Opening Number of shares (Face Value ₹ 10 paid up)	180010134	180010134
Add: Additions During the Year	Nil	Nil
Less: Reduction During the Year	Nil	Nil
Closing Number of shares (Face Value ₹ 10 paid up)	180010134	180010134
<ul style="list-style-type: none"> Rights, preferences and restrictions attached to each class of shares including restrictions on the distribution of dividends and the repayment of capital: The Company has only one class of equity 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 the 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 (Prev. Year: Nil) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared: <ul style="list-style-type: none"> (a) Aggregate number and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash: Nil (Prev. Year: Nil) (b) Aggregate number and class of shares allotted as fully paid-up by way of bonus shares: No. of Equity Shares - 44992534. Current Year : Nil (Prev. Year : NIL) (c) Aggregate number and class of shares bought back : Nil (Prev. Year: Nil) Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date : Nil (Prev. Year : Nil) Calls unpaid (showing aggregate value of calls unpaid by Directors and Officers): Nil (Prev. Year : Nil) Forfeited shares: Nil (Prev. Year : Nil) 		

(₹ in lacs)

	As at 31.03.2017		As at 31.03.2016	
NOTE - 2.2				
RESERVES AND SURPLUS				
General Reserves				
Opening Balance	9776.54		9776.54	
Transfer from Statement of Profit and Loss	-	9776.54	-	9776.54
Statutory Reserves (Created pursuant to Section 45IC of Reserve Bank of India Act, 1934)				
Opening Balance	20022.54		19332.61	
Transfer from Statement of Profit and Loss	3343.48	23366.02	689.93	20022.54
Share Premium Account				
Opening Balance	2501.27		2501.27	
Less : Amount Capitalized (Bonus Shares issued)	-	2501.27	-	2501.27
Market Fluctuation Reserve Account (Created pursuant to Board Resolution dated 9th January 2003)		6300.00		6300.00
Capital Reserve Account				
Opening Balance	3759.25		3402.69	
Transfer from Statement of Profit and Loss	2229.71	5988.96	356.56	3759.25
Surplus				
Opening Balance	12807.02		12786.97	
Add: Prior Period Income (Refer Note No. 2.36)	-		0.10	
Add Current Year Profit	16717.38		3449.65	
Amount Available for Appropriation	29524.39		16236.72	
Appropriations:				
- Capital Reserve	2229.71		356.56	
- Statutory Reserve Fund	3343.48		689.93	
- Proposed Dividend	-		1980.11	
- Dividend Distribution Tax	-		403.10	
Balance Carried Forward to next year		23951.20		12807.02
TOTAL		71883.99		55166.62

- A sum of Rs. 3343.48 lacs (Prev.Year : ₹ 689.93 lacs) (20 per cent of Profit After Tax) has been transferred to Statutory Reserve Fund as per RBI Guidelines
- Net Profit (after tax) through sale of securities from HTM category amounting ₹ 2229.71 lacs (Prev. Year : ₹ 356.56 lacs) has been transferred to Capital Reserve Account as per RBI guidelines. The same will be utilized as per the regulatory guidelines.
- 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. For the financial year 2016-17, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on March 31, 2017 in this reserve is ₹ 6300 lacs (Prev.Year : ₹ 6300 lacs).

- Ministry of Corporate Affairs amended the Companies (Accounting Standards) Rules, 2006 on March 30, 2016 and vide its General Circular no. 4/2016 dated 27.04.2016 has clarified that the Companies (Accounting Standards) Amended Rules, 2016 would be applicable for preparation of accounts for accounting period commencing on or after the date of notification i.e. w.e.f Financial Year 2016-17.

According to this amendment, the proposed dividend is not recognizable in the accounts as liability until it is approved.

Accordingly, the proposed dividend for FY 2016-17 of ₹ 2.50 (Prev.Year : ₹ 1.10 per equity share of ₹ 10 each) per equity share of ₹ 10 each has not been recognized as liability as well as an appropriation of profit in the Annual Financial Statements for the FY 2016-17. If the dividend as proposed is approved, the outflow of dividend will be of ₹ 4500.25 lacs (Prev.Year : ₹ 1980.11 lacs) and the Dividend Distribution Tax thereon shall be ₹ 916.15 lacs (Prev.Year : ₹ 403.10 lacs). These will be recognized as liability on approval of the same.

On account of this change, the accounting policy followed for recognizing proposed dividend for this current financial year and the previous financial year are different and hence the financial statement for these two years are not comparable to that extent.

- Net owned Funds (after deducting Deferred Tax and Intangible Assets) of the Company stands at ₹ 89835.70 lacs (Prev.Year : ₹ 73122.23 lacs) as against the minimum stipulated capital of ₹ 25000.00 lacs. Return on Average Net Worth for the year 2016-17 stands at 20.51 per cent (Prev.Year : 5.10 per cent).
- Capital Adequacy Ratios as on June 30, 2016, September 30, 2016, December 31, 2016 and March 31, 2017 were 72.02 per cent (Prev.Year : 66.41 per cent), 82.14 per cent (Prev.Year : 69.50 per cent), 74.90 per cent (Prev.Year : 71.39 per cent) and 54.48 per cent (Prev.Year : 68.07 per cent) respectively as against RBI stipulation of 15 per cent.

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
NOTE - 2.3		
LONG TERM PROVISIONS		
Provision for Employee Benefits	104.93	96.62
(Details of provision for employee benefits are given in note 2.31)		

(₹ in lacs)

NOTE - 2.4		
SHORT TERM BORROWINGS		
LOAN REPAYABLE ON DEMAND		
• From Banks		
(a) Secured Loans (Secured by way of pledge of Govt. Securities)		
Borrowings from RBI		
- LAF Borrowing	40000.00	71800.00
- Term Repo Borrowing	-	52600.00
Pledge of Security Face Value- ₹ 40589.90 lacs and Book Value ₹ 40782.06 lacs (Prev. Year : Face Value ₹ 129547.00 lacs and Book Value ₹ 126254.03 lacs)		

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
Refinance from RBI		
Pledge of Security Face Value- ₹ NIL lacs and Book Value ₹ NIL lacs (Prev. Year : Face Value ₹ 37156.00 lacs and Book Value ₹ 36364.83 lacs)	- 40000.00	33700.00 158100.00
(b) Unsecured Loans		
Call and Notice Money Borrowing	90750.00	85000.00
• From Others		
(a) Secured Loans (Secured by way of pledge of Govt. Securities)		
CBLO Borrowings from CCIL		
Pledge of Security Face Value - ₹ 25470.00 lacs and Book Value ₹ 24965.94 lacs (Prev. Year : Face Value ₹ 71900.00 lacs and Book Value ₹ 70551.04 lacs)	22634.77	67931.18
Repo Borrowing		
Pledge of Security Face Value- ₹ 89392.00 lacs and Book Value ₹ 91204.69 lacs (Prev. Year : Face Value ₹ 78717.00 lacs and Book Value ₹ 78015.55 lacs)	92584.47 115219.24	78690.21 146621.39
LOANS AND ADVANCES FROM RELATED PARTIES		
(a) Secured Loans (Secured by Pledge of Fixed Deposits)		
From Punjab National Bank	-	1800.78
(b) Unsecured Loans (Line of Credit)		
From Punjab National Bank	105423.71	100545.45
TOTAL LOANS REPAYABLE ON DEMAND	351392.95	492067.62
TOTAL SECURED LOAN	155219.24	306522.17
TOTAL UNSECURED LOAN	196173.71	185545.45

During the year, Net Average and Peak borrowings in Call money amounted to ₹ 135748.22 lacs and ₹ 303050.00 lacs respectively. (Prev. Year Net Average and Peak borrowings – ₹ 116393.81 lacs and ₹ 202835.00 lacs respectively). For the year, average and peak leverage ratio stands at 4.47 and 7.50 times respectively (Prev. Year average and peak-stands at 5.24 and 6.66 times respectively)

(₹ in lacs)

NOTE - 2.5		
TRADE PAYABLES		
Stale Cheques	3.76	3.76
Brokerage Payable	0.51	0.47
Sundry General	4.47	-
Settlement Charges Payable	33.54 42.28	31.52 35.75
(There are no dues outstanding to organizations covered under MSME)		
TOTAL	42.28	35.75

	As at 31.03.2017		As at 31.03.2016	
NOTE - 2.6				
OTHER CURRENT LIABILITES				
Unclaimed Dividend	49.08		45.90	
TDS Payable	12.75		11.21	
Interest Accrued but not due on Short Term Borrowing	85.94		220.05	
Stale Cheques	1.30		0.48	
Accrual on Interest Rate Swaps	19.81		13.37	
Unclaimed Bonus Fractional Entitlement Payable	0.32	169.20	0.32	291.33
TOTAL	169.20		291.33	

(₹ in lacs)

NOTE - 2.7				
SHORT TERM PROVISIONS				
Proposed Dividend (including Dividend Distribution Tax)	-		2383.21	
Provisions – For Employee Benefits	27.06		20.35	
- Other Provisions for expenses	60.48		49.96	
Provisions for Income Tax	14868.87	14956.41	8869.21	11322.73
TOTAL		14956.41		11322.73

Details of provision for employee benefits (leave liability) are given in the note 2.31

(₹ in lacs)

NOTE - 2.8
PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

	Description	Gross Block				Depreciation				Net Block		
		As at 01-04-16	Additions during the year	Adjustment/ Deductions during the year	As at 31-03-17	As at 01-04-16	Dep. during the year	Prior Period Income	Accumulated Dep. On deductions	As at 31-03-17	As at 31-03-17	As at 31-03-16
A	Tangible											
1	Buildings	589.44	-	-	589.44	325.44	12.82	-	-	338.26	251.18	264.00
2	Office Equipments	68.83	11.36	28.33	51.86	67.01	4.45	-	28.31	43.15	8.71	1.82
3	Computers	116.69	2.27	0.56	118.40	111.98	6.35	-	0.56	117.77	0.63	4.71
4	Furniture & Fixtures	138.39	20.54	26.40	132.53	137.31	1.74	-	26.40	112.65	19.88	1.08
5	Vehicles	35.69	19.70	22.05	33.34	28.00	6.17	-	19.54	14.63	18.71	7.69
B	Intangible											
1	Computer Software	239.08	3.31	-	242.39	238.07	2.03	-	-	240.10	2.29	1.01
	Total	1188.12	57.18	77.34	1167.96	907.81	33.56	-	74.81	866.55	301.40	280.31
	Previous Year	1237.13	28.10	77.11	1188.12	940.72	46.88	2.72*	77.07	907.81	280.31	296.41

*Refer Note No. 2.36

Useful life of Intangible Assets is taken as 6 years.

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
NOTE - 2.9		
NON CURRENT INVESTMENTS (at Book Value)		
a) Quoted Investments		
Government Securities- Held To Maturity(HTM) category	44254.41	64046.51
<ul style="list-style-type: none"> Market value of the above stock as on March 31, 2017 was ₹ 43801.05 lacs (Prev.Year : ₹ 64237.61Lacs). For basis of valuation, refer to note 1.5b. The transactions during the year are given below: 		

(₹ in lacs)

	2016-17		2015-16	
	Face Value	Book Value	Face Value	Book Value
Opening Stock	63995.80	64046.51	32459.00	32760.61
Add: Subscription	167201.10	171460.04	147995.80	147781.74
Transfer to HTM	-	-	3000.00	3038.70
	231196.90	235509.90	183454.80	183581.04
Less: Sale and amortization	187819.70	191252.13	111781.50	111847.16
Transfer From HTM	-	-	7677.50	7687.38
Closing Stock	43377.20	44254.41	63995.80	64046.51

- Securities amounting to Face Value ₹ 187819.70 lacs were sold directly from the HTM category (Prev. Year: ₹ 111781.50 lacs) and the company earned a gross profit of ₹ 3394.38 lacs (Prev. Year : ₹ 545.26 lacs). Balance profit after tax amounting to ₹ 2229.71 lacs has been transferred to Capital Reserve Account in accordance with RBI guidelines (Prev. Year : ₹ 356.56 lacs).
- Amortization of ₹ 79.33 lacs on the HTM category as on March 31, 2017 has been separately provided in Note No. 2.23 relating to other expenses (Prev. Year figures of amortization in HTM category as on March 31, 2016 is ₹ 42.47 lacs)

	As at 31.03.2017	As at 31.03.2016
b) Unquoted Investments		
Call Lending to MMCBL converted into Fixed Deposit	-	-
Less: Provision for Diminution in Investment	-	-
TOTAL (A + B)	44254.41	64046.51

An amount of ₹ 1000 lacs was lent in Call Money to Madhavpura Mercantile Co-operative Bank Ltd. (MMCBL) in March 2001, which became overdue as on March 31, 2001. The Company was informed by MMCBL that the Government of India (Ministry of Agriculture, Department of Agriculture and Co-operation, New Delhi), in consultation with RBI, has formed Reconstruction Scheme and the amount would be paid accordingly. However, the repayment was not done by them as per the scheme and vide Government's notifications instructed that all payments by bank including installment of repayment due in August 2007, August 2008 and August 2009 (totaling to ₹ 761.88 lacs against which ₹ 761.88 lacs provision was outstanding) and payments of interest and the deposit amount were deferred till August 2011. RBI cancelled the license of MMCBL to carry

on banking business in India and Liquidator was appointed. The Company has already lodged the claim with the Liquidator as per the format advertised by them in the news papers, and awaiting response from them. The provision for diminution in investment has been written off in the previous financial year.

