

September 17, 2018

<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 2017-18

Please find attached Annual Report for the financial year 2017-18 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members in their 22nd Annual General Meeting held on 15th September, 2018.

This is for your information and records.

Thanking you

Yours truly,
For PNB Gilts Ltd.


(Monika Kochar)
Company Secretary



The background of the cover features a large, abstract graphic on the right side. It consists of several overlapping, flowing, ribbon-like shapes in shades of blue, yellow, and orange, set against a solid orange background. In the lower right corner, there are several white and light orange circles of varying sizes, creating a bokeh effect.

22nd ANNUAL REPORT 2017-18

Board of Directors

As on 31-03-2018



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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Chairman's Letter to Shareholders

Dear Shareholders,

I extend my sincere greetings to all of you. It gives me great pleasure to present before you all the highlights of your Company's performance during the financial year 2017-18.

During FY 2017-18, economic activity decelerated in the first quarter. However, the front loading of public spending boosted government consumption and provided a cushion against further deceleration. Economic activity thus started recovering from the second quarter on the strength of an upturn in investment. A significant pick-up in credit off-take and larger resource mobilization by the private sector bode well for expansion of the investment cycle. Global economic activity also gained strength, with growth impulses becoming synchronized across regions. Global trade expanded, buoyed by gradually improving global demand and especially, the recovery of investment activity in advanced economies (AEs).

For debt market, FY 2017-18 was a challenging year. Yields started the year on a positive note driven by lower inflation data and sustained demand from foreign portfolio investors. The RBI anchored its policy rate to achieve the domestic inflation target consistent with growth and therefore, in line with the disinflation glide path, it reduced the repo rate by 25 basis points in August 2017. However, August onwards, yields hardened almost monotonically. Domestic factors like, increasing inflation rate, fiscal slippage, concerns over increase in the supply of papers in the form of bank recapitalization bonds, low GST collections and additional borrowing contributed to rise in yields. Due to rising inflation, RBI maintained Status Quo on monetary policy since August 2017. Internationally, rising crude prices, fed rate hikes and initiation of balance sheet normalization added to the uncertainty in the market.

Reflecting the above, the yield of government securities remained volatile with an upward bias. 10 year benchmark yield moved up from 6.66 per cent as on 31st March 2017 to 7.40 per cent as on 31st March 2018 i.e. an adverse movement of 74 basis points during the year. This is in sharp contrast to the favourable movement in 10 year yield from 7.47 per cent to 6.66 per cent i.e. by 81 basis points during the previous fiscal 2016-17.

Against the backdrop of adverse developments, Company managed to post a Profit Before Tax of ₹ 55.28 crore in FY 2017-18 as against ₹ 256.54 crore in FY 2016-17. The Net Worth of the company stood at ₹ 880.66 crore as on 31st March 2018. The company is adequately capitalized with capital adequacy ratio of 67.09 per cent as on 31st March 2018, against RBI's minimum stipulation of 15 per cent.

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

Looking Ahead

Going forward, economic activity is expected to gather pace, benefitting from a conducive domestic and global environment. Credit off-take is becoming increasingly broad-based. Consumption demand remains robust and the focus of the Union Budget on the rural and infrastructure sectors should further support rural demand and investment. However, hardening of crude prices due to global factors, pose downside risk to the debt market in India. Moreover, global factors like trade protectionism and the pace of normalization of monetary policy in advanced economies may further add to the uncertainty. With the new fiscal year upon us, your Company will primarily focus on improving its profitability. 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. The unseen challenges that lie ahead of us shall be met making best use of our skills, competencies and experience. Your company's competent trading skills coupled with its strong risk management systems will ensure that the performance is strengthened in the year ahead.

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

Yours Sincerely,



(Sunil Mehta)
Chairman

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twenty Second Annual Report together with the Company's audited financial statements for the financial year ended March 31, 2018.

1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

The Company's financial performance, for the year ended March 31, 2018 is summarized below:

(₹ in lacs)

	For the year ended 31.3.2018	For the year ended 31.3.2017
Total Income	40993.67	50054.47
Less : Total Expenditure	35465.64	24400.36
Profit/(loss) Before Tax	5528.03	25654.11
Less : Provision for Income Tax (including deferred tax)	1870.45	8936.73
Profit /(loss) After Tax	3657.58	16717.38
Add: Balance in Statement of Profit and Loss brought forward	23951.20	12807.02
Add: Prior Period Income	-	-
Amount available for Appropriation	27608.78	29524.39
Proposed Appropriations		
Transfer to Statutory Reserve	731.52	3343.48
Capital Reserve	331.08	2229.71
Final Dividend of FY 2016-17	4500.25	-
Dividend Distribution Tax of FY 2016-17	916.15	-
Balance carried forward	21129.78	23951.20

FY 2017-18 was a challenging year for the debt market. The yields on Government Securities trended upward, with the ten-year benchmark yield rising to 7.40 per cent as on March 31, 2018 as against previous year close of 6.66 per cent. Market remained exposed to intermittent bouts of volatility due to domestic developments as well as uncertainty surrounding the evolution of global financial markets which impacted the market sentiment and liquidity conditions significantly. Domestic factors like increasing inflation rate, fiscal slippage, concerns over increase in the supply of papers in the form of bank recapitalization bonds, low GST collections and additional borrowing played a major role in rise of yields. Internationally, rising crude prices, Fed rate hikes and initiation of balance sheet normalization added to the uncertainty in the market.

Against the backdrop of adverse developments, your Company managed to post a Profit Before Tax of ₹ 5528.03 lacs as against ₹ 25654.11 lacs in FY 2016-17. The net revenue from operations of your Company during FY 2017-18 stood at ₹ 40993.67 lacs vis-à-vis ₹ 50054.47 lacs in the previous fiscal and Profit after Tax for FY 2017-18 stood at ₹ 3657.58 lacs vis-à-vis ₹ 16717.38 lacs in the previous fiscal. Additionally, 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 42.48 per cent and 40.91 per cent in H1 and H2 respectively. In G-sec category, Company fulfilled the underwriting commitments, thereby supporting the government borrowing program.

Material Changes and Commitments

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

Capital Adequacy

Capital adequacy ratio as on March 31, 2018 stood at 67.09 per cent as against the RBI stipulation of 15 per cent.

Dividend

Your Board has recommended a dividend of ₹ 1/- (i.e. 10 per cent) per equity share (last year ₹ 2.50 per equity share) for the financial year ended March 31, 2018, subject to approval in the ensuing Annual General Meeting. The total outflow on account of said dividend shall be ₹ 2166.56 lacs (including Dividend Distribution Tax of ₹ 370.02 lacs).

Transfer to Reserves

Your Company proposes to transfer ₹ 731.52 lacs in Statutory Reserve as required under the provisions of Section 45-IC of the Reserve Bank of India Act, 1934. ₹331.08 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 four times during the financial year 2017-18 to review strategic, operational, technological and financial matters besides laying down policies and procedures for operational management of the Company. The details of such meetings are given in the 'Report on Corporate Governance' that forms part of this Board's Report.

Directors and Key Managerial Personnel

During the year 2017-18, the members in their Annual General Meeting held on September 16, 2017 approved the appointment of Sh. Sunil Mehta (DIN : 07430460), Additional Director as Director (under Non-Executive and Non-Independent category). In terms of Article 98(2) of Articles of Association of the Company, he is the Chairman of the Company.

In the same meeting, the members approved reappointment of Sh. S. K. Dubey (DIN: 01770805) as Managing Director for a period from February 1, 2018 to January 31, 2019. The members also approved the reappointment of Smt. Sunita Gupta (DIN: 06902258) as Whole-time Director (with designation 'Executive Director & CFO') for a period from September 1, 2017 to August 31, 2020.

Sh. R. S. Ramasubramaniam (DIN : 00008937), Independent Director vide letter dated June 29, 2018, received by the Company on July 3, 2018, has resigned from the directorship of the Company. Accordingly, in terms of Section 168 of the Companies Act, 2013, he ceases to be Director of the Company w.e.f. July 3, 2018. Your Board places on record his valuable contribution as member of the Board and its Committees.

Further, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Sunita Gupta (DIN: 06902258) shall retire by rotation in the ensuing Annual General Meeting and 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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also Guidance Note on Board Evaluation as prescribed by SEBI. 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 <https://pnbgilts.com/data/governance/1523278049.pdf>.

Familiarization programme

The details of programme for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company and related matters are placed at Company's website at the link <https://pnbgilts.com/data/governance/1523273950.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 composition of Audit Committee during FY 2017-18 was as under–

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 during FY 2017-18 was 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/1523278002.pdf>. The CSR activity of the Company is carried out as per the instructions of the Committee and Board. During the year, the Company has spent 2 per cent of its average net profits of the three immediately preceding financial years on CSR activity.

The annual report on the CSR for the year 2017-18 in the prescribed format is presented at Annexure B to the Board's Report.

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

Whistle Blower Policy (including Vigil Mechanism)

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

The Board of Directors has approved a Whistle Blower Policy (including Vigil Mechanism), which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. The Audit Committee reviews the functioning of this mechanism. No employee / director has been denied access to the Audit Committee. During the year under review, no such matter has been reported to the Audit Committee. The said policy may be accessed on the Company's website at the link <http://pnbgilts.com/data/governance/1409222609.pdf>

Contracts and Arrangements with Related Parties

All the contracts/ arrangements/transactions entered by the company are in ordinary course of business and at arm's length (except those given in form AOC-2 at Annexure C). Further during the year, the Company had not entered into any contract/arrangement/transaction with related parties, which could be considered material in accordance with the Company's Policy/Standard Operating Procedures (SOP) on Related Party Transactions. The said Policy/SOP can be accessed at the Company's website at the link <http://pnbgilts.com/data/governance/1523277954.pdf>.

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

Subsidiaries

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

Further, since the Company is not having any subsidiary or associate or joint venture, it is not required to consolidate the financial statements in terms of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014. However, the financial statements of the Company for FY 2017-18 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, 2018, the applicable accounting standards read with the requirements set out under the Schedule III to Companies Act, 2013, have been followed and there are no material departures from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 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 2017-18 or part thereof, who was in receipt of remuneration beyond the limits laid down in above said Rule. No employee is related to any Director of the Company.

Sexual Harassment at Workplace

Your Company has in place a formal policy for prevention of sexual harassment of its employees at workplace. During the year 2017-18, 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, 2018, 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.

Secretarial Standards

The Company has complied with all applicable Secretarial Standards.

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, 2018. The report of the auditor is self-explanatory and does not call for any further comments. Pursuant to the provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditor of the Company has not reported any incident of fraud during the FY 2017-18. 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 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 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 2017-18, 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

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

(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 17, 2018

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 Regulations, the Board also considers all relevant facts and circumstances, not merely from the standpoint of the Directors but also from that of persons or organizations with which the director has an affiliation in forming an opinion on the independence of the concerned director(s).

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

Succession Planning

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

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

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

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

Board Diversity

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

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

Date : July 17, 2018
Place: New Delhi

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

(Sunil Mehta)
Chairman
DIN: 07430460

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/1523278002.pdf>.

2. Composition of the CSR Committee

The composition of the CSR Committee during FY 2017-18 was 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 : ₹ 14577.94 lacs

4. Prescribed CSR expenditure (2 per cent of amount) – ₹ 291.56 lacs

5. Details of CSR spent during the financial year:

(a) Total amount to be spent during the financial year – ₹ 291.56 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	-	-	₹ 291.56 lacs	₹ 291.56 lacs (Direct)	₹ 291.56 lacs	Direct – ₹ 291.56 lacs

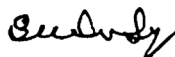
6. In case the company has failed to spend the 2 per cent of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report – Not Applicable.

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 12, 2018

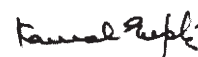
Place : New Delhi



(S. K. Dubey)

Managing Director

DIN: 01770805



(Kamal Gupta)

Chairman, CSR Committee

DIN: 00038490

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:

- Details of contracts / arrangements or transactions entered into during the financial year ended March 31, 2018, 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 (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.	Residential Flats of the Company to PNB officers as per their entitlement in PNB for a period of 11 months, with two/more extensions.	Business premises from PNB taken on lease / rent sharing arrangement - Mumbai Branch Office: The lease for 5 years is effective from September, 2016, renewable after every five years.	Business premises from PNB taken on lease / rent sharing arrangement – Chennai Branch Office: The premises has been provided under a mutual rent sharing arrangement by PNB since 15.05.12 on the basis of area occupied. The said premises has been taken by PNB on lease from Tamil Nadu Khadi and Village Industries Board, Tamil Nadu (State Govt. Department) for a period of 5 years (subject to continuation of their office at this place), extendable for a period as may be decided between the said Board and PNB.
4	Salient terms of the contracts or arrangements or transaction including the value, if any	No transaction value is there as these transactions are being done in view of parent- subsidiary relationship and on mutual understanding.	Residential premises: Rent is as per the lease entitlement of PNB officers in PNB.	Mumbai Branch Office: Rent at present is ₹ 273434/- p.m. plus taxes	Chennai Branch Office: Rent at present is ₹ 12250/- p.m. plus taxes. (The rent is subject to enhancement as may be done by abovesaid State Govt Department.)
5	Justification for entering into such contracts or arrangements or transactions	The Company and parent bank are entering into these transactions due to its parent- subsidiary relationship.	The Company and parent bank are entering into these transactions due to its parent- subsidiary relationship. As a matter of policy, the Company does not enter such property related transactions with outside parties. Further, the Company will also be able to get their residential flats vacated at any time they need the same for their officers/ sale.	The Company and parent bank are entering into these transactions due to its parent- subsidiary relationship.	The Company and parent bank are entering into these transactions due to its parent- subsidiary relationship.

6	Date(s) of approval by the Board	03.08.2015	29.01.2015	26.10.2016	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, 2018.