(₹ in lacs)

		As at 31.03.2017	As at 31.03.2016
Annexure to Note - 2.9 -Details of Government Securities – HTM Category			
Sl. No. Nomenclature		(Book Value)	(Book Value)
A . State Government Securities			
1. 8.31% UTTAR PRADESH SDL 29-07-2025		2096.62	2096.82
2. 7.97% TAMIL NADU SDL 14-10-2025		204.40	404.40
3. 7.98% KARNATAKA SDL 14-10-2025		1000.60	1000.67
4. 8.01% PUNJAB SDL 14-10-2025		500.30	500.33
5. 8.22% KARNATAKA SDL 09-12-2025		158.00	158.00
6. 8.22% TAMIL NADU SDL 09-12-2025		210.10	210.10
7. 8.22% WEST BENGAL SDL 09-12-2025		8.60	208.60
8. 8.23% UTTAR PRADESH SDL 09-12-2025		500.30	500.34
9. 7.86% WEST BENGAL SDL 13-07-2026		2001.95	-
10. 7.86% UTTAR PRADESH SDL 13-07-2026		3001.96	-
11. 6.85% RAJASTHAN SDL 30-11-2026		1501.01	-
Sub Total – (A)		11183.84	5079.26
B . Central Government Securities			
1. 8.08% GOI 02.08.2022		-	1519.83
2. 7.68% GOI 15-12-2023		-	2561.97
3. 7.35% GOI 22-06-2024		-	6345.93
4. 7.72% GOI 25-05-2025		-	4524.48
5. 8.15% GOI 24-11-2026		-	2561.36
6. 7.59% GOI 20-03-2029		-	12380.54
7. 7.88% GOI 19-03-2030		-	11896.18
8. 7.95% GOI 28-08-2032		-	3993.46
9. 8.24% GOI 10-11-2033		-	4179.96
10. 7.73% GOI 19-12-2034		-	3929.05
11. 8.13% GOI 22-06-2045		-	5074.49
12. 6.57% GOI 05-12-2033		9323.53	-
13. 6.79% GOI 26-12-2029		5116.70	-
14. 6.84% GOI 19-12-2022		7734.83	-
15. 7.61% GOI 09-05-2030		10895.51	-
Sub Total – (B)		33070.57	58967.25
TOTAL (A + B)		44254.41	64046.51

(₹ in lacs)

	As at 31.03.2017		As at 31.03.2016	
NOTE- 2.10				
DEFERRED TAX ASSETS				
For Provision against Leave Liability	45.68		40.48	
For Provision against Fixed Assets	1.33	47.01	3.91	44.39
NET DEFERRED TAX ASSETS		47.01		44.39
Deferred Tax Adjustment		(2.62)		248.39

(₹ in lacs)

	As at 31.03.2017		As at 31.03.2016	
NOTE - 2.11				
I. LONG TERM LOANS & ADVANCES				
a) Secured and considered good				
Loans to Staff				
Consumer Loan to staff	3.69		1.78	
Housing Loan to Staff #	7.11		12.57	
# includes loan to Exec. Director & CFO ₹ 1.05 lacs (Prev. Year : ₹ 4.72 lacs)				
Vehicle Loan to Staff	14.46	25.26	8.03	22.38
b) Unsecured and considered good				
Security Deposit				
Security Deposit with CCIL	1089.00		751.00	
F&O Margin Money Deposit	40.30		40.30	
IRF Margin Money Deposit	347.00		210.00	
Security Deposit with others	4.84	1481.14	4.98	1006.28
TOTAL		1506.40		1028.66

(₹ in lacs)

	As at 31.03.2017		As at 31.03.2016	
NOTE - 2.12				
INVENTORIES				
STOCK-IN-TRADE (Book Value)				
Quoted - Non - Hedged				
Government Securities				
Treasury Bills – 91 days	65.80		52705.82	
Treasury Bills – 182 days	11370.69		38715.67	
Treasury Bills – 364 days	25152.82		136442.14	

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
Government Securities	234457.67	82840.92
Certificate of Deposits and Commercial Papers	-	130630.12
Corporate Bonds & Debentures	78117.74	40043.40
Equity Shares Investment	209.48	349374.20
Unquoted - Non - Hedged		
Mutual Fund Units	26762.76	-
Quoted - Hedged		
Government Securities	7399.94	14842.50
Corporate Bonds & Debentures	5001.15	-
	388538.05	496220.57
Less: Provision for Diminution of Stocks	(2.85)	(162.42)
TOTAL	388535.20	496058.15

- For basis of valuation, please refer accounting policy (note 1.5a). Details of securities are given in Annex-2.
- Stock-in-Trade includes hedged securities (Book Value – ₹ 12401.09 lacs and the market value of the same is ₹ 12737.90 lacs (Prev. Year : Book Value ₹ 14842.50 lacs and Market Value ₹ 15117.65 lacs) and there is a net provision of ₹ NIL lacs (Prev. Year : ₹ 107.83 lacs) for diminution after adjusting the depreciation in Swaps of ₹ 143.18 lacs (Prev. Year : ₹ 382.99 lacs).
- The company is providing custodian services to its constituents and total holdings of 85 (Prev. Year : 97) constituents in Govt. Securities as at 31.03.2017 in SGL II with RBI is ₹ 3575148.21 lacs (Prev. Year : ₹ 2830037.91 lacs)

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
Annexure to Note - 2.12 - Details of Stock-in-Trade		
Sl. No. Nomenclature	(Book Value)	(Book Value)
I. TREASURY BILLS		
A. 91 Days (maturing on)		
1. 07-Apr-2016	-	2330.27
2. 14-Apr-2016	-	36323.30
3. 21-Apr-2016	-	5594.29
4. 12-May-2016	-	14.88
5. 02-Jun-2016	-	1834.55
6. 09-Jun-2016	-	3248.98
7. 16-Jun-2016	-	55.42
8. 27-Jun-2016	-	3304.13
9. 11-May-2017	30.91	-
10. 20-Apr-2017	34.89	-
TOTAL (A)	65.80	52705.82

(₹ in lacs)

		As at 31.03.2017	As at 31.03.2016
Sl. No.	Nomenclature	(Book Value)	(Book Value)
B.	182 Days (maturing on)		
1.	22-Apr-2016	-	5280.98
2.	14-Jul-2016	-	15013.39
3.	08-Sep-2016	-	18421.30
4.	06-Apr-2017	3197.27	-
5.	20-Apr-2017	8173.42	-
	TOTAL (B)	11370.69	38715.67
C.	364 Days (maturing on)		
1.	05-Apr-2016	-	424.67
2.	14-Apr-2016	-	4488.31
3.	28-Apr-2016	-	2576.95
4.	21-Jul-2016	-	8806.30
5.	04-Aug-2016	-	2178.69
6.	01-Sep-2016	-	9750.96
7.	16-Sep-2016	-	11262.78
8.	29-Sep-2016	-	29010.73
9.	13-Oct-2016	-	21383.02
10.	27-Oct-2016	-	9088.75
11.	02-Mar-2017	-	9385.21
12.	16-Mar-2017	-	28085.77
13.	04-Jan-2018	16670.84	-
14.	08-Jun-2017	1086.76	-
15.	09-Nov-2017	892.31	-
16.	15-Feb-2018	2670.26	-
17.	21-Dec-2017	1244.18	-
18.	27-Apr-2017	2588.46	-
	TOTAL (C)	25152.82	136442.14
	TOTAL (A + B+ C)	36589.31	227863.63
II.	MONEY MARKET INSTRUMENTS		
A .	CERTIFICATE OF DEPOSITS		
1.	Canara Bank CD 30-05-2016	-	9873.66
2.	South Indian Bank Ltd. CD 08-06-2016	-	4923.15
3.	Indian Overseas Bank CD 10-06-2016	-	2461.77
4.	Indian Overseas Bank CD 15-06-2016	-	9344.54
5.	State Bank of Bikaner & Jaipur CD 15-06-2016	-	12298.43
6.	Bank of Maharashtra CD 20-06-2016	-	9829.88
7.	Corporation Bank CD 21-06-2016	-	14738.14

		As at 31.03.2017	As at 31.03.2016
Sl. No.	Nomenclature	(Book Value)	(Book Value)
8.	Punjab & Sind Bank CD 21-06-2016	-	12281.11
9.	Union Bank of India CD 21-06-2016	-	9822.42
10.	Vijaya Bank CD 21-06-2016	-	12279.51
11.	Axis Bank Limited CD 06-12-2016	-	2377.48
12.	Canara Bank CD 15-12-2016	-	4737.84
13.	HDFC Bank Limited CD 13-01-2017	-	4719.09
14.	IDBI Bank Limited CD 09-02-2017	-	2337.16
15.	IDBI Bank Limited CD 17-02-2017	-	2334.69
16.	IDBI Bank Limited CD 21-02-2017	-	2332.16
17.	Andhra Bank CD 14-03-2017	-	2324.79
18.	Indian Overseas Bank CD 14-03-2017	-	2317.95
19.	Andhra Bank CD 17-03-2017	-	4651.23
20.	Punjab & Sind Bank CD 21-03-2017	-	2322.13
21.	Vijaya Bank CD 21-03-2017	-	2322.99
TOTAL		-	130630.12
III.	GOVERNMENT DATED SECURITIES		
A .	CENTRAL GOVERNMENT SECURITIES		
1.	7.49% GOI 16-04-2017	-	0.78
2.	8.24% GOI 22-04-2018	-	0.30
3.	10.03% GOI 09-08-2019	5.91	0.27
4.	8.79% GOI 08-11-2021	5.25	9.87
5.	8.35% GOI 14-05-2022	0.05	0.05
6.	7.16% GOI 20-05-2023	1512.88	-
7.	8.40% GOI 28-07-2024	5381.56	5695.71
8.	7.95% GOI 28-08-2032	-	1.01
9.	8.30% GOI 31-12-2042	-	0.10
10.	8.07% GOI 03-07-2017	-	8084.89
11.	6.35% GOI 02-01-2020	-	7216.36
12.	7.68% GOI 15-12-2023	3128.73	199.58
13.	7.35% GOI 22-06-2024	-	8296.65
14.	7.59% GOI 11-01-2026	11985.86	358.88
15.	7.59% GOI 20-03-2029	-	49.43
16.	7.72% GOI 26-10-2055	-	2044.45
17.	5.69% GOI 25-09-2018	4962.98	-
18.	6.25% GOI 02-01-2018	1498.17	-
19.	6.62% GOI 28-11-2051	3165.62	-
20.	6.79% GOI 26-12-2029	15646.03	-

(₹ in lacs)

		As at 31.03.2017	As at 31.03.2016
Sl. No.	Nomenclature	(Book Value)	(Book Value)
21.	6.97% GOI 06-09-2026	13260.33	-
22.	7.40% GOI 09-09-2035	1506.57	-
23.	7.50% GOI 10-08-2034	11546.88	-
24.	7.72% GOI 25-05-2025	14022.33	-
25.	7.80% GOI 11-04-2021	8.16	-
26.	8.28% GOI 21-09-2027	4.15	-
TOTAL (A)		87641.46	31958.33
B .	STATE GOVERNMENT SECURITIES		
1.	7.87% KERALA 12-05-2016	-	0.10
2.	7.89% AP 12-05-2016	-	0.05
3.	8.68% KARNATAKA 07-11-2017	5038.06	5038.06
4.	8.50% MAHARASTRA 03-12-2017	2531.07	2531.07
5.	8.43% GUJARAT 10-03-2018	1009.26	1009.26
6.	9.89% AP 01-08-2018	-	0.20
7.	8.30% MP 12-11-2018	-	10.21
8.	7.02% PUNJAB 12-12-2018	-	9.38
9.	7.65% TAMIL NADU 02-03-2019	-	7.70
10.	8.46% MAHARASTRA 12-03-2019	1012.30	1012.30
11.	7.82% PUNJAB 24-06-2019	-	16.11
12.	7.83% KERALA 24-06-2019	-	3.44
13.	7.95% KARNATAKA 05-08-2019	-	2.87
14.	9.06% PUNJAB 10-09-2019	-	78.70
15.	8.55% UP 28-04-2020	-	0.10
16.	8.54% MAHARASTRA 19-01-2021	-	0.50
17.	9.04% WB 07-12-2021	-	2.03
18.	8.99% GUJARAT 14-03-2022	-	0.40
19.	8.11% UP 08-05-2023	-	2.20
20.	9.39% BIHAR 09-10-2023	-	5.91
21.	9.48% AP 26-03-2024	-	1.80
22.	8.84% PUNJAB 11-06-2024	-	50.00
23.	9.07% HARYANA 13-08-2024	-	7.00
24.	8.26% AP 24-12-2024	-	0.50
25.	8.15% PUDUCHERRY 14-01-2025	-	63.60
26.	8.07% HARYANA 11-02-2025	-	179.20
27.	8.06% SIKKIM 25-02-2025	-	80.80
28.	8.06% TAMIL NADU 25-02-2025	-	500.70
29.	8.06% TELENGANA 25-02-2025	-	1503.40
30.	8.08% U.P. 25-02-2025	-	1101.72