On behalf of Board of Directors

Date : July 17, 2018
Place : New Delhi


(Sunil Mehta)
Chairman
DIN: 07430460

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 2017-18

(₹ in lacs)

Sl. No	Name of Director	Director's Remuneration	Employee Median Remuneration	Ratio (No. of times)
1	Sh. Sunil Mehta	1.00	12.08	0.08
2	Sh. K. V. Brahmaji Rao	1.50		0.12
3	Dr. Kamal Gupta	3.40		0.28
4	Sh. S. K. Soni	3.15		0.26
5	Sh. P. P. Pareek	2.20		0.18
6	Sh. R. S. Ramasubramaniam	3.70		0.31
7	Sh. S. K. Dubey*	82.29**		6.81
8	Smt. Sunita Gupta	65.13**		5.39

* He also receives pension from PNB, being an ex-employee.

** Above remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by the Board.

During 2017-18, variable pay of ₹ 39.10 lacs and ₹ 29.25 lacs (Prev. Year: ₹ 7.21 lacs and ₹ 5.40 lacs) was paid to the Managing Director and Executive Director & CFO, at Sl. No. 7 and 8 above, respectively. Apart from this, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

Notes: 1. Directors at Sl. No. 1 to 6 are Non-Executive Directors and only sitting fee has been paid. Sitting fee of promoter directors at Sl. No. 1 and 2 has been paid to Punjab National Bank, who is the promoter of the Company, as per the instructions received from said bank/directors.

2. Out of pocket expenses incurred by them for attending the meetings and service tax not taken into account.

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

Sl. No	Name of Director and Key Managerial Personnel	% increase in remuneration
1	Sh. Sunil Mehta**	*
2	Sh. K. V. Brahmaji Rao**	7.14
3	Dr. Kamal Gupta**	(19.05)
4	Sh. S. K. Soni**	(8.70)
5	Sh. P. P. Pareek**	(2.22)
6	Sh. R. S. Ramasubramaniam**	1.37
7	Sh. S. K. Dubey	67.62
8	Smt. Sunita Gupta	58.68
9	Smt. Monika Kochar	45.72

* Details not given, as he was not director in the financial year 2016-17.

** received only sitting fee during the year. Sitting fee of Promoter Director at Sl. No. 2 has been paid to PNB as per instructions.

Note: Above remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by

the Board. During 2017-18, variable pay of ₹ 39.10 lacs, ₹ 29.25 lacs and ₹ 7.50 lacs (Prev. Year: ₹ 7.21 lacs, ₹ 5.40 lacs and ₹ 1.32 lacs) was paid to the Managing Director, Executive Director & CFO and Company Secretary, at Sl. No. 7, 8 and 9 above, respectively. Apart from this, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

- c. In the financial year 2017-18, there was an increase of 20.68 per cent in the median remuneration of employees.
- d. Total number of employees of the Company as on March 31, 2018 were 36 (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 2017-18 was 31.51 per cent whereas the increase in managerial remuneration was 63.15 per cent in this period. This was based on the recommendations of Nomination and Remuneration Committee, based on industry benchmarks and the respective employee's performance and contribution. The Company's remuneration philosophy is to ensure that it is competitive in the Primary Dealer (PD) industry in which it operates, for attracting and retaining the best talent. Further, the remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis. The remuneration is in line with the PD industry benchmarks.
- f. It is hereby affirmed that the remuneration paid is as per the Remuneration policy of the Company.

On behalf of Board of Directors



(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 17, 2018

Place: New Delhi

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2018 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)	L74899DL1996PLC077120
ii) Registration Date	March 13, 1996
iii) Name of the Company	PNB Gilts Limited
iv) Category / Sub-Category of the Company	Public Limited Company
v) Address of the Registered Office and Contact details	5, Sansad Marg, New Delhi, India, PIN –110001 Tel : 011-23325759, 23325779 Fax : 011-23325751, 23325763 Email: m.kochar@pnbgilts.com website: www.pnbgilts.com
vi) Whether listed company (Yes/No)	Yes
vii) Name, Address and contact details of Registrar & Transfer Agents (RTA)	MCS Share Transfer Agent Limited (Unit: PNB Gilts) F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi, India. PIN-110 020 Tel.: 011- 41406149-52 Fax No.: 011- 41709881 E-mail : helpdeskdelhi@mcsregistrars.com website:www.mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

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

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (31.03.2017)				No. of Shares held at the end of the year (31.03.2018)				% 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	72192	0	72192	0.04	125756	0	125756	0.07	0.03
(b) Banks / FI	993442	0	993442	0.55	51953	0	51953	0.03	(0.52)
(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	930866	0	930866	0.52	(0.10)
(g) FIs	1815893	0	1815893	1.01	2370065	0	2370065	1.32	0.31
(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):-	3990149	0	3990149	2.22	3478640	0	3478640	1.93	(0.29)
(2) NON-INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	7121500	165459	7286959	4.04	5924408	156528	6080936	3.38	(0.66)
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20960469	318820	21279289	11.82	25047729	268973	25316702	14.06	2.24
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11749069	34665	11783734	6.55	9823305	34665	9857970	5.48	(1.07)
(c) Others									
(i) Trusts and Foundations	13199	0	13199	0.01	12099	0	12099	0.01	0
(ii) Non-Resident Individuals	2317206	932	2318138	1.29	1851338	799	1852137.03	1.03	(0.26)
(iii) NBFCs	4000	0	4000	0	0	0	0	0	0
(iv) Directors and their relatives	1333	0	1333	0	1333	0	1333	0	0
(v) Investor Education and Protection Fund Authority - MCA	0	0	0	0	76984	0	76984	0.04	0.04
Sub-total (B)(2):-	42166776	519876	42686652	23.71	42737196	460965	43198161	24.00	0.29
Total public shareholding (B)=(B)(1)+(B)(2)	46156925	519876	46676801	25.93	46215836	460965	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)	179490258	519876	180010134	100.00	179490258	519876	180010134	100.00	0

(ii) Shareholding of Promoters

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

(iii) Change in Promoters' Shareholding

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

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

SI. No.	Name	Shareholding		Date	Increase/ (Decrease) in share- holding	Reason	Cumulative Shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at the beginning (01-04-17)/ end of the year (31-03-2018)	% of total shares of the Company				No. of shares	% of total Shares of the company
1	Morgan Stanley Mauritius Company Ltd.	1753377	0.97	01/04/2017				
				07/04/2017	(5695)	Sale	1747682	0.97
				15/09/2017	(53310)	Sale	1694372	0.94
				22/09/2017	(183543)	Sale	1510829	0.84
				29/09/2017	(169005)	Sale	1341824	0.75
				06/10/2017	(58527)	Sale	1283297	0.71
		1283297	0.71	31/03/2018			1283297	0.71
2	The Oriental Insurance Company Limited	630866	0.35	01/04/2017				
		630866	0.35	31/03/2018	0	Nil	630866	0.35
3	Mala Rajan Bharvani	585938	0.33	01/04/2017				
		585938	0.33	31/03/2018	0	Nil	585938	0.33
4	Narnolia Capital Advisors Private Limited	188932	0.11	01/04/2017				
				07/04/2017	(7500)	Sale	181432	0.10
				14/04/2017	(5364)	Sale	176068	0.10
				21/04/2017	(4500)	Sale	171568	0.10
				28/04/2017	(10000)	Sale	161568	0.09
				05/05/2017	(4200)	Sale	157368	0.09
				12/05/2017	(8000)	Sale	149368	0.08