		As at 31.03.2017	As at 31.03.2016
Sl. No.	Nomenclature	(Book Value)	(Book Value)
31.	8.08% WEST BENGAL 25-02-2025	-	1756.03
32.	8.78% HARYANA SDL 23-07-2017	2532.71	2532.71
33.	8.75% HIMACHAL PRADESH SDL 03-10-2017	5076.02	2536.74
34.	8.44% PUNJAB SDL 12-11-2019	2500.87	2500.87
35.	8.14% HIMACHAL PRADESH SDL 13-01-2021	-	2248.94
36.	8.53% PUNJAB SDL 30-03-2022 UDAY SPL	-	2000.00
37.	8.91% PUNJAB SDL 20-09-2022	-	520.86
38.	8.64% MADHYA PRADESH SDL 20-02-2023	-	514.51
39.	8.45% PUNJAB SDL 30-03-2023 UDAY SPL	-	2000.00
40.	7.77% GUJARAT SDL 19-06-2023	-	493.16
41.	9.41% KARNATAKA SDL 30-01-2024	-	500.69
42.	8.50% PUNJAB SDL 30-03-2024 UDAY SPL	-	2000.00
43.	8.46% NAGALAND SDL 26-11-2024	-	104.70
44.	8.50% PUNJAB SDL 30-03-2025 UDAY SPL	-	2000.00
45.	8.10% TELANGANA SDL 29-04-2025	-	6.42
46.	8.29% KERALA SDL 29-07-2025	-	1.20
47.	8.32% TRIPURA SDL 29-07-2025	-	241.50
48.	7.98% KARNATAKA SDL 14-10-2025	-	204.97
49.	7.99% UTTAR PRADESH SDL 28-10-2025	-	1000.70
50.	8.12% MAHARASHTRA SDL 13-11-2025	514.26	1000.00
51.	8.22% KARNATAKA SDL 09-12-2025	-	1001.78
52.	8.22% PUNJAB SDL 30-03-2026 UDAY SPL	-	2000.00
53.	8.45% PUNJAB SDL 30-03-2027 UDAY SPL	-	2000.00
54.	8.65% PUNJAB SDL 30-03-2028 UDAY SPL	-	2000.00
55.	8.48% PUNJAB SDL 30-03-2029 UDAY SPL	-	2000.00
56.	8.62% PUNJAB SDL 30-03-2030 UDAY SPL	-	2000.00
57.	8.26% GUJARAT SDL 13-01-2031	-	497.50
58.	8.72% PUNJAB SDL 30-03-2031 UDAY SPL	-	2000.00
59.	6.83% PUNJAB SDL 11-11-2020	5422.30	-
60.	6.90% PUNJAB SDL 11-01-2021	6366.55	-
61.	7.03% GUJARAT SDL 14-09-2018	2007.40	-
62.	7.20% BIHAR SDL 25-01-2027	86.91	-
63.	7.45% GUJARAT SDL 18-02-2019	222.12	-
64.	7.55% WEST BENGAL SDL 17-04-2019	1010.11	-
65.	7.59% KARNATAKA SDL 29-03-2027	100.00	-
66.	7.62% ANDHRA PRADESH SDL 29-03-2027	2505.25	-
67.	7.62% TELANGANA SDL 07-03-2026 UDAY	5.01	-
68.	7.64% UTTAR PRADESH SDL 29-03-2027	57.52	-
69.	7.64% WEST BENGAL SDL 29-03-2027	2948.16	-

(₹ in lacs)

		As at 31.03.2017	As at 31.03.2016
Sl. No.	Nomenclature	(Book Value)	(Book Value)
70.	7.67% TAMIL NADU SDL 22-03-2023 UDAY	940.00	-
71.	7.68% MADHYA PRADESH SDL 22-03-2023 UDAY	3001.51	-
72.	7.68% TAMIL NADU SDL 22-03-2026 UDAY	940.00	-
73.	7.69% MADHYA PRADESH SDL 22-03-2026 UDAY	3001.81	-
74.	7.70% TELANGANA SDL 22-03-2023 UDAY	1001.41	-
75.	7.71% TELANGANA SDL 22-03-2026 UDAY	1001.91	-
76.	7.75% RAJASTHAN SDL 23-06-2018 UDAY	20192.31	-
77.	7.78% BIHAR SDL 01-03-2027	2013.57	-
78.	7.78% UTTAR PRADESH SDL 01-03-2027	3016.32	-
79.	7.85% ANDHRA PRADESH SDL 22-07-2019	2026.62	-
80.	7.86% RAJASTHAN SDL 23-06-2019 SPL	10190.12	-
81.	7.90% TAMIL NADU SDL 22-03-2027 UDAY	940.00	-
82.	7.91% MADHYA PRADESH SDL 22-03-2027 UDAY	3002.11	-
83.	7.91% TAMIL NADU SDL 22-03-2024 UDAY	940.00	-
84.	7.92% MADHYA PRADESH SDL 22-03-2024 UDAY	3001.51	-
85.	7.92% TAMIL NADU SDL 22-03-2032 UDAY	1738.71	-
86.	7.92% WEST BENGAL SDL 15-03-2017	507.68	-
87.	7.93% MADHYA PRADESH SDL 22-03-2032 UDAY	3002.71	-
88.	7.93% TELANGANA SDL 22-03-2027 UDAY	1002.01	-
89.	7.94% TELANGANA SDL 22-03-2024 UDAY	1001.61	-
90.	7.95% TELANGANA SDL 22-03-2032 UDAY	1002.61	-
91.	8.01% TAMIL NADU SDL 22-03-2030 UDAY	940.00	-
92.	8.02% MADHYA PRADESH SDL 22-03-2030 UDAY	3002.41	-
93.	8.02% TAMIL NADU SDL 22-03-2025 UDAY	940.00	-
94.	8.03% MADHYA PRADESH SDL 22-03-2025 UDAY	3001.81	-
95.	8.04% TAMIL NADU SDL 22-03-2029 UDAY	940.00	-
96.	8.04% TELANGANA SDL 07-03-2031 UDAY	357.97	-
97.	8.04% TELANGANA SDL 22-03-2030 UDAY	1002.41	-
98.	8.05% GUJARAT SDL 15-06-2026	3613.79	-
99.	8.05% GUJARAT SDL 25-02-2025	511.66	-
100.	8.05% MADHYA PRADESH SDL 22-03-2029 UDAY	3002.41	-
101.	8.05% TAMIL NADU SDL 22-03-2031 UDAY	1232.60	-
102.	8.05% TELANGANA SDL 22-03-2025 UDAY	1001.71	-
103.	8.06% MADHYA PRADESH SDL 22-03-2031 UDAY	3002.41	-
104.	8.07% TAMIL NADU SDL 15-06-2026	513.51	-
105.	8.07% TELANGANA SDL 22-03-2029 UDAY	1002.31	-
106.	8.08% TELANGANA SDL 07-03-2029 UDAY	9.08	-
107.	8.08% TELANGANA SDL 22-03-2031 UDAY	1002.51	-

		As at 31.03.2017	As at 31.03.2016
Sl. No.	Nomenclature	(Book Value)	(Book Value)
108.	8.10% WEST BENGAL SDL 25-11-2019	462.66	-
109.	8.17% HIMACHAL PRADESH SDL 28-02-2028 UDAY	37.00	-
110.	8.24% TAMIL NADU SDL 22-03-2028 UDAY	940.00	-
111.	8.25% MADHYA PRADESH SDL 22-03-2028 UDAY	3002.11	-
112.	8.27% TELANGANA SDL 07-03-2028 UDAY	14.18	-
113.	8.27% TELANGANA SDL 22-03-2028 UDAY	1002.11	-
114.	8.31% UTTAR PRADESH SDL 04-10-2019 SPL	519.66	-
115.	8.36% MAHARASHTRA SDL 27-01-2026	3668.04	-
116.	8.38% GUJARAT SDL 22-09-2020	208.60	-
117.	8.39% TAMIL NADU SDL 08-09-2020	729.83	-
118.	8.39% WEST BENGAL SDL 08-09-2020	521.31	-
119.	8.40% PUNJAB SDL 08-09-2020	521.47	-
120.	8.41% UTTAR PRADESH SDL 08-09-2020	834.62	-
121.	8.42% KARNATAKA SDL 10-11-2020	313.63	-
122.	8.44% PUNJAB SDL 10-11-2020	313.84	-
123.	8.47% MAHARASHTRA SDL 10-02-2026	525.63	-
124.	8.51% GUJARAT SDL 27-10-2020	52.43	-
125.	8.59% UTTAR PRADESH SDL 18-03-2019	517.31	-
126.	8.63% UTTAR PRADESH SDL 10-03-2029 UDAY	2122.07	-
127.	8.91% WEST BENGAL SDL 18-07-2022	105.40	-
128.	8.92% TAMIL NADU SDL 08-08-2022	211.00	-
129.	9.02% UTTARAKHAND SDL 21-03-2022	105.60	-
130.	9.25% UTTAR PRADESH SDL 09-11-2021	535.97	-
131.	9.39% KARNATAKA SDL 04-12-2023	64.74	-
TOTAL (B)		146816.21	50882.59
TOTAL (A + B)		234457.67	82840.92
IV. CORPORATE BONDS & DEBENTURES			
A. PSU - TAXABLE BONDS			
1.	9.81% PFC 07-10-2018	-	1038.94
2.	9.17% NTPC 22-09-2024	-	1066.33
3.	8.57% REC 21-12-2024	-	2568.89
4.	7.98% PFC 21-04-2017	-	5000.00
5.	9.30% PFC 27-08-2017	-	2555.08
6.	7.47% PFC 16-09-2021	2561.81	-
7.	7.63% PFC 14-08-2026	2484.59	-
8.	8.39% PFC 19-04-2025	332.91	-
9.	9.30% PFC 26-08-2017	2555.08	-
10.	9.81% PFC 07-10-2018	1038.94	-
TOTAL (A)		8973.33	12229.24

(₹ in lacs)

Sl. No.	Nomenclature	As at 31.03.2017 (Book Value)	As at 31.03.2016 (Book Value)
B.	PSU -TAX FREE		
1.	6.32% IRFC 20-12-2017 Tax Free	1000.00	1000.00
2.	6.72% IRFC 20-12-2020 Tax Free	1500.00	1500.00
3.	6.30% IRFC 20-12-2015 Tax Free	-	1000.00
	TOTAL (B)	2500.00	3500.00
C.	DEBENTURES & OTHERS		
1.	8.48% HDFC 17-05-2016 NCD	-	2500.00
2.	8.65% IDFC 24-05-2020 NCD	-	999.80
3.	8.90% HDFC 18-08-2020 NCD	-	501.56
4.	9.75% MAHESH HYDRA POWER CORPN 2022	227.27	272.73
5.	9.22% TATA CAP. HOU FIN. LTD. 09-12-2024	-	500.00
6.	8.23% REC 23-01-2025	-	991.51
7.	10.18% LIC HF 19-09-2016	-	2507.44
8.	9.25% HDFC LTD 21-10-2016	-	1000.18
9.	9.16% HDB FIN SER LTD 11-11-2016	-	2498.99
10.	9.84% LIC HSG FIN LTD 29-11-2016	-	2010.29
11.	9.75% HDFC LTD 07-12-2016	-	2521.53
12.	8.14% HDFC LTD 15-12-2016	-	2984.22
13.	9.69% LIC HSG FIN LTD 11-01-2017	-	2513.42
14.	8.61% LIC HSG FIN LTD 11-12-2019	-	2512.49
15.	7.35% LIC HSG FIN LTD 16-02-2018	5003.16	-
16.	7.50% HDFC LTD 12-10-2018	7500.16	-
17.	7.51% LIC HSG. FIN LTD 14-08-2018	2504.99	-
18.	7.51% LIC HSG FIN LTD 20-11-2018	2493.69	-
19.	7.52% REC LTD. 07-11-2026	3466.16	-
20.	7.54% REC LTD 30-12-2026	495.92	-
21.	7.62% M&M FIN SER LTD 29-06-2018	1499.10	-
22.	7.64% HDB FIN SER LTD 14-12-2018	2508.81	-
23.	7.65% M&M FIN SER LTD 18-01-2019	2500.00	-
24.	7.66% ADITYA BIRLA FIN LTD 18-05-2018	2498.67	-
25.	7.67% HDFC LTD 23-11-2017	5012.30	-
26.	7.76% ADITYA BIRLA FIN LTD 23-11-2018	5005.06	-
27.	7.78% M&M FIN SER LTD. 15-02-2019	2500.00	-
28.	7.90% HDFC LTD 24-08-2026	299.31	-
29.	8.15% HDFC LTD 27-07-2018	2517.10	-
30.	8.30% LIC HSG FIN LTD 27-04-2018	2518.56	-
31.	8.33% ICICI HOME FIN CO. LTD. 09-06-2017	2503.70	-

		As at 31.03.2017	As at 31.03.2016
Sl. No.	Nomenclature	(Book Value)	(Book Value)
32.	8.48% M&M FIN SER LTD 30-10-2020	2500.03	-
33.	8.51% M&M FIN SER LTD 14-12-2017	2500.00	-
34.	8.70% RELIANCE HOME FIN LTD 03-01-2020	2480.94	-
35.	8.75% M&M FIN SER LTD 31-07-2017	2503.89	-
36.	9.05% M&M FIN SER LTD 07-11-2017	2513.10	-
37.	9.22% TATA CAP HSG FIN LTD 09-12-2024	500.00	-
38.	9.25% RELIANCE JIO INFOCOMM 16-06-2024	1592.68	-
39.	8.65% IDFC 24.05.2020	999.81	-
TOTAL (C)		66644.41	24314.16
TOTAL (A+B+C)		78117.74	40043.40
V.	EQUITY SHARES		
1.	AXIS BANK	52.61	-
2.	MARUTI UDYOG	24.37	-
3.	POWER GRID CORP	50.61	-
4.	RELIANCE INDUSTRIES	77.36	-
5.	MUSIC BROADCAST LIMITED	4.53	-
TOTAL		209.48	-
VI.	HEDGED SECURITIES		
a.	Central Govt. Securities		
1.	7.68% GOI 15-12-2023	-	4937.56
b.	State Govt. Securities		
1.	8.75% GUJARAT 21-11-2016	-	2505.00
2.	7.82 % PUNJAB 24-06-2019	47.55	47.55
3.	7.83 % GUJARAT 24-06-2019	98.28	98.28
4.	7.77% PUNJAB 30-07-2019	2351.28	2351.28
5.	7.77% RAJASTHAN 30-07-2019	2401.83	2401.83
6.	8.45% PUNJAB 26-11-2019	2501.00	2501.00
c.	Debenture and Bonds		
1.	7.50% BAJAJ FIN LTD 02-12-2019	2488.67	-
2.	8.61% LIC HSG FIN LTD 11-12-2019	2512.48	-
TOTAL		12401.09	14842.50
VII.	MUTUAL FUND		
1.	LIC SAVING PLUS DIRECT GROWTH FUND	11717.79	-
2.	RELIANCE MEDIUM TERM FUND- DAILY DIVIDEND	15044.97	-
TOTAL		26762.76	-
TOTAL (I + II + III + IV+ V +VI+VII)		388538.05	496220.57
Less : Diminution in Market Value		2.85	162.42
STOCK-IN-TRADE		388535.20*	496058.15*

* The aggregate carrying value and market value as at March 31, 2017 is ₹ 388535.20 lacs (Prev. Year : ₹ 496058.15 lacs).

- (i) Govt. Securities pledged for availing LAF/Term Repo – Face Value ₹ 40589.90 lacs – Book Value ₹ 40782.00 lacs (Prev. Year : Face Value ₹ 129547.00 lacs and Book value ₹ 126254.03 lacs)
- (ii) Govt. Securities pledged for availing CBLO borrowing – Face Value ₹ 25470.00 lacs - Book value ₹ 24965.94 lacs (Prev. Year : Face Value ₹ 71900.00 lacs and Book value ₹ 70551.04 lacs)
- (iii) Govt. Securities pledged for availing RBI Refinance – Face Value ₹ NIL lacs - Book Value ₹ NIL lacs (Prev. Year : Face Value ₹ 37156.00 lacs and Book value ₹ 36364.83 lacs)

The securities mentioned in (i) , (ii) and (iii) above were not available for trading as on March 31, 2017, although included in the inventories as on March 31, 2017.

(₹ in lacs)

	As at 31.03.2017		As at 31.03.2016	
NOTE - 2.13				
CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Balances with Banks				
Balance with Reserve Bank of India	16.96		17.11	
Balance with PNB Current Accounts	1.59	18.55	0.70	17.81
Other Bank Balances				
Balance with Punjab National Bank in Fixed Deposits (maturing within 12 months)				
As on March 31, 2017, avilment of overdraft against the fixed deposits is ₹ NIL lacs) (Prev. Year : ₹ 1800.78 lacs) Please see note 2.4	13.00		2055.00	
Balance with other banks in Fixed Deposits (maturing within 12 months)	13.00		-	
Balance with Scheduled Banks earmarked towards Unclaimed Dividends	49.08		45.90	
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable	0.32	75.40	0.32	2101.22
TOTAL		93.95		2119.03

(₹ in lacs)

NOTE - 2.14				
SHORT TERM LOANS & ADVANCES				
Related Parties		-		-
Others (unsecured and considered good)				
MTM F&O with SHCIL	23.29		7.64	
MTM IRF with SHCIL	8.30		257.25	
Festival Loans to Staff	1.23	32.82	1.64	266.53
TOTAL		32.82		266.53

(₹ in lacs)

	As at 31.03.2017	As at 31.03.2016
NOTE 2.15		
OTHER CURRENT ASSETS		
A) INTEREST ACCRUED BUT NOT DUE ON		
Government Dated and Approved Securities	4517.04	2602.72
Bonds and Debentures	2585.20	1532.55
Cash Deposit with CCIL	2.88	-
Fixed Deposits with Scheduled Banks	0.81	7105.93
		70.27
		4205.54
B) OTHERS		
Prepaid Expenses	9.44	5.69
Advance Income Tax paid(*)	14664.21	8926.76
Rent Receivables	-	14673.65
		0.11
		8932.56
TOTAL	21779.58	13138.10

(*)The details are as under:

(₹ in lacs)

Advance Income Tax paid	As at 31.03.2017	As at 31.03.2016	Status
FY 1998-99	NIL	1.79	In current year contra entries removed from asset as well as liability side.
FY 2001-02	NIL	1.91	In current year contra entries removed from asset as well as liability side.
FY 2005-06	198.97	198.97	Pending with CIT(A).
FY 2006-07	2.11	2.11	Pending with Assessing officer.
FY 2008-09	116.49	116.49	Pending with Assessing officer.
FY 2010-11	NIL	0.70	In current year contra entries removed from asset as well as liability side.
FY 2011-12	94.64	94.64	Pending with ITAT.
FY 2012-13	3.54	3.54	Pending with CIT(A).
FY 2013-14	0.68	2935.98	Pending with CIT(A).
FY 2014-15	4468.42	4468.42	Assessment pending.
FY 2015-16	1270.76	800.00	Assessment pending.
FY 2016-17	8500.00	NIL	Assessment pending.
TDS	8.60	302.21	NA
TOTAL	14664.21	8926.76	

(₹ in lacs)

	For the year ended 31.03.2017		For the year ended 31.03.2016	
NOTE - 2.16				
DISCOUNT INCOME				
a) Commercial Papers (CP)				
Sales & Redemption	-		4661.70	
Add: Closing Stock	-	-	-	4661.70
Less: Purchases	-		4661.21	
Less: Opening Stock	-	-	-	4661.21
		-		0.49
b) Certificate of Deposits (CD)				
Sales & Redemption	145063.67		53692.73	
Add: Closing Stock	-	145063.67	130630.12	184322.85
Less: Purchases	13266.71		161854.94	
Less: Opening Stock	130630.12	143896.83	22040.51	183895.45
		1166.84		427.40
c) Treasury Bills / Cash Management Bills				
Sales & Redemption	2788386.74		2251358.15	
Add: Closing Stock	36589.31	2824976.05	227809.05	2479167.20
Less: Purchases	2586719.22		2252390.39	
Less: Opening Stock	227809.05	2814528.27	211958.39	2464348.78
		10447.78		14818.42
TOTAL (a+b+c)		11614.62		15246.31

Opening and Closing Stock are adjusted for diminution in market value of securities at the year end, if any (except CD & CP).

(₹ in lacs)

NOTE - 2.17				
INTEREST INCOME				
Short Term Lending @	260.33		130.10	
Government Dated Securities (\$)	14462.76		14988.58	
Corporate Bonds & Debentures	4956.90		2527.65	
Fixed Deposits	79.74	19759.73	3014.11	20660.44
TOTAL		19759.73		20660.44

@ - Interest on Short Term lending includes interest from CBLO Lending of ₹ 66.21 lacs (Prev. Year : ₹ 0.34 lacs) and Market Reverse Repo Lending of ₹ 192.62 lacs (Prev. Year : ₹ 129.76 lacs)

(\$)- Includes interest income of ₹ 995.69 lacs on hedged securities/swaps (Prev. Year : ₹ 1272.06 lacs).

(₹ in lacs)

	For the year ended 31.03.2017		For the year ended 31.03.2016	
NOTE - 2.18				
TRADING INCOME				
a) Government Securities				
Sales & Redemption	28154566.01		15137127.18	
Add: Closing Stock *	241857.61	28396423.62	97575.58	15234702.76
Less: Purchases	28281695.42		15141104.07	
Less: Opening Stock	97575.58	28379271.00	95860.60	15236964.67
		17152.62		(2261.91)
* Net of diminution of ₹ NIL lacs on hedged securities (Prev. Year : ₹ 107.83 lacs)				
b) Corporate Bonds & Debentures				
Sales & Redemption	1340765.43		1094563.36	
Add: Closing Stock	83118.89	1423884.32	40043.40	1134606.76
Less: Purchases	1383439.69		1080726.11	
Less: Opening Stock	40043.40	1423483.09	53517.43	1134243.54
		401.23		363.22
c) Equity Shares				
Sales	2551.35		2866.76	
Add: Closing Stock*	206.63	2757.98	-	2866.76
Less: Purchases	2703.12		2748.55	
Less: Opening Stock	-	2703.12	176.86	2925.41
		54.86		(58.65)
*Net of diminution of ₹ 2.85 lacs (Prev. Year : ₹ NIL lacs)				
d) Mutual Fund Units				
Sales & Redemption	203443.06		31944.01	
Add: Closing Stock	26762.76	230205.82	-	31944.01
Less: Purchases	228976.11		31895.00	
Less: Opening Stock	-	228976.11	-	31895.00
		1229.71		49.01
e) Derivatives				
Interest Rate Swaps	(175.63)		-	
Interest Rate Futures	(134.44)		219.20	
Futures & Options	22.02	(288.05)	(0.96)	218.24
TOTAL (a+b+c+d+e)		18550.37		(1690.09)

Securities are valued as per accounting policy (note 1.5a)

Opening and Closing Stock are adjusted for diminution in market value of securities at the year end, if any.

(₹ in lacs)

	For the year ended 31.03.2017		For the year ended 31.03.2016	
NOTE - 2.19				
OTHER OPERATIONAL INCOME				
Underwriting Fees	68.39		75.45	
Commission and Other Fees	27.08		21.21	
Dividend Income from Equity	4.82		5.03	
Others	6.71	107.00	4.05	105.74
TOTAL		107.00		105.74

(₹ in lacs)

NOTE - 2.19A				
OTHER INCOME				
Rent	0.71		5.54	
Profit on sale of Fixed Assets	7.10		0.12	
Miscellaneous Income*	14.94	22.75	11.59	17.25
TOTAL		22.75		17.25

* includes amount of ₹ 0.01 lacs (Prev. Year ₹ 0.04 lacs) on account of reversal of stale cheques.

(₹ in lacs)

NOTE - 2.20				
INTEREST EXPENSES				
Call and Notice and Short Term Borrowing	8624.69		8329.50	
CBLO Borrowing	3305.78		3397.50	
Repo Borrowing	6416.72		9100.48	
RBI Borrowing	3654.55		6395.20	
Overdraft Borrowing	226.39		288.15	
ICD Borrowing@	343.57	22571.70	51.30	27562.13
TOTAL		22571.70		27562.13

(@ - This includes Interest expenses allocated to hedged securities investment ₹ 782.55 lacs (Prev. Year ₹ 1128.92 lacs)

(₹ in lacs)

NOTE - 2.21				
OPERATING COSTS				
Brokerage on Securities & Financial Instruments	3.34		3.99	
Financial Information Services	51.01		48.54	
Operating Expenses for Futures & Options	5.29		2.01	
Operating Expenses on Equity	6.86		7.48	
Operating Expenses on IRF	2.31		7.21	
Transaction Charges etc.	436.80		328.78	
Bank Charges	2.90	508.51	2.05	400.06
TOTAL		508.51		400.06

(₹ in lacs)

	For the year ended 31.03.2017		For the year ended 31.03.2016	
NOTE - 2.22				
EMPLOYEE BENEFIT EXPENSES				
Salaries & Allowances	406.36		368.62	
Contribution to PF & Gratuity Fund	30.74		39.43	
Staff Welfare & Other Establishment Expenses	129.69		132.10	
Staff Recruitment & Training	13.57	580.36	5.15	545.30
TOTAL		580.36		545.30

(₹ in lacs)

NOTE - 2.23				
OTHER EXPENSES				
Rent on Business Premises	77.63		72.58	
Postage, Telegram, Couriers and Telephone	49.61		46.72	
Travelling, conveyance and Motor Car Expenses	38.04		29.10	
Printing and Stationery	14.70		13.86	
Repairs to Building	18.02		18.35	
Repairs and Maintenance - Others	67.15		64.30	
Internal Audit Fees and Expenses	16.10		13.71	
Legal and Professional Expenses	14.55		11.50	
Listing Fees	6.07		5.79	
Books and Periodicals	2.56		2.91	
Workshops and Business Meet	40.33		37.23	
Water and Electricity Expenses	16.48		16.34	
Insurance Expenses	2.60		3.63	
Directors' Sitting Fees	18.57		12.21	
Auditor's Remuneration				
-Statutory Audit Fees	8.73		7.56	
-Tax Audit Fees	1.82		1.57	
-Certification Fees	6.36	16.91	5.50	14.63
Share Transfer Fees	8.67		4.91	
Corporate Membership	2.75		2.84	
Advertisement & Publicity	4.97		3.75	
Board / Statutory Meeting Expenses	9.50		9.38	
Miscellaneous Expenses				
- Others	18.17	18.17	16.37	16.37
Amortization of HTM Portfolio		79.33		42.47
TOTAL		522.71		442.58

NOTE – 2.24 - SEGMENT INFORMATION

Reportable Segments in respect of business operations of the company have been identified on the basis of varied risk and return profile attached to each business segment which is the primary reporting format, and which are in terms of Accounting Standard – 17 on Segment Reporting. The company does not have any geographical segments, as such there is no secondary reporting format.