				19/05/2017	(2000)	Sale	147368	0.08
				26/05/2017	28110	Purchase	175478	0.10
				02/06/2017	48828	Purchase	224306	0.12
				09/06/2017	3000	Purchase	227306	0.13
				16/06/2017	63808	Purchase	291114	0.16
				30/06/2017	(3000)	Sale	288114	0.16
				04/08/2017	(5500)	Sale	282614	0.16
				11/08/2017	(3000)	Sale	279614	0.16
				18/08/2017	(2000)	Sale	277614	0.15
				01/09/2017	(1900)	Sale	275714	0.15
				08/09/2017	(6000)	Sale	269714	0.15
				15/09/2017	(3500)	Sale	266214	0.15
				22/09/2017	(15000)	Sale	251214	0.14
				29/09/2017	(5000)	Sale	246214	0.14
				06/10/2017	39250	Purchase	285464	0.16
				20/10/2017	13871	Purchase	299335	0.17
				27/10/2017	(2000)	Sale	297335	0.17
				31/10/2017	(3000)	Sale	294335	0.16
				03/11/2017	(5300)	Sale	289035	0.16
				10/11/2017	(34000)	Sale	255035	0.14
				17/11/2017	17690	Purchase	272725	0.15
				08/12/2017	32000	Purchase	304725	0.17
				29/12/2017	18129	Purchase	322854	0.18
				05/01/2018	(7000)	Sale	315854	0.18
				12/01/2018	(10500)	Sale	305354	0.17
				19/01/2018	(7500)	Sale	297854	0.17
				26/01/2018	30900	Purchase	328754	0.18
				02/02/2018	(6500)	Sale	322254	0.18
				09/02/2018	28500	Purchase	350754	0.19
				23/02/2018	28000	Purchase	378754	0.21
				02/03/2018	(14000)	Sale	364754	0.20
				09/03/2018	(24500)	Sale	340254	0.19
				23/03/2018	26000	Purchase	366254	0.20
				31/03/2018	214128	Purchase	580382	0.32
		580382	0.32	31/03/2018			580382	0.32
5	Bengal Vipanapan Pvt. Ltd	440043	0.24	01/04/2017				
		440043	0.24	31/03/2018	0	Nil	440043	0.24
6	Vikas Kumar Agarwal	328037	0.18	01/04/2017				
				13/10/2017	(6)	Sale	328031	0.18
		328031	0.18	31/03/2018			328031	0.18
7	Acatis India Value Equities	0	0.00	01/04/2017				
				16/02/2018	74800	Purchase	74800	0.04
				23/02/2018	241548	Purchase	316348	0.18
		316348	0.18	31/03/2018			316348	0.18
8	Nahar Capital and Financial Services Ltd.	225733	0.13	01/04/2017				
				17/11/2017	25000	Purchase	250733	0.14
				08/12/2017	312	Purchase	251045	0.14
				15/12/2017	24688	Purchase	275733	0.15
				22/12/2017	25000	Purchase	300733	0.17
				05/01/2018	(20455)	Sale	280288	0.16
				12/01/2018	(25982)	Sale	254306	0.14

				19/01/2018	(28573)	Sale	225733	0.13
				16/02/2018	85000	Purchase	310733	0.17
		310733	0.17	31/03/2018			310733	0.17
9	AJO Emerging Markets Small Cap Master Fund Ltd.	0	0.00	01/04/2017				
				22/09/2017	165105	Purchase	165105	0.09
				29/09/2017	147707	Purchase	312812	0.17
				06/10/2017	103622	Purchase	416434	0.23
				31/10/2017	(7817)	Sale	408617	0.23
				03/11/2017	(89890)	Sale	318727	0.18
				02/03/2018	(8566)	Sale	310161	0.17
		310161	0.17	31/03/2018			310161	0.17
10	General Insurance Corporation of India	300000	0.17	01/04/2017				
		300000	0.17	31/03/2018	0	Nil	300000	0.17
11	Dilipkumar Lakhi*	300000	0.17	01/04/2017				
				12/05/2017	(32108)	Sale	267892	0.15
				11/08/2017	(15000)	Sale	252892	0.14
				19/01/2018	(12892)	Sale	240000	0.13
		240000	0.13	31/03/2018			240000	0.13
12	Edelweiss Custodial Services Ltd. *	274498	0.15	01/04/2017				
				07/04/2017	41754	Purchase	316252	0.18
				14/04/2017	8272	Purchase	324524	0.18
				05/05/2017	17096	Purchase	341620	0.19
				12/05/2017	(1074)	Sale	340546	0.19
				19/05/2017	1074	Purchase	341620	0.19
				26/05/2017	(6113)	Sale	335507	0.19
				02/06/2017	(192042)	Sale	143465	0.08
				09/06/2017	3452	Purchase	146917	0.19
				16/06/2017	2731	Purchase	149648	0.08
				23/06/2017	14864	Purchase	164512	0.09
				30/06/2017	35985	Purchase	200497	0.11
				07/07/2017	37484	Purchase	237981	0.12
				14/07/2017	79691	Purchase	317672	0.18
				21/07/2017	64929	Purchase	382601	0.21
				28/07/2017	17403	Purchase	400004	0.22
				04/08/2017	63786	Purchase	463790	0.26
				11/08/2017	(31137)	Sale	432653	0.24
				18/08/2017	31137	Purchase	463790	0.26
				25/08/2017	(197913)	Sale	265877	0.15
				01/09/2017	2374	Purchase	268251	0.15
				08/09/2017	3731	Purchase	271982	0.15
				15/09/2017	(6581)	Sale	265401	0.15
				22/09/2017	(60742)	Sale	204659	0.11
				29/09/2017	(22602)	Sale	182057	0.10
				30/09/2017	(312)	Sale	181745	0.10
				06/10/2017	5400	Purchase	187145	0.10

				13/10/2017	(3851)	Sale	183294	0.10
				27/10/2017	(113)	Sale	183181	0.10
				31/10/2017	9402	Purchase	192583	0.11
				03/11/2017	16172	Purchase	208755	0.12
				10/11/2017	(24876)	Sale	183879	0.10
				17/11/2017	(1697)	Sale	182182	0.10
				24/11/2017	(32873)	Sale	149309	0.08
				01/12/2017	14979	Purchase	164288	0.09
				08/12/2017	33228	Purchase	197516	0.11
				15/12/2017	15940	Purchase	213456	0.12
				22/12/2017	61840	Purchase	275296	0.15
				29/12/2017	(1070)	Sale	274226	0.15
				30/12/2017	(716)	Sale	273510	0.15
				05/01/2018	(3215)	Sale	270295	0.15
				23/02/2018	(35909)	Sale	234386	0.13
				09/03/2018	(7218)	Sale	227168	0.13
				16/03/2018	5278	Purchase	232446	0.13
				31/03/2018	(55322)	Sale	177124	0.10
		177124	0.10	31/03/2018			177124	0.10
13	Gaurav Manocha*	260556	0.14	01/04/2017				
		260556	0.14	31/03/2018	0	Nil	260556	0.14

*Not in the list of top 10 shareholders as on 31/03/2018.