FY 2016-17								(₹ in lacs)
	T-Bills/ CP/CD	Corp. Bonds & Debentures	Govt. Securities	Derivatives	Fixed Deposits	Mutual Fund Comm.	Unallocated (incl. Equity Shares)	Total
Segment Revenue	11614.62	5239.87	30502.76	1011.21	79.74	0.01	1606.26	50054.47
Total Allocable Expenses	(8646.64)	(3087.07)	(10367.76)	(790.15)	-	-	(267.19)	(23158.81)
Segment Results	2967.98	2152.80	20135.00	221.06	79.74	0.01	1339.07	26895.66
Less: Unallocable Expenses								(1241.55)
Profit Before Tax								25654.11
Segment Assets	36714.76	80979.64	283943.47	12700.34	26.81	-	26972.23	441337.25
Segment Liabilities	31021.52	68360.61	239693.11	12423.46	-	-	2.85	351501.55
FY 2015-16								(₹ in lacs)
	T-Bills/ CP/CD	Corp. Bonds & Debentures	Govt. Securities	Derivatives	Fixed Deposits	Mutual Fund Comm.	Unallocated (incl. Equity Shares)	Total
Segment Revenue	15246.31	2890.87	11687.98	1332.38	3014.11	0.02	170.60	34342.27
Total Allocable Expenses	(13020.66)	(1958.33)	(11698.44)	(1138.14)	-	-	(188.88)	(28004.45)
Segment Results	2225.65	932.54	(10.46)	194.24	3014.11	0.02	(18.28)	6337.82
Less: Unallocable Expenses								(1190.59)
Profit Before Tax								5147.23
Segment Assets	357886.96	41505.58	148905.28	15149.23	2125.27	-	-	565572.32
Segment Liabilities	311655.51	36141.06	129694.83	14958.69	-	-	-	492450.09

- Provision for Diminution has been provided as under: Government Securities(including hedged securities) ₹ NIL lacs (Prev Year : ₹ 107.83 lacs) Treasury Bills ₹ NIL lacs (Prev Year : ₹ 54.59 lacs) Equity Investments ₹ 2.85 lacs (Prev Year : ₹ NIL lacs) No provision for Diminution on Corporate Bonds and Debentures has been provided this year as well as in the previous year.
- Fixed Deposits placed by the company are funded out of the Net Owned Funds and thus have not been apportioned any costs. Consequently, the total allocable expenses have been allocated to all other segments. Figures of the previous year have been regrouped and rearranged accordingly.

NOTE – 2.25 – RELATED PARTY INFORMATION

As per Para 9 of the Accounting Standard 18 on Related Party Disclosures, the Company, being a state controlled enterprise, is not required to make disclosures of related party relationships with other state controlled enterprises and transactions with such enterprises. Other information as per the Standard is as under:

- The overall supervision and control of the company vests with the Board of Directors. The Managing Director and Executive Director and CFO of the company, appointed by the Board of Directors, who are working full time with the company.
- Out of the total Eight Directors on the Board of the company as at March 31, 2017, four are independent Directors. Only the Non-Executive Directors are being paid sitting fees for the Board / Committee Meetings. Sitting fee to be paid to Non-Executive Directors is ₹ 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 is ₹ 5000/-. During the year, the Company has paid a sum of ₹ 18.57 lacs (Prev. Year : ₹ 12.21 lacs) towards sitting fee, including service tax.
- Other information in this regard is available in Corporate Governance Report and Board's report.

(₹ in lacs)

NOTE – 2.26 – DISCLOSURES ON INTEREST RATE SWAPS

	Hedging Swaps		Trading Swaps	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Notional Principal	17500.00	20000.00	NIL	NIL
Marked to Market Positions	17356.82	19617.01	NIL	NIL
Max. of 100 * PV01 observed during the year	389.77	492.32	NIL	NIL
Min. of 100 * PV01 observed during the year	146.74	278.17	NIL	NIL
Market Risk	<p>In the event of 100 basis points adverse movement in interest rate there will be a negative impact of ₹ 214.50 lacs (Prev. Year : ₹ 391.07 lacs) on Hedging Swaps in Swap Book.</p> <p>The losses, which would be incurred if, counter parties fail to fulfill their obligations works out to ₹ NIL lacs (Prev. Year : ₹ Nil lacs)</p> <p>The Company's exposure with regard to outstanding swap transactions is limited to banks and CCIL.</p>			
Collateral	No Collateral is insisted upon from counterpart			
Credit Risk Concentration	₹ 18.23 lacs (Prev. Year : ₹ 60.04 lacs)			

NOTE – 2.27 – ISSUER COMPOSITIONS OF INVESTMENTS IN NON-GOVERNMENT SECURITIES

As on March 31, 2017, the total stock of ₹ 388535.20 lacs (Prev. Year : ₹ 496058.15 lacs) (Book Value) comprises of

• Govt. Securities (including T. Bills)	- ₹ 278446.92 lacs (Prev. Year : ₹ 325384.63 lacs),
• Equity Instruments	- ₹ 206.63 lacs (Prev. Year : ₹ NIL lacs),
• Money Market instruments	- ₹ NIL lacs (Prev. Year : ₹ 130630.12 lacs),
• Corporate Bonds and Debentures	- ₹ 83118.89 lacs (Prev. Year : ₹ 40043.40 lacs) and
• Mutual Fund Units	- ₹ 26762.76 lacs (Prev. Year : ₹ NIL lacs).

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

• AAA rated	- ₹ 72634.22 lacs (Prev. Year : ₹ 39543.40 lacs)
• AA+ rated bonds	- ₹ 10484.67 lacs (Prev. Year : ₹ 500.00 lacs)
• A1+ rated Bank CDs.	- ₹ NIL lacs (Prev. Year : ₹ 130630.12 lacs)

There is no migration / decline in ratings of these Bonds during the year 2016-17

(₹ in lacs)

Sl.No.	Issuer	Amount (Book Value) Current Year	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unlisted Securities	Extent of Unrated Securities
1	PSUs	15435.41 (16720.75)	NA	NA	NA	NA
2	FIs	65863.52 (23049.92)	NA	NA	NA	NA
3	Banks	NIL (130630.12)	NA	NA	NA	NA
4	Other PDs	NIL (NIL)	NA	NA	NA	NA
5	Private Corporates	1819.96 (272.73)	NA	NA	NA	NA
6	Subsidiaries/Joint Ventures	NIL (NIL)	NA	NA	NA	NA
7	Others	NIL (NIL)	NA	NA	NA	NA
8	Provision held towards diminution	NIL (NIL)	NA	NA	NA	NA
	Total	83118.89 (170673.52)	NA	NA	NA	NA

Figures in brackets relate to FY 2015-16

(₹ in lacs)

NOTE – 2.28 – CRAR AND RELATED INFORMATION

Sl. No.	Particulars	Current Year	Prev. Year
i)	CRAR (%)	54.48	68.07
ii)	CRAR – Tier I (Capital (%))	54.48	68.07
iii)	CRAR – Tier II (Capital (%))	NA	NA

Forward Rate Agreement / Interest Rate Swaps

Sl. No.	Particulars	Current Year	Prev. Year
i)	The Notional Principal of swap agreements	17500.00	20000.00
ii)	Losses which would be incurred if counterparties fail to fulfill their obligations under the agreements	-	-
iii)	Concentration of credit risk arising from the swaps	18.23	60.04
iv)	The fair value of the swap book	17356.82	19617.01

Quantitative Disclosures for Financial Year 2016-17 are as under:

(₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount)		
	a) For Hedging	17500.00	20000.00
	b) For Trading	-	-
ii)	Marked to Market Positions		
	a) Asset (+)	17356.82	19617.01
	b) Liability (-)	-	-
iii)	Credit Exposures	18.23	60.04
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	214.50	391.01
	b) On Trading Derivatives	-	-
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	389.77 & 146.74	492.32 & 278.17
	b) On Trading Derivatives	-	-

NOTE – 2.29 – REAL ESTATE EXPOSURES

Exposure to Real Estate Sector (direct and indirect) is NIL both in current and previous year (as it is not applicable to the company)

NOTE – 2.30 – ASSET LIABILITY MANAGEMENT
FY-2016-17

(₹ 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	209673.71	2500.00	20000.00	4000.00	-	-	-	-	236173.71
Market Borrowings	115219.24	-	-	-	-	-	-	-	115219.24
Assets									
Advances / Investments	-	-	-	-	32.82	4.74	19.30	1482.36	1539.22

FY 2015-16

(₹ 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	345446.23	-	-	-	-	-	-	-	345446.23
Market Borrowings	146621.39	-	-	-	-	-	-	-	146621.39
Assets									
Advances / Investments	-	-	-	-	266.53	6.50	13.01	1009.15	1295.19

NOTE – 2.31 – PROVISIONS FOR EMPLOYEE BENEFITS

Provision for leave liability has been done in accordance with the requirement of AS-15 (revised) as per Actuarial Valuation for the year 2016-17 as on March 31, 2017, as per the Projected Unit Credit Method (PUCM), details for which are given hereunder:

a) The Principal Assumptions used in actuarial valuation are as under:

	2016-17	2015-16
Attrition Rate (per annum)	3.00%	3.00%
Imputed Rate of Interest (per annum)	7.50%	7.90%
Salary Rise (per annum)	10.00%	10.00%
Remaining Working Life (in years)	21.78	22.09
Mortality Rate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate

(₹ in lacs)

b) Changes in the present value of the Long Term Obligations

	2016-17	2015-16
Present Value of obligations at the beginning of the I.V.P.	96.62	80.47
Interest Cost	5.62	5.20
Current Service Cost	36.82	31.33
Benefits Paid	(43.50)	(29.41)
Actuarial (Gain) / Loss on obligation	9.38	9.04
Present Value of obligations at the end of the I.V.P.	104.93	96.62

(₹ in lacs)

c) Short Term Obligations

	2016-17	2015-16
	27.06	20.35

(₹ in lacs)

d) Fair Value of Plan Assets:

	2016-17	2015-16
Fair Value of Plan Assets at the beginning of the I.V.P.	NIL	NIL
Actual Return of Plan Assets	NIL	NIL
Contribution	NIL	NIL
Benefits Paid	(43.50)	(29.41)
Fair Value of obligations at the end of the I.V.P.	NIL	NIL
Present Value of Long Term obligations at the end of the I.V.P.	104.93	96.62
Funded Status	(104.93)	(96.62)

(₹ in lacs)

e) Amount to be recognized in the Balance Sheet:		
	2016-17	2015-16
Present Value of Long Term obligation at the end of the I.V.P.	104.93	96.62
Fair Value of the Assets at the end of the I.V.P.	NIL	NIL
Contribution	NIL	NIL
Funded Status	(104.93)	(96.62)
Unrecognized Actuarial (Gain) / Loss at the end of the I.V.P.	NIL	NIL
Net Asset / (Liability) Recognized in the Balance Sheet *	131.99*	116.97*
*including short term liability of ₹ 27.06 lacs (previous year ₹ 20.35 lacs) as given in (c)		

(₹ in lacs)

f) Expenses Recognized in the Statement of Profit and Loss:		
	2016-17	2015-16
Current Service Cost	36.82	31.33
Interest Cost	5.62	5.20
Benefits Paid	(43.50)	(29.41)
Expected Return of Plan Assets	NIL	NIL
Actuarial (Gain) / Loss recognized in the I.V.P.	9.38	9.04
Short Term Liability (Additional)	6.71	11.41
Expenses recognized in the Statement of Profit and Loss (LT- Additional)	51.81	45.57

NOTE – 2.32 – OTHERS

- Tax deducted at source on the interest, miscellaneous income and commission and fees during the financial year 2016-17, amounted to ₹ 8.60 lacs (Prev. Year ₹ 302.21 lacs).
- The Company does not have any foreign currency transactions whether by way of imports, exports or any expenditure. Therefore, no expenditure has been incurred in foreign currency in the current year as well as in the previous year.
- Being a Level-1 enterprise, all the accounting standards are applicable to the company. However on the basis of operations carried out by the Company, AS-2, AS-7, AS-11, AS-12, AS-14, AS-19, AS-21, AS-23, AS-24, AS-25 and AS-27 are not applicable.
- In the opinion of the management there are no impairment losses (P.Y. NIL). Therefore, impairment losses have not been provided in the current financial statements.
- No expenditure on research and development has been incurred by the company (P.Y. NIL).
- Provisions to the extent known and reasonable have been provided in the books of accounts.
- There are no trade receivables as on March 31, 2017 and also as on March 31, 2016.
- Figures for the previous year have been regrouped and rearranged wherever considered necessary, in order to make them comparable with those of the current period.

(₹ in lacs)

NOTE – 2.33 – EARNINGS PER SHARE (EPS)		
Particulars	2016-17	2015-16
Net Profit After Tax (Numerator) (₹ in lacs)	16717.38	3449.65
Weighted Average Number of Equity shares (Denominator) (in lacs)	1800.10	1800.10
Basic and Diluted Earnings Per Share (in ₹)	9.29	1.92
Face Value Per Share (in ₹)	10.00	10.00

(₹ in lacs)

NOTE – 2.34 – 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:			
Assessment Year	2016-17	2015-16	Forum where pending
2010-2011 under Section 143(3) of the Income tax Act, 1961	46.39	46.39	ITAT
2012-2013 under Section 143(3) of the Income tax Act, 1961	356.58	356.58	ITAT
2013-2014 under Section 143(3) of the Income tax Act, 1961	205.25	205.25	CIT Appeals
2010-2011 under Section 271(1)(c) of the Income tax Act, 1961	3.86	3.86	CIT Appeals
2014-2015 under Section 143(3) of the Income tax Act, 1961	277.72	NIL	CIT Appeals
TOTAL	889.80	612.08	

NOTE – 2.35 – DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENSES			
(a) Gross amount required to be spent by the company during the year is ₹ 183.53 lacs (P.Y. ₹ 197.19 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)	183.53 (P.Y. 198.09)	NIL	183.53 (P.Y. 198.09)

(₹ in lacs)

NOTE – 2.36 – DETAILS OF PRIOR PERIOD INCOME		
Particulars	2016-17	2015-16
Depreciation excess charged on vehicle in previous year	-	2.72
Depreciation less charged on vehicle sold in the previous year due to which profit booked at the time of sale was less in the previous year	-	(0.10)
TOTAL	-	2.62


(₹ in lacs)

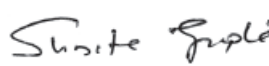
NOTE – 2.37 – DETAILS OF SPECIFIED BANK NOTES (SBN)*

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	0.12	NIL	0.12
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	0.12	NIL	0.12
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

*No cash in hand account is maintained in the books of accounts of the company on a regular manner. All cash payments/receipts are routed through an imprest maintained with an officer of the company which is paid/settled through cheque. The above mentioned deposit of SBN represent the balance of imprest in cash by the officer concerned in SBN.