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

S. No.	Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative shareholding during the year (01-04-17 to 31-03-18)	
		No. of Shares at beginning (01-04-17) / end of the year (31-03-18)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Sh. P. P Pareek, Director	1333	0.00	01/04/2017		NIL		
		1333	0.00	31/03/2018	0		1333	0.00

The following Directors and Key Managerial Personnel (KMP) did not hold/held any shares during the financial year 2017-18

- Smt. Usha Ananthasubramanian – Chairperson¹
- Sh. Sunil Mehta – Chairman¹
- Sh. K. V. Brahmaji Rao – Director
- Dr. Kamal Gupta – Director
- Sh. S. K. Soni – Director
- Sh. R. S. Ramasubramaniam – Director
- Sh. S. K. Dubey – Managing Director (KMP)
- Smt. Sunita Gupta, Executive Director and CFO (KMP)
- Smt. Monika Kochar – Company Secretary (KMP)

¹directorship held for part of the year.

V. INDEBTEDNESS

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

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	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
Change in Indebtedness during the financial year				
Addition	73982272.47	38844318.67	-	112826591.10
Reduction	73806026.31	38935092.38	-	112741118.65
Net Change	176246.16	(90773.71)	-	85472.45
Indebtedness at the end of the financial year				
i) Principal Amount	331465.40	105400.00	-	436865.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	226.58	702.49	-	929.07
Total (i+ii+iii)	331691.98	106102.49	-	437794.47

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	42.16*	32.28	74.44
	(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	-	2.09	2.09
	b) Medical facilities	0.15	-	0.15
	c) Child education allowance	-	0.01	0.01
	d) Variable pay (Performance Linked Incentive)	39.10	29.25	68.35
	e) Leave travel concession	0.88	1.50	2.38
	Total (A)	82.29	65.13	147.42
	Ceiling as per the Act	₹ 775.85 lacs (being 10 per cent of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

* In addition, he also receives pension from PNB, being an ex-employee.

Note 1: Above remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2017-18, variable pay of ₹ 39.10 lacs and ₹ 29.25 lacs (Prev. Year: ₹ 7.21 lacs and ₹ 5.40 lacs) was paid to the Managing Director and Executive Director & CFO, respectively.

Note 2: Apart from above, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

B. Remuneration to other directors:

(₹ in lacs)

Particulars of Remuneration	Name of Director						Total Amount
	Sh. Sunil Mehta	Sh. K. V. Brahmaji Rao	Dr. Kamal Gupta	Sh. S. K. Soni	Sh. P. P. Pareek	Sh. R. S. Ramasubramaniam	
1. Independent Directors							
• Fee for attending Board / Committee meetings	-	-	3.40	3.15	2.20	3.70	12.45
• Commission	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-
Total (1)	-	-	3.40	3.15	2.20	3.70	12.45
2. Other Non-Executive Directors (paid to PNB for its nominated directors)							
• Fee for attending Board / Committee meetings	1.00	1.50	-	-	-	-	2.50
• Commission	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-
Total (2)	1.00	1.50	-	-	-	-	2.50
Total (B)=(1+2)	1.00	1.50	3.40	3.15	2.20	3.70	14.95
Total Managerial Remuneration*							162.37

Overall Ceiling as per the Act for Directors other than Managing Director and Whole-time Directors is ₹ 77.58 lacs (being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013).

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

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

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

(₹ in lacs)

Sl. No.	Particulars of Remuneration		Key Managerial Personnel			Total Amount
			CEO	Smt. Monika Kochar, Company Secretary	CFO	
1.	Gross salary		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		12.98		12.98
	(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961		1.51		1.51
	(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		0.92		0.92
	b)	Medical facilities		0.15		0.15
	c)	Child education allowance		-		-
	d)	Variable pay (Performance Linked Incentive)		7.50		7.50
	e)	Leave travel concession		0.32		0.32
	Total			23.39		23.39

Note 1: Above remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2017-18, variable pay of ₹ 7.50 lacs (Prev. Year: ₹ 1.32 lacs) was paid to the Company Secretary.

Note 2: Apart from above, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

NIL

On behalf of Board of Directors



(Sunil Mehta)

Chairman

DIN: 07430460

Date : July 17, 2018

Place: New Delhi

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
[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, 2018. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representation made by the management, we hereby report that in our opinion, the Company has, during the audit period under consideration complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018, 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.

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

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

During the audit period, there were no major events which had bearing on the Company's affairs in pursuance of above referred laws, rules, regulations, guidelines etc.

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

We further report that-

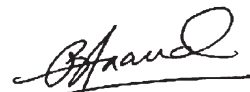
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance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

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

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

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

**For Pranav Kumar & Associates
Company Secretaries**



Pranav Kumar
Partner
FCS: 5013
CP No.:3429

Place: Ghaziabad
Date: May 2, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC REVIEW: 2017-18

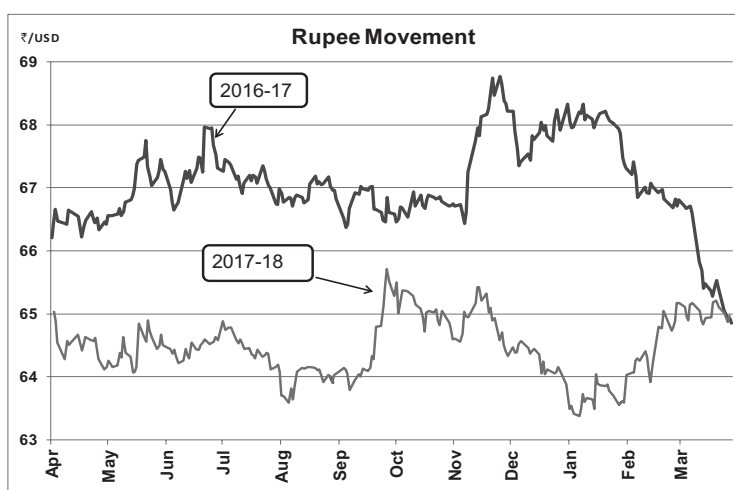
Domestic Overview

During FY 2017-18, India's growth in Gross Domestic Product (GDP) stood at 6.7 per cent compared to 7.1 per cent in FY 2016-17. Economic activity recovered in the second half of the year on the strength of an upturn in investment. A significant pick-up in credit off-take and larger resource mobilization by the private sector in the recent period bode well for expansion of the investment cycle.

Headline CPI inflation reached a peak of 5.21 per cent in December 2017, reflecting an unseasonal spike in the prices of vegetables and the full impact of the central government implementing the 7th Central Pay Commission's (CPC's) HRA award. However, the delayed setting in of the seasonal food prices moderation took down headline inflation to 4.44 per cent and 4.28 per cent in February and March 2018 respectively.