For and
on
behalf
of the
Board


(Sunil Mehta)
Chairman
DIN:07430460

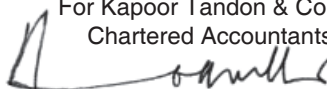

(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Kamal Gupta)
Director
DIN:00038490


(Monika Kochar)
Company Secretary
Membership No.F6514


(S.K. Dubey)
Managing Director
DIN:01770805

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants


(Devendra Swaroop Mathur)
Partner (M. No. 082570)
FRN:000952C

Date : May 12, 2017
Place :New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lacs)


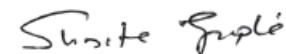
	As at 31.03.2017	As at 31.03.2016
PROFIT AS PER STATEMENT OF PROFIT AND LOSS	25654.11	5147.23
Adjustment for		
Add: Depreciation of Fixed Assets	33.55	46.88
Addl. Long Term Provision for Employee Benefits	8.31	16.15
Loss/(Profit) on Sale of Fixed Assets	(7.10)	(0.12)
Less : Prior Period Income	- 34.76	(2.62) 60.29
Operating Profit Before changes in Operating Activity	25688.87	5207.52
CASH FLOW FROM THE OPERATING ACTIVITY		
Adjustment for Changes in Operating Activity		
Decrease/ (Increase) in Long Term Advances	(477.74)	(134.33)
Decrease/ (Increase) in Current Inventory	107522.97	(112504.36)
Decrease/ (Increase) in Short Term Advances	233.71	(215.44)
Decrease/ (Increase) in Other Current Assets	(2904.03)	253.90
Increase / (Decrease) in Trade Payables	6.52	(10.59)
Increase / (Decrease) in Current Liabilities	(122.13)	180.06
Increase / (Decrease) in Short Term Provisions	17.23 104276.53	(87.32) (112518.08)
CASH GENERATED FROM OPERATIONS	129965.40	(107310.56)
Less : Net Tax paid		
Tax Refund	-	-
Taxes Paid	(8677.15) (8677.15)	(1447.18) (1447.18)
(A) Net Cash Flow from Operating Activities*	121288.25	(108757.74)
CASH FLOW FROM THE INVESTING ACTIVITY		
Adjustment for Changes in Investing Activity		
Sale Proceeds of Fixed Assets	9.63	0.15
Decrease/(Increase) in Non-Current Investment-HTM	19792.10	(31285.89)
Purchase of Fixed Assets	(57.18) 19744.55	(28.10) (31313.84)
(B) Net Cash Flow from Investing Activities	19744.55	(31313.84)
CASH FLOW FROM THE FINANCING ACTIVITY		
Adjustment for Changes in Financing Activity		
Increase / (Decrease) in Secured/Unsecured Loans	(140674.66)	106276.51
Dividend Distribution including Div. Distribution Tax	(2383.22) (143057.88)	(3253.00) 103023.51
(C) Net Cash Flow from Financing Activities	(143057.88)	103023.51

	As at 31.03.2017	As at 31.03.2016
CONSOLIDATED CASH FLOW DURING THE YEAR (A+B+C)	(2025.08)	(37048.07)
Cash at the beginning of the year	2119.03	39167.10
CASH AT THE END OF THE YEAR	93.95	2119.03
Balance with Reserve Bank of India	16.96	17.11
Balance with PNB Current Accounts	1.59	0.70
Balance with Punjab National Bank in Fixed Deposits (maturing within 12 months)	13.00	2055.00
Balance with Other Bank in Fixed Deposits (maturing within 12 months) (not available for use of the company)	13.00	
Balance with Scheduled Banks earmarked towards Unclaimed Dividends (not available for use of the company)	49.08	45.90
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable (not available for use of the company)	0.32	0.32

*This includes the payment of ₹ 183.53 lacs (P.Y. ₹ 198.09 lacs) towards CSR activities in Prime Minister's National Relief Fund

NOTE. 1 - Significant Accounting Policies and NOTE. 2 - Notes to Accounts (Both are forming part of the Financial Statements)

For and
on
behalf
of the
Board


(Sunil Mehta)
Chairman
DIN:07430460

(Sunita Gupta)
Executive Director & CFO
DIN:06902258

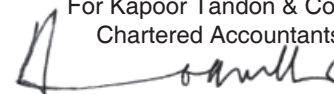

(Kamal Gupta)
Director
DIN:00038490

(Monika Kochar)
Company Secretary
Membership No.F6514


(S.K. Dubey)
Managing Director
DIN:01770805

Date : May 12, 2017
Place :New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants


(Devendra Swaroop Mathur)
Partner (M. No. 082570)
FRN:000952C

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		
Liabilities Side :		
(1) Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(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)	351392.95	-
Secured Loans		
1 Borrowings from RBI	40000.00	-
2 CBLO Borrowings	22634.77	-
3 Repo Borrowing	92584.47	-
4 Overdraft Borrowing	-	-
Unsecured Loans		
1 Call Money Borrowings	90750.00	-
2 Inter Corporate Borrowings	-	-
3 Line of Credit from PNB	105423.71	-
* 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	25.26	-
(b) Unsecured	1513.96	-

(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	-	-
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

(₹ in lacs)

(4) Break-up of Investments / Stock-in-trade :	Amount outstanding	
Current investments (Stock-in-trade):		
1. Quoted :		
(I) Shares : (a) Equity	206.63	(Market Value ₹ 206.63 lacs)
(b) Preference	-	-
(ii) Debentures and Bonds	83118.89	Market Value ₹ 83395.92 lacs)
(iii) Units of mutual funds	-	
(iv) Government Securities	278446.92	(Market Value ₹ 324717.41 lacs)
(v) Others (Please specify)	-	-
2. Unquoted :		
(I) Shares : (a) Equity		
(b) Preference	-	
(ii) Debentures and Bonds	-	
(iii) Units of Mutual Funds	26762.76	(Market Value ₹ 26762.76 lacs)
(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	-	

(₹ in lacs)

(iv) Government Securities	44254.41	(Market Value ₹ 43801.05 lacs)
(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)	-	
(Term Deposit)	-	
TOTAL :	432789.61	

(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	Total
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 Net of Provisions
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	478883.77	432789.61
TOTAL :	478883.77	432789.61
** As per Accounting Standard of ICAI (Please see Note 3)		

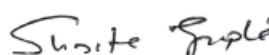
(7) Other Information	
Particulars	Amount
(I) Gross Non-Performing Assets	-
(a) Related Parties	
(b) Other than related parties	-
(ii) Net Non-Performing Assets	-
(a) Related Parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

Notes :

- As defined in paragraph 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All applicable Accounting Standards (as mentioned in Note No. 2.32) of financials statements and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/ fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

**For and
on
behalf
of the
Board**


(Sunil Mehta)
Chairman
DIN:07430460


(Sunita Gupta)
Executive Director & CFO
DIN:06902258

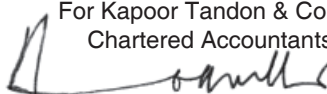

(Kamal Gupta)
Director
DIN:00038490


(Monika Kochar)
Company Secretary
Membership No.F6514


(S.K. Dubey)
Managing Director
DIN:01770805

Date : May 12, 2017
Place :New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants


(Devendra Swaroop Mathur)
Partner (M. No. 082570)
FRN:000952C

FINANCIALS AT A GLANCE

FINANCIAL PARAMETERS

	2016-17 (%)	2015-16 (%)	2014-15 (%)
Financial Performance			
Interest Income/ Total Income	62.68	104.56	81.19
Trading Income/ Total Income	37.06	(4.92)	18.50
Other Income/ Total Income	0.26	0.36	0.30
Interest Expense/ Total Income	45.09	80.26	63.54
Interest Expense/ Total Expense	92.51	94.41	93.89
Establishment Expense/ Total Expense	2.38	1.87	1.81
Admn. and other Expense/ Total Expense	5.12	3.73	4.30
PBT/ Total Income	51.25	14.99	32.33
PAT/ Total Income	33.40	10.04	21.53
Human Assets			
Security Turnover per employee (₹ Crore)	19604.77	11822.49	14609.40
Profit before tax per employee (₹ crore)	7.33	1.47	3.79
Average Age of the employees (years)	38.00	38.00	38.00
Per Share Data			
Earnings Per Share (₹)	9.29	1.92	4.90
Cash Earnings Per Share (₹)	9.22	2.93	7.28
Book Value Per Share (₹)	49.91	40.62	39.89
Price Earnings, end of year (₹)	5.71	13.15	6.12
Price/ Cash Earnings, end of year (₹)	5.75	8.62	4.12
Price/ Book Value, end of year (₹)	1.06	0.62	0.75
Dividend Per Share (₹)	2.50	1.10	1.50

Financials: Last 10 Years

(₹ Crore)

Financials \ Financial Year	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
INCOME	172.63	112.47	101.73	103.09	165.30	288.65	346.26	410.01	343.42	500.54
I Interest & Discount on Securities	181.57	135.92	121.21	108.19	175.28	244.37	304.12	332.91	359.06	313.74
II Profit on Sale of Securities	(12.97)	(31.10)	(30.78)	(11.28)	(14.51)	40.06	31.41	75.85	(16.90)	185.50
III Other Income	4.03	7.65	11.30	6.18	4.53	4.22	10.73	1.25	1.26	1.30
EXPENDITURE	105.62	74.35	45.70	59.05	135.66	199.88	255.56	277.47	291.95	244.00
I Interest Expenses	98.87	67.12	34.57	51.57	125.67	188.65	242.67	260.51	275.62	225.72
II Operating Expenses	6.22	6.78	6.83	6.56	9.08	10.53	12.34	16.03	15.86	17.94
III Depreciation on fixed assets	0.53	0.45	0.46	0.91	0.91	0.70	0.55	0.93	0.47	0.34
IV Bad debts written off			0.02	0.01						
Prov. Against overdue call lending			3.82							
PROFIT BEFORE TAX	67.01	38.12	56.03	44.04	29.64	88.77	90.70	132.55	51.47	256.54
Less Prov. / (Release) for Taxation	21.85	13.63	19.33	13.47	8.59	27.52	29.32	44.28	16.98	89.37
PROFIT AFTER TAX	45.16	24.49	36.70	30.58	21.05	61.25	61.38	88.27	34.50	167.17
PAID UP CAPITAL	135.01	135.01	135.01	135.01	135.01	135.01	180.01	180.01	180.01	180.01
RESERVES	392.82	404.68	425.59	437.28	442.64	488.08	485.51	541.00	551.67	718.84
NET WORTH	525.41	538.48	557.76	568.92	574.69	620.08	662.53	718.06	731.22	898.36
Turnover (Primary + Secondary)	59868	62187	63726	87858	249382	241137	344239	511329	413787	686167
Dividend(%)	15	8	10	12	10	10	9	15	11	25

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 21st Annual General Meeting (AGM) of members of PNB Gilts Limited will be held on Saturday, September 16, 2017, at 11:00 a.m. at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi – 110054, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend of ₹ 2.50 per Equity Share for the year ended March 31, 2017.
3. To appoint a Director in place of Sh. K. V. Brahmaji Rao (holding DIN: 06861202), who retires by rotation and being eligible, offers himself for reappointment.
4. To authorize Board of Directors to fix remuneration of the Statutory Auditor(s) of the Company appointed by the Comptroller and Auditor General of India for the financial year 2017-18 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 2017-18.”

SPECIAL BUSINESS

5. To appoint Sh. Sunil Mehta (DIN: 07430460), 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 (including any statutory modification(s) or re-enactment thereof for the time being in force), Sh. Sunil Mehta (holding DIN : 07430460), Managing Director and CEO of Punjab National Bank, who has been appointed as an Additional Director of the Company by the Board of Directors with effect from May 12, 2017 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.”

By Order of the Board of Directors

June 1, 2017


(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 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.**

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.

3. 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.
4. 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.
5. The Company has notified closure of Register of Members and the Share Transfer books from Saturday, September 9, 2017 to Saturday, September 16, 2017 (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 2016-17, if declared at the 21st AGM of the Company.
6. The Transfer Deed(s) along with Share Certificate(s) received upto Friday, September 8, 2017 i.e. the previous day of the opening of Book Closure Dates shall be considered for entitlement of shareholders to receive the Final Dividend for FY 2016-17.
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 September 8, 2017 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 September 8, 2017, after giving effect to valid share transfers in physical form lodged with the Company on or before above said date.
8. Members holding shares in physical form are requested to 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
9. In case the mailing address mentioned on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
10. 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 may 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.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
12. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities. As such, while lodging the Securities Transfer Deed and share certificate, in original, to Share Transfer Agent of the Company i.e. MCS Share Transfer Agent Ltd., submit copy of PAN card of both transferee(s) and transferor(s).
13. Details as required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') 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 the Directors is related to the other.
14. Electronic copy of the Annual Report for 2016-17 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 2016-17 is being sent in the permitted mode.
15. Electronic copy of the Notice of the 21st 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 21st 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 21st AGM and the Annual Report for 2016-17 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. 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.

18. 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 at page no.114. Shareholders holding shares in demat form may also submit similar information to their Depository Participant to avail this facility.

19. NATIONAL ELECTRONIC CLEARING SERVICES (NECS)

The Reserve Bank of India has introduced National Electronic Clearing Services i.e. NECS to bring in further efficiency and uniformity in electronic credit and has instructed the banks to move to the NECS platform. The advantages of NECS over ECS (Electronic Clearing Services) include faster credit of remittance to beneficiary's account, wider coverage with no limitations of location in India besides ease of operations for remitting agencies.

NECS, for the purpose of centralized processing of instructions and efficiency in handling bulk transactions, is operational only for banks/bank branches leveraging on Core Banking Solution (CBS), which provides upto 35

digit bank account numbers to its customers. Shareholders who wish to avail the NECS facility should therefore send the new bank account numbers, allotted by banks post implementation of CBS, to our Share Transfer Agents, MCS Share Transfer Agent Ltd. by filling up the NECS Mandate Form where shares are held in physical form or to their Depository Participant (DP) where shares are held in electronic form, in the event they have not done so earlier. A format of NECS mandate form is also available at page no. 115. Shareholders are therefore requested to fill the same and submit to MCS Share Transfer Agent Ltd. or to their DP, as the case may be.

20. NON-RECEIPT OF DIVIDEND

The Company has received back some undelivered envelopes containing dividend warrants in the past due to various reasons. As such, shareholders who have not received dividend(s) of previous years, are requested to contact the Company by giving details like Folio No./DP ID & Client ID, Address, Contact No. etc. Please refer 'Report on Corporate Governance' section for detailed explanation/procedure.

21. REQUEST TO SHAREHOLDERS

- a) Due to strict security reasons, Mobile Phones, brief cases, eatables and other belongings are not allowed inside the auditorium.
- b) 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.
- c) 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.

22. Voting through Electronic means

- I In compliance with provisions of Regulation 44 of the Listing Regulations, Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Secretarial Standard – 2 (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II The 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.
- IV The remote e-voting period commences on September 12, 2017 (9:00 a.m.) and ends on September 15, 2017 (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 September 9, 2017, 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:
 - A In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:
 - (i) Open email and then open PDF file viz; "PNB Gilts remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

Note : Shareholder already registered with NSDL for e-voting will not receive the PDF file "PNB Gilts remote e-voting.pdf".

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Enter the user ID and password as initial password/PIN noted in step (i) above. Click on Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.
- (vii) Select “EVEN” of PNB Gilts Limited.
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and Remember to “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to abhishek@indiacp.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the Remote E-voting Slip for the AGM:

REVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
---	----------------	---------------------

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VII. In case of any queries or grievances, 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 contact Mr. Amit Vishal, Senior 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 IDs : evoting@nsdl.co.in or AmitV@nsdl.co.in or at telephone nos. +91 22 2499 4600 / +91 22 2499 4369.

VIII. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/ PIN for casting your vote.

Note : Shareholders who forgot the Use Details/Password can use "Forgot User - Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

In case Shareholders are holding shares in demat mode, USER-ID is the combination of (DP ID + Client ID)

In case Shareholders are holding shares in physical mode, USER - ID is the combination of (REVEN + Folio No.).

- IX. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- X. 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 September 9, 2017.
- XI. 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. September 9, 2017, 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 following toll free no.: 1800-222-990.

- XII. 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.
- XIII. Mr. Abhishek Bansal, Advocate (Bar Council No. D/2726/2008) or in his absence/non-availability, Mr. Nitesh Latwal, Practising Company Secretary bearing CP No. 16276 will act as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. 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.
- XV. 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 three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. 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 Chairperson or a person authorized by her in writing. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.

23. 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.

24. 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

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

Item No. 5

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, appointed Sh. Sunil Mehta, Managing Director and CEO of Punjab National Bank, as an Additional Director of the Company with effect from May 12, 2017. Pursuant to Section 161 (1) of the Act, Sh. Sunil Mehta 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. Sunil Mehta for the office of Director of the Company.

Sh. Sunil Mehta 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.

Brief profile of Sh. Sunil Mehta, including nature of expertise, is provided at page no. 111 and 112.

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

Sh. K. V. Brahmaji Rao, Director, being Executive Director 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. Sunil Mehta. Further, Sh. Sunil Mehta, 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. 5 of the Notice.

The Board commends the resolution set forth in Item No. 5 for the approval of members.

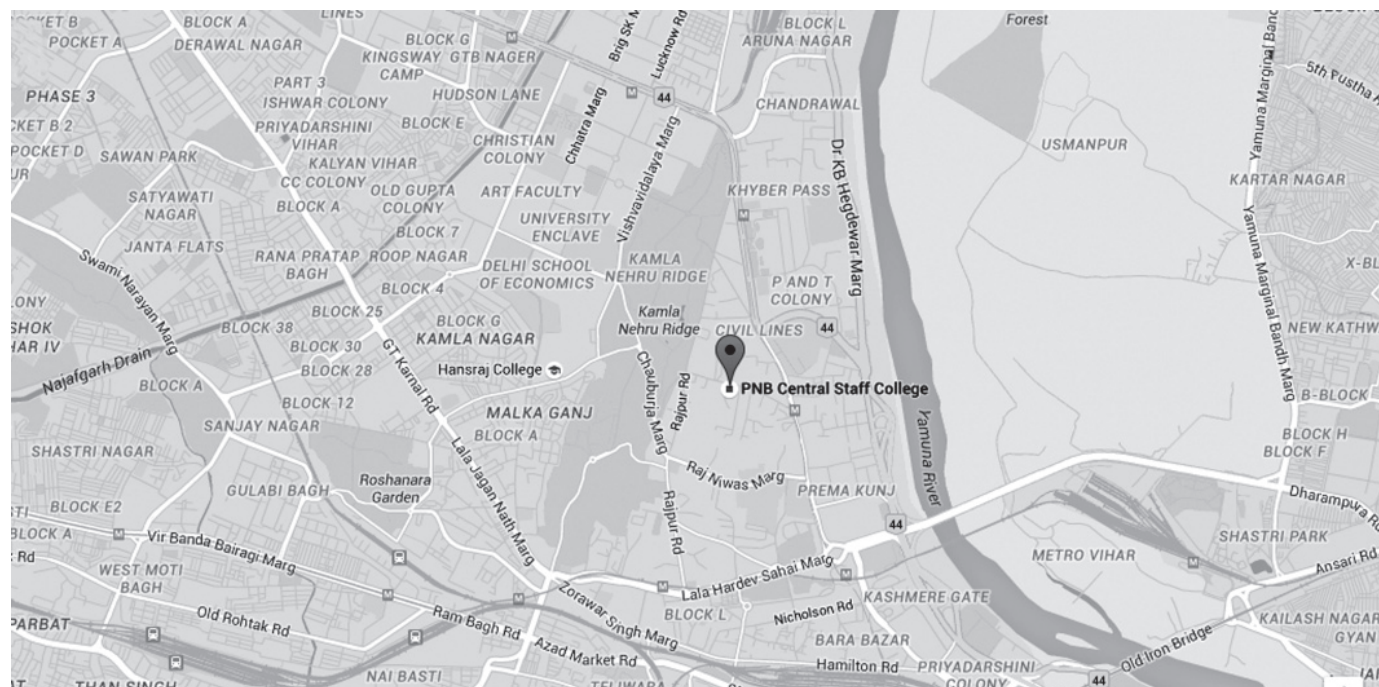
PURSUANT TO REGULATION 36 OF LISTING REGULATIONS, THE BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED/ RE-APPOINTED ARE AS UNDER:

Name of Director	Sh. K. V. Brahmaji Rao	Sh. Sunil Mehta
Date of Birth (Age)	16/05/1959 (58)	19/09/1959 (57)
Nationality	Indian	Indian
Date of first Appointment on Board of Company	01/11/2014	12/05/2017
Qualifications	B.Sc.	M.Sc. (Agriculture), MBA, CAIIB
Experience/Expertise in Specific functional Area	He is having experience of 35 years in the banking industry with specialization in Integrated Risk Management, Management Advisory Services, Treasury, Finance etc.	He is a seasoned banker with over 35 years of rich experience in various administrative capacities at senior levels with specialization in Agriculture, Retail, Credit and Planning & Development etc. in the banking industry.
Directorship held in other Companies	<ul style="list-style-type: none"> • Punjab National Bank • PNB Investment Services Ltd. • JSC SB PNB Kazakhstan 	<ul style="list-style-type: none"> • Managing Director and CEO of Punjab National Bank • Chairman of PNB Housing Finance Ltd.
Chairperson / Member of the Committee of the Board of Directors of the Company	<ul style="list-style-type: none"> • Member of Nomination and Remuneration Committee • Chairman of CSR Committee 	Nil
Membership/ Chairmanship of Committee of other Companies	<p>He is Member of following Committees of Punjab National Bank -</p> <ul style="list-style-type: none"> • Audit Committee of the Board • Stakeholders' Relationship Committee • Management Committee • Risk Management Committee • Customer Service Committee • I.T. Strategy Committee • Appellate Authority and Reviewing Authority • Special Committee of Board to monitor and follow up fraud cases involving Rs. 1.00 cr and above. • Committee of Directors to review Vigilance and Non-Vigilance cases • Steering Committee for Vision 2018 • Credit Approval Committee • Election of Shareholder Directors – Voting by Public Sector Banks • Committee of the Board to monitor the progress in recovery <p>In addition, he is Chairman of Power of Attorney Committee of Punjab National Bank.</p>	<p>He is Chairman of following Committees of Punjab National Bank -</p> <ul style="list-style-type: none"> • Management Committee • Share Transfer Committee • Customer Service Committee • Directors' Promotion Committee • Appellate Authority and Reviewing Authority • Special Committee of Board to monitor and follow up fraud cases involving Rs. 1.00 cr and above. • Committee of Directors to review Vigilance and Non-Vigilance Disciplinary cases • Steering Committee for Vision 2018 • HO Credit Approval Committee – Level III • Election of Shareholder Directors – Voting by Public Sector Banks • Committee of the Board to monitor the progress in recovery • Committee for Review of Identification of Wilful Defaulters • Non Cooperative Borrowers Classification Review Committee • Steering committee of the Board on HR. <p>In addition, he is Member of the following Committees of Punjab National Bank –</p>

		<ul style="list-style-type: none"> • Risk Management Committee • IT Committee of the Board • Special Committee of Board to monitor and follow up fraud cases involving ₹ 1.00 cr and above.
Number of Board/ Committee attended during the year	<ul style="list-style-type: none"> • He attended four out of five Board meetings held during the financial year 2016-17. • He attended two out of three Nomination and Remuneration Committee Meetings held during FY 2016-17. • He attended two out of three CSR Committee Meetings held during FY 2016-17. 	Not applicable, as he was appointed Meetings in the Board Meeting held on May 12, 2017, which he attended.
Number of Shares Held	Nil	Nil
Terms & Conditions of Appointment/Reappointment	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.	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	For remuneration paid in FY 2016-17, refer page no. 43.	Not Applicable
Relationship with other Directors, Manager and KMPs of the company	Nil	Nil

ROUTE MAP TO THE AGM VENUE

Venue : Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi-110054



Landmark : Near Sant Parmanand Hospital
Distance from Civil Lines Metro Station : 2 km.

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) :

Registered Address :

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 hereabove 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.

**NECS (NATIONAL ELECTRONIC CLEARING SYSTEM) MANDATE FORM FOR PAYMENT
OF DIVIDEND ON EQUITY SHARES***

(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,

I hereby authorize PNB Gilts Ltd. to credit dividend (to be declared in future, if any) amount directly to my bank account through NECS, details of which are as under:

1. First / Sole Shareholder's Name (in Block letters) :
2. Address :
3. Regd. Folio No. :
4. Telephone No. :
5. E-mail ID :
6. Particulars of Bank Account :
 - A. Bank Name
 - B. Branch Name & Address (with Pin code & Tel. No.) :
 - C. Bank Account No. (as appearing on the Cheque Book) :
 - D. Account Type (Please tick ✓) : SB ☐ Current ☐ Cash Credit ☐ Others ☐
 - E. 9 Digit MICR Code No. of the Bank & Branch
appearing on the MICR cheque issued by the bank :
7. Please attach a cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the above mentioned code numbers. Also please attach self attested copies of your ID and address proofs.

****Shareholders holding shares in Demat Form - Please send a similar duly filled in form to your Depository Participant***

DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reason of incomplete or incorrect information, I would not hold PNB Gilts Ltd. responsible. In case of NECS facility not being available for any reason, the account details provided above may be incorporated in the payment instrument.

Place:

Signature of the first / sole shareholder

Date :

Notes :

1. If above mandate has already been submitted, please ignore this communication.
2. Kindly fill all columns. Incomplete forms shall not be entertained.
3. Please note that NECS facility is available only at Core Banking Solution Branches (CBS Branches) of the Banks. Therefore, please ensure that you provide only your new bank account number (not more than 35 digits), allotted by your Bank post implementation of Core Banking System, to avail NECS.