Forex Market

In the foreign exchange market, the rupee traded with an appreciating bias against the US dollar in H1 of 2017-18. A weaker US dollar and strong inflows drawn in by the resilience of macro fundamentals, especially the narrowing of inflation differentials, provided sustained upside to the rupee. During the H2 of 2017-18, Rupee experienced intermittent bouts of volatility. Concerns over political turmoil in the Middle East and the associated knock-on impact on international crude oil prices drove the rupee lower against the dollar during November 2017. A weakening US dollar and robust foreign portfolio investor (FPI) purchases in the Indian debt market supported the rupee through December and early January. In the latter part of January and in February, the re-emergence of concerns around the repercussions of high energy prices on India's trade deficit, anxiety around recalibration of the speed of monetary policy tightening by the Federal Reserve upon onset of strong wages and employment data, and the introduction of LTCG tax in India subjected the rupee to downward pressure. This was accentuated by the strengthening of the US dollar and sales by FPIs in the equity and debt markets.



Current Account Balance

India's current account deficit widened to 1.9 per cent of GDP in April-December 2017, from 0.7 per cent of GDP in the same period of the previous fiscal year, primarily due to higher trade deficit on account of larger increase in merchandise imports, mainly crude oil and other petroleum product imports.

Fiscal Deficit

Fiscal deficit target for financial year 2017-18 was revised to 3.5 per cent of GDP from the targeted 3.2 per cent due to deterioration in the fiscal position of the central government on account of a sharp increase in expenditure combined with a decline in non-tax revenue relative to budget estimates. Revision in fiscal deficit target was partly due to the implementation of the Goods and Services Tax as the government will account for only 11 months of revenue under GST.

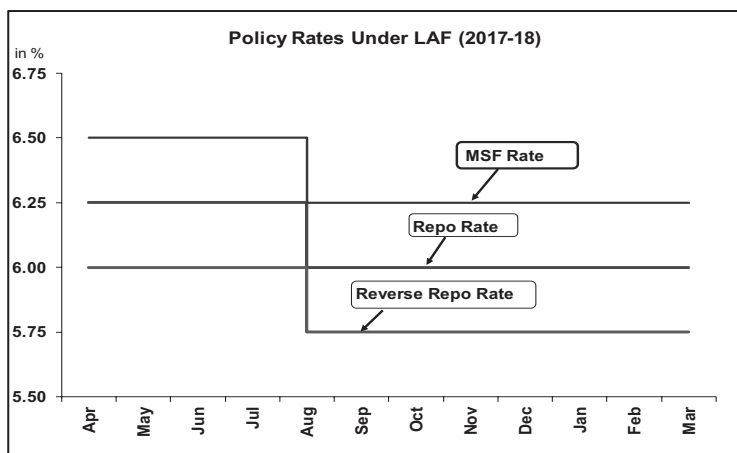
Government Borrowings

The gross borrowing during the year was ₹ 5,88,000 crore as compared to ₹ 5,82,000 crore in FY17. In addition to this, state governments also raised funds to the tune of ₹ 4,18,503 crore through market borrowings as against ₹ 3,81,979 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 by 25 basis points in August 2017. However, inflation has been inching up since August 2017, due to which RBI has maintained Status Quo on monetary policy.

Anticipating that surplus liquidity conditions may persist through 2017-18, the Reserve Bank auctioned T-Bills (tenors ranging from 312 days to 329 days) aggregating ₹ 1,00,000 crore under the MSS in April and May 2017. Incremental expansion in currency in circulation due to rapid re-monetization drained about ₹ 2,00,000 crore of surplus liquidity during Q1 of 2017-18. However, this was more than offset by front-loaded expenditure by the government. In Q2, frequent recourse to Ways and Means Advances (WMAs) and Overdraft (ODs) by the Government augmented market liquidity. During Q3, Reserve Bank conducted open market sales on three occasions to absorb ₹ 300 billion on a durable basis in addition to the regular mopping up of liquidity through LAF fixed rate reverse repo. In Q4, surplus liquidity declined with intermittent deficits on account of the drying up of government spending and large tax collections.



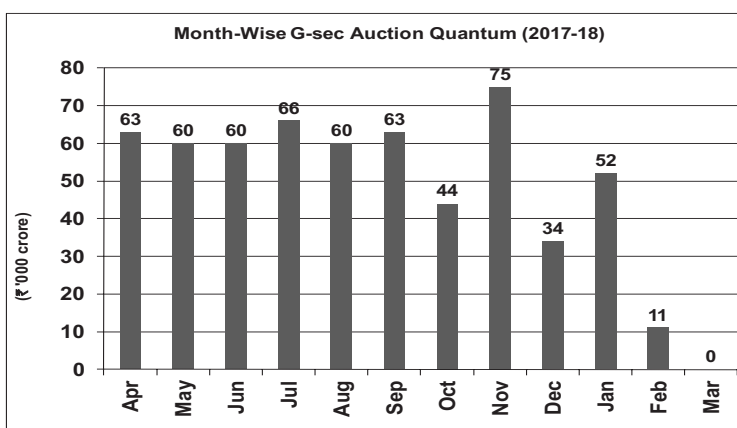
Treasury Bill Market

During FY 2017-18, the borrowings through T-Bills (Including CMBs) stood at ₹ 8,68,000 crore. The yields on treasury bills in primary market hardened significantly during the year. The cut-off yield on 91DTB rose from 5.86 per cent in the beginning of the FY to 6.11 per cent in the end, cut-off yield on 182 DTB rose from 6.18 per cent in April beginning to 6.33 per cent in March and the cut-off yield on 364 DTB closed the year at 6.49 per cent against the opening yield of 6.22 per cent. Weighted average implicit yield at cut-off price on 91 DTB, 182 DTB and 364 DTB stood at 6.14 per cent, 6.32 per cent & 6.39 per cent as against 6.44 per cent, 6.52 per cent & 6.51 per cent in the previous year respectively.

Government Dated Securities

Primary Market

During FY 2017-18, the gross borrowings through dated issuances stood at ₹ 5,88,000 crore, while net borrowings stood at ₹ 4,50,746 crore. The weighted average maturity of issuances stood at 14.13 years vis-a-vis 14.60 years in the previous year. The weighted average yield of dated securities issued during FY 2017-18 stood at 6.97 per cent as against 7.13 per cent in the previous fiscal.