..... Tear Here

In case the shareholder is not in a position to give the "cancelled" cheque or a photocopy thereof, a certificate of the shareholder's Bank may be furnished as under:

Certificate of the Shareholder's Bank

(To be submitted only if blank "cancelled" cheque or a photocopy thereof is not enclosed)

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp :

Date :

Signature of the Authorised official of the Bank



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:

1. Name:
Address:
E-mail ID: Signature:, or failing him
2. Name:
Address:
E-mail ID: Signature:, or failing him
3. 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 21st Annual General meeting of the Company to be held on Saturday, the 16th day of September, 2017 at 11:00 a.m. at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi – 110 054 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, 2017, and the Reports of the Directors' and Auditors' thereon.		
2	Declaration of final dividend of ₹ 2.50 per Equity Share for the year ended March 31, 2017		
3	Appointment of Director in place of Sh. K. V. Brahmaji Rao (DIN: 06861202), who retires by rotation and being eligible, offers himself 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 2017-18		
Special Business			
5	Appointment of Sh. Sunil Mehta (DIN: 07430460) as a Director		

Signed this day of, 2017

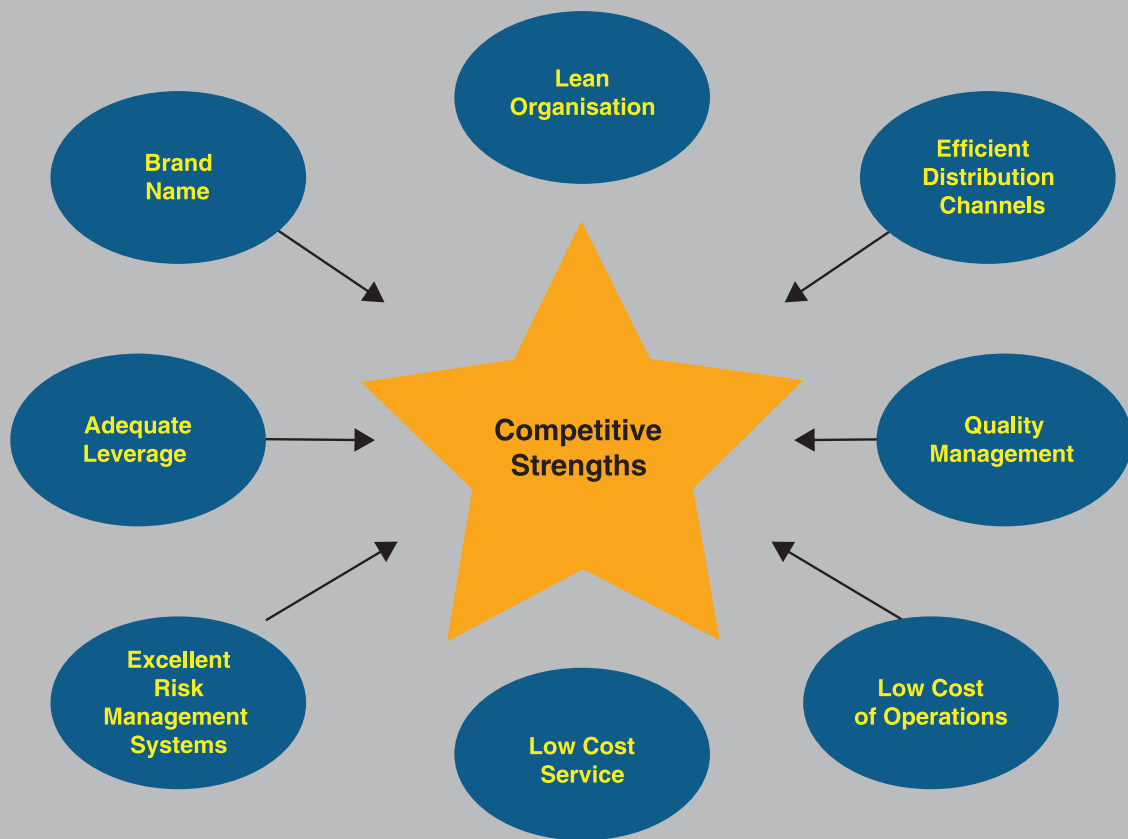
Signature of Member: Signature of Proxy holder(s):

Affix Revenue
Stamp (not less
than ₹ 0.15)

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.

OUR STRENGTHS



COMPANY SECRETARY

Ms. Monika Kochar

STATUTORY AUDITORS

Kapoor Tandon & Co
Chartered Accountants
H-118, 11th Floor
Himalaya House
23, Kasturba Gandhi Marg
New Delhi - 110001

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

18, Ground Floor, Parshawanath Chambers

Near New RBI, Income Tax Office

Ahmedabad-380014

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 of its meeting held on July 26, 2017 has re-appointed Sh. S. K. Dubey, Managing Director of the Company for a period one year effective from February 1, 2018 to January 31, 2019. In the same meeting, the Board has also re-appointed Smt. Sunita Gupta, Whole time Director (designated as 'Executive Director & CFO') of the Company for a period of 3 years effective from September 1, 2017 i.e. upto August 31, 2020.

Accordingly, an Addendum to the Notice of 21st Annual General Meeting (AGM) of PNB Gilts Limited is hereby given for re-appointment of Sh. S. K. Dubey, Managing Director and Smt. Sunita Gupta as Whole time Director (with designation 'Executive Director & CFO') of the Company in the ensuing 21st Annual General Meeting (AGM) of the Company, scheduled to be held on Saturday, September 16, 2017 at 11.00 a.m. at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi- 110054.

Following resolutions for the above said re-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 an ordinary resolution, as set forth below:

SPECIAL BUSINESS:

6. To re-appoint Sh. S. K. Dubey (DIN: 01770805) as the Managing Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 152, 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable law, if any (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 re-appointment of Sh. S. K. Dubey (holding DIN: 01770805) as the Managing Director of the Company for a period effective from February 1, 2018 to January 31, 2019 on the terms and conditions as set out in the Explanatory Statement annexed to the Addendum to Notice."

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

7. To re-appoint Smt. Sunita Gupta (DIN: 06902258) as the Whole-time Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Sections 152, 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable law, if any (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 re-appointment of Smt. Sunita Gupta (holding DIN: 06902258) as the Whole-time Director of the Company with designation "Executive Director & CFO" for a period effective from September 1, 2017 to August 31, 2020 on the terms and conditions as set out in the Explanatory Statement annexed to the Addendum to Notice."

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

By Order of the Board of Directors

July 28, 2017


(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 in 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 available at page no. 7

ANNEXURE TO ADDENDUM TO NOTICE

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

Item No. 6

The present tenure of Sh. S. K. Dubey, Managing Director is upto January 31, 2018. Based on the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on July 26, 2017 has, subject to the approval of members, re-appointed Sh. S. K. Dubey as the Managing Director of the Company for a period effective from February 1, 2018 to January 31, 2019.

The terms and conditions of re-appointment of Sh. S. K. Dubey are given as under :

The Managing 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 him, from time to time, by the Board.

The remuneration of Sh. S. K. Dubey 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. S. K. Dubey are as under:

The total CTC of Sh. S. K. Dubey shall be ₹ 428045/- p.m. (inclusive of pension of ₹ 53561/- p.m. being paid by PNB, bringing the effective Cost to the Company (CTC) at ₹ 374484/- p.m.). The breakup of effective CTC is as under -

1. Basic Pay : ₹ 163070/- p.m.
2. Allowances : ₹ 164260/- p.m.
3. Accommodation : In case he opts for Company provided accommodation, an amount of ₹ 8000/- p.m. will be recovered from salary.
4. Other facilities/ perquisites:
 - Reimbursement of entertainment expenses, Newspaper & periodicals, Medical Expenses, updation expenses, telephone expenses etc. with the limit of ₹ 24494/- p.m.
 - Provision of car 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.
 - 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.

In addition, the Managing 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 Managing 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.

He will be liable to retire by rotation.

Sh. S. K. Dubey 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.

Brief profile of Sh. S. K. Dubey, including nature of expertise, is provided at page no. 5 and 6 of this Addendum to Notice.

Sh. S. K. Dubey, being an appointee, may be deemed to be interested or concerned in the Resolution at Item No. 6.

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. 6 of the Notice.

The above may be treated as written memorandum setting out the terms of re-appointment of Sh. S. K. Dubey under Section 190 of the Act.

The Board recommends the resolution set forth in Item No. 6 for the approval of members.

Item No. 7

Based on the recommendation of the Nomination and Remuneration Committee, the Board in its meeting held on July 26, 2017 has, subject to the approval of members, re-appointed Smt. Sunita Gupta as the Whole-time Director (with designation 'Executive Director & CFO') for a period effective from September 1, 2017 to August 31, 2020.

The terms and conditions of re-appointment of Smt. Sunita Gupta are given as under :

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 Schedule V of the Companies Act, 2013. Subject to the aforesaid, the salary, allowances and other perquisites of Smt. Sunita Gupta are as under:

The total CTC of Smt. Sunita Gupta is ₹ 320300/- per month at present, breakup of which is as under-

1. Basic Pay : ₹ 137560/- p.m.
2. Allowances : ₹ 118015/- p.m.
3. Company's Contribution to PF : ₹ 16507/- p.m.
4. Other facilities/ perquisites :
 - Reimbursement of entertainment expenses, Newspaper & periodicals, Medical Expenses, updation expenses, telephone expenses, child education etc. with the limit of ₹ 26871/- p.m.
 - Provision of car with driver and maintenance thereof, for which ₹ 14250/- 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.
 - 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.

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.

Smt. Sunita Gupta 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. She is not disqualified from being appointed as Director in terms of Section 164 and 196 of the Act and has given her consent to act as Director.

Brief profile of Smt. Sunita Gupta, including nature of expertise, is provided at page no. 5 and 6 of this Addendum to Notice.

Smt. Sunita Gupta, being an appointee, may be deemed to be interested or concerned in the Resolution at Item No. 7.

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 above may be treated as written memorandum setting out the terms of re-appointment of Smt. Sunita Gupta under Section 190 of the Act.

The Board recommends the resolution set forth in Item No. 7 for the approval of members.

PURSUANT TO REGULATION 36 OF LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETING, THE BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED/ RE-APPOINTED ARE AS UNDER:

Name of Director	Sh. S. K. Dubey	Smt. Sunita Gupta
Date of Birth (Age)	16/12/1951 (66)	18/08/1957 (60)
Nationality	Indian	Indian
Date of first Appointment on Board of Company	03/06/2009	26/06/2014
Qualifications	M.Sc., CAIIB	M.A.(Eco), CAIIB
Experience/Expertise in Specific functional Area	He is having rich experience of around 36 years in senior capacities in PNB group especially in treasury and international banking operations. He is with PNB Gilts Ltd. as Managing Director since February 1, 2012.	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 18 years in the Company in various senior capacities.
Directorship held in other Companies	Chairman of Primary Dealers' Association of India	Nil
Chairperson / Member of the Committee of the Board of Directors of the Company	<ul style="list-style-type: none"> • Member – Stakeholders' Relationship Committee • Member – CSR Committee • Member – Share Transfer and Issue of Duplicate Shares Committee • Member – Committee for Strategic Growth 	Nil
Membership/ Chairmanship of Committee of other Companies	Nil	
Number of Board/ Committee Meetings attended during the year	<ul style="list-style-type: none"> • Board Meeting - He attended all the 5 Meetings held during the FY 2016-17. • CSR Committee Meeting -He attended all the 3 CSR Committee Meetings held in FY 2016-17. • Stakeholders' Relationship Committee Meeting- He attended all the 4 Stakeholders Relationship Committee Meetings held in FY 2016-17. • Share Transfer and Issue of Duplicate Shares Committee Meeting - He attended 26 out of 28 Share Transfer and Issue of Duplicate Shares Committee Meetings held in FY 2016-17. • Meetings of Committee for Strategic Growth - He attended all the 4 meetings held in FY 2016-17. 	She has attended all the 5 Board Meetings held during the FY 2016-17.

Number of Shares Held	Nil	Nil
Terms & Conditions of Appointment/Reappointment	Same are given in Explanatory Statement above.	Same are given in Explanatory Statement above.
Remuneration last drawn	For remuneration paid in FY 2016-17, refer page no. 43 of annual report.	For remuneration paid in FY 2016-17, refer page no. 43 of annual report.
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:

1. Name:

Address:

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

2. Name:

Address:

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

3. 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 21st Annual General meeting of the Company to be held on Saturday, the 16th day of September, 2017 at 11:00 a.m. at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi – 110 054 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	For	Against
Special Business			
6	Re-appointment of Sh. S. K. Dubey (DIN: 01770805) as Managing Director for a period effective from February 1, 2018 to January 31, 2019		
7	Re-appointment of Smt. Sunita Gupta (DIN: 06902258) as Whole-time Director (with designation "Executive Director & CFO") for a period effective from September 1, 2017 to August 31, 2020		

Affix Revenue
Stamp (not less
than ₹ 0.15)

Signed this day of, 2017

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

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.

**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 21ST ANNUAL GENERAL MEETING

Date : Saturday, 16th September, 2017
Time : 11-00 a.m.
Place : Punjab National Bank Auditorium, Central Staff Collage, 8, Under Hill Road, Civil Lines, Delhi-110054

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 : Saturday, 16th September, 2017. Time : 11.00 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 Bank, 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 : Saturday, 16th September, 2017. Time : 11.00 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)	USED ID	PASSWORD

Note : Please read instructions given at Note No. 22 of the 21st Annual General Meeting carefully before voting electronically.