Secondary Market

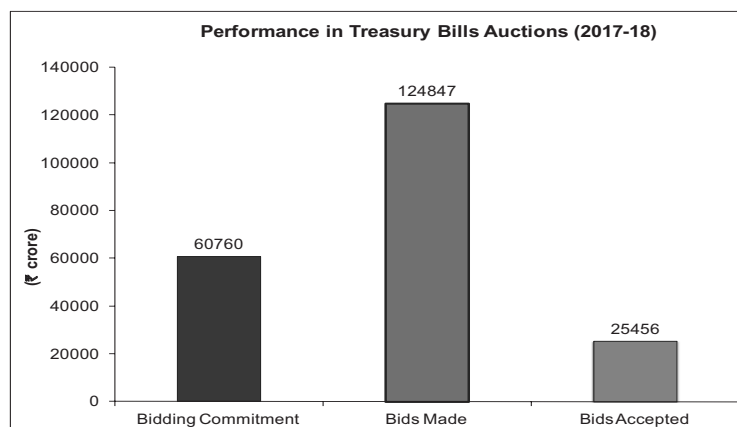
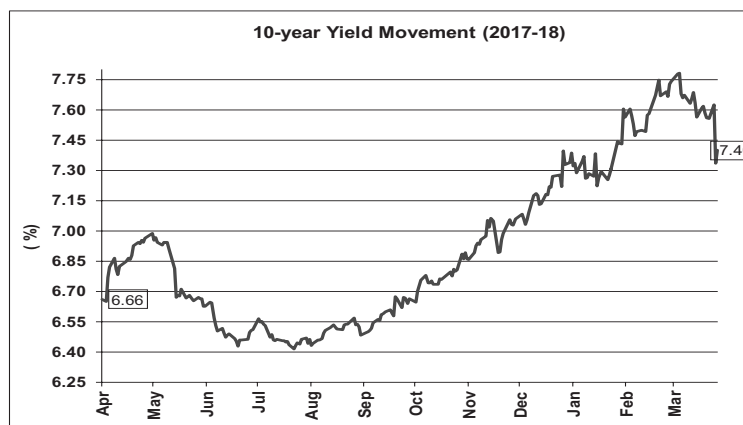
Debt market started the year on positive note by lower inflation data and the 25 bps cut in the repo rate in August 2017, but subsequent inching up of CPI inflation reversed the market expectation and yields hardened for the rest of the year. Domestic factors played a major role in rise of yields like increasing inflation rate, fiscal slippage, concerns over increase in the supply of papers in the form of bank recapitalization bonds, low GST collections and additional borrowing. Internationally, rising crude

prices, Fed rate hikes and initiation of balance sheet normalization added to the uncertainty in the market. Reflecting the above, the yield of government securities remained volatile with an upward bias. The yield on 10 year benchmark paper touched a high of 7.98 per cent as against 6.66 per cent on 31st March 2017. The yield on new 10 year benchmark, issued on 5th January 2018, increased from 7.17 per cent to 7.40 per cent as on 31st March 2018.

COMPANY PERFORMANCE

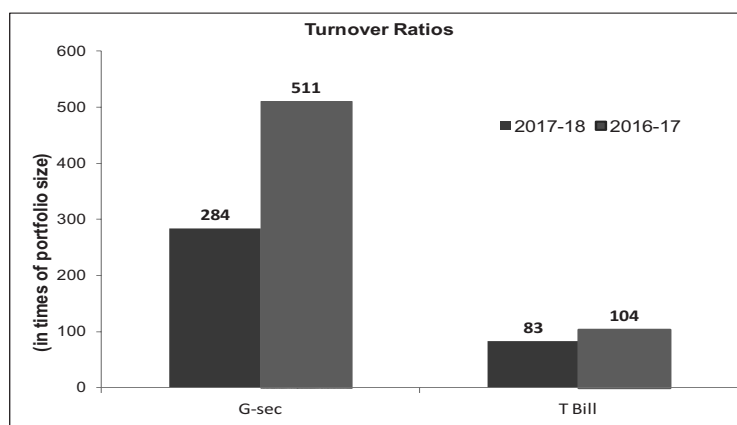
Primary Market

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 ₹ 1.79 crore as against previous year's commission of ₹ 0.87 crore. In treasury bill auctions, during the first half, GOI raised ₹ 5,46,000 crore as against ₹ 3,80,000 crore in the corresponding period of last fiscal. In the second half, GOI raised another ₹ 3,22,000 crore through T-bills as against ₹ 3,11,966 crore raised in corresponding period of last fiscal. The Company submitted bids aggregating to ₹ 1,24,847 crore against the commitment of ₹ 60,760 crore (being 7 per cent of notified amount). Out of this, bids amounting to ₹ 25,456 crore were accepted. Fulfilling its primary market commitment, Company achieved success ratio of 42.48 per cent and 40.91 per cent in H1 and H2 respectively of FY 2017-18, as against the statutory requirement of 40 per cent.



Secondary Market

During FY 2017-18, total secondary market outright turnover stood at ₹ 4,35,528 crore as against ₹ 6,50,459 crore in FY 2016-17. The Central Government security segment recorded the maximum turnover of ₹ 3,50,664 crore followed by SDLs which registered turnover of ₹ 29,713 crore. Treasury bills recorded turnover of ₹ 28,583 crore. Company's total turnover ratio (secondary market) stands at 83 times for treasury bills and 284 times for government-dated securities as on March 31, 2018 against the minimum RBI stipulation of 10 times and 5 times respectively.

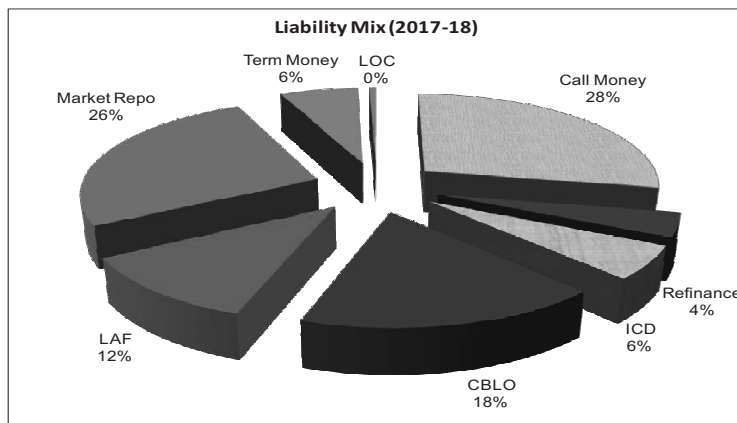


Portfolio Size and Composition

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 ₹ 4472 crore. The daily average holding of G-sec during FY 2017-18 stood at ₹ 2000 crore. Daily average holding in T-bills during the year stood at ₹ 1179 crore whereas the peak holding in T-bills stood at ₹ 2316 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 ₹ 5,482 crore as against ₹ 3,551 crore in FY 2016-17. The average leverage during the year was 6.15 times against 4.46 times in FY 2016-17, while the maximum leverage for the year stood at 8.29 times the NOF. The average cost of funds during the fiscal through Call, CBLO, etc. stood at 6.03 per cent, lower than 6.31 per cent during the last year and the same was about 7 basis points lower than the average overnight MIBOR of 6.10 per cent during the year.



Trading Stance & Financial Performance

During FY 2017-18, the yield on the benchmark 10-year security increased by 74 basis points to close the year at 7.40 per cent. Market remained exposed to intermittent bouts of volatility due to domestic developments as well as uncertainty surrounding the evolution of global financial markets which impacted the market sentiment and liquidity conditions significantly.

During the year, the Company's Profit Before Tax stood at ₹ 55.28 crore as against ₹ 256.54 crore in the previous year. The Net Worth of the company stood at ₹ 880.66 crore as on 31st March 2018. The company is adequately capitalized with capital adequacy ratio of 67.09 per cent as on March 31, 2018, against RBI's minimum stipulation of 15 per cent. Besides, robust risk management systems kept the Company's risk profile in check throughout the year.

Risk Management

Company maintained a balanced composition of securities with an aim to maximize arbitrage income and also with a view to have better trading opportunities. Risk management is a critical element of Company's trading business. The Company's mid-office is primarily responsible for formulating and implementing the risk management policies. Value-at-Risk (VaR), PVBP limits, sensitivity analysis and cut-loss policies form the core of market risk management system. Impact of interest rate movements on the business and earnings profile, is mitigated by operating within a well-defined proactive stop loss limit and value-at-risk (VaR) limit. The company also conducts sensitivity analysis of its portfolio to assess impact of parallel and non-parallel shifts in the yield curve on its earnings profile. Counterparty exposure limits and instrument-wise exposure limits were the primary tools used for managing the credit risk in the business. Similarly, well-established systems and procedures 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 2017-18, 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

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

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREAT ANALYSIS

Strengths and Weaknesses

The Company is the only listed Primary Dealer in the country and has consistently displayed strong financial health during previous years. Company's Net Worth as on 31st March 2018 stood at ₹ 880.66 crore. The Company operates with substantial Capital Adequacy Ratio with comparatively low operational cost. The same stood at 67.09 per cent for the year ended 31st March 2018. 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

Going forward, economic activity is expected to gather pace, benefitting from a conducive domestic and global environment. Credit off-take is becoming increasingly broad-based, which portends well for the manufacturing sector and new investment activity. The process of recapitalization of public sector banks and resolution of distressed assets under the Insolvency and Bankruptcy Code (IBC) may improve the business and investment environment. Global trade has expanded, buoyed by gradually improving global demand and especially, the recovery of investment activity in advanced economies. This should support exports and lessen the drag from net exports.

However, hardening of crude prices due to global factors is a cause of worry for the financial markets in India. Financial markets have become volatile in the recent period mainly due to global factors, and especially the uncertainty relating to trade protectionism and the pace of normalization of monetary policy in advanced economies.

The Company proposes to adopt a cautious approach in trading with swift entry/exit 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 17, 2018

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, 2018, the composition of the Board was as follows –

Sh. Sunil Mehta (DIN: 07430460), Managing Director & Chief Executive Officer – Punjab National Bank (PNB), is the Non-Executive Chairman of the Company. Prior to joining the Bank, he was Executive Director of Corporation Bank. He has over 36 years of rich experience in Banking Industry including agriculture, retail, credit, planning & development and treasury etc. He is also Chairman of PNB Housing Finance Ltd., PNB Investment Services Ltd. and PNB International Ltd. and Director on the Board of PNB Met Life India Insurance Co. Ltd. and India Infrastructure Finance Company Ltd. He is also Council Member of Indian Institute of Banking and Finance.

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 36 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 Tengri Bank, 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 35 years. He was member of Central Council and Standing Committees like Executive Committee and Examination Committee of the Institute of Chartered Accountants of India. Presently, he is Director of Jamuna Dream Estates Pvt. Ltd. and Rajasthan State Mines & Minerals Ltd.

Sh. R. S. Ramasubramaniam (DIN: 00008937), is B.Tech (Mech. Eng) from IIT- Madras and MBA from IIM-Ahmedabad. 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 29 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 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 Director on the Board 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 19 years in the Company in various senior capacities.

Other information regarding the Board as on March 31, 2018 is given below:

Name of the Directors	Category	No. of other Directorships and other Committee Memberships/ Chairmanships ¹		
		Directorships	Committee Memberships	Committee Chairmanships
Sh. Sunil Mehta	Non-Executive/ Non-Independent	6	-	-
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	2	1	-
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, 2018, 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 <https://pnbgilts.com/data/governance/1523273950.pdf>.

2. Performance evaluation of Independent Directors etc.

The Company has devised a policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

3. Meetings of the Board

During the year 2017-18, four Board Meetings were held on May 12, 2017, July 26, 2017, November 8, 2017 and February 1, 2018. The gap between any two meetings never exceeded 120 days as per the requirements of Regulation 17 (2) of the Listing Regulations.

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

Names of Directors	No. of Board Meetings attended	Attended last AGM held on September 16, 2017
Sh. Sunil Mehta	4	No
Sh. K. V. Brahmaji Rao	4	Yes
Dr. Kamal Gupta	4	Yes
Sh. S. K. Soni	4	Yes
Sh. P. P. Pareek	4	Yes
Sh. R. S. Ramasubramaniam	4	Yes
Sh. S. K. Dubey	4	Yes
Smt. Sunita Gupta	4	No

4. Committees of the Board

(A) Audit Committee

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

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

During the year 2017-18, five meetings of the Committee were held on May 12, 2017, July 25, 2017, November 8, 2017, February 1, 2018 and March 26, 2018. 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	3
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 2017-18, four Committee meetings were held on May 12, 2017, July 26, 2017, November 8, 2017 and February 1, 2018. 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	4
Sh. K. V. Brahmaji Rao	Member	4
Sh. P. P. Pareek	Member	4
Sh. R. S. Ramasubramaniam	Member	4

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, participation in meetings, commitment, 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 2017-18, four meetings of the Committee were held on May 12, 2017, July 26, 2017, November 8, 2017 and February 1, 2018.

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, 2018.

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

(D) Corporate Social Responsibility (CSR) Committee

This CSR Committee discharges the role of Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013 which includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company. During the year 2017-18, one CSR Committee meeting was held on February 1, 2018. 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	1
Dr. Kamal Gupta	Member	1
Sh. S. K. Dubey	Member	1

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 2017-18, twenty seven meetings of the said Committee were held on 10th and 24th April, 2017, 8th and 22nd May, 2017, 5th and 19th June, 2017, 3rd, 17th and 31st July, 2017, 14th and 28th August, 2017, 11th and 22nd September, 2017, 6th and 18th October, 2017, 1st, 15th and 24th November, 2017, 8th and 22nd December 2017, 4th and 18th January 2018, 1st, 15th and 28th February, 2018, 14th and 28th March, 2018.

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	27
Dr. Kamal Gupta	Member	27
Sh. R. S. Ramasubramaniam	Member	27
Sh. S. K. Dubey	Member	23

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. 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 2017-18 are as under:

(₹ in lacs)

	Sh. S. K. Dubey Managing Director*	Smt. Sunita Gupta Executive Director & CFO
Salary	42.16	32.281
Perquisites and allowances	1.03	1.51
Company's Contribution to PF	Nil	2.09
Performance Linked Incentive**	39.10	29.25

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

** Above remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2017-18, variable pay of ₹ 39.10 lacs and ₹ 29.25 lacs (Prev. Year: ₹ 7.21 lacs and ₹ 5.40 lacs) was paid to the Managing Director and Executive Director & CFO, at Sl. No. 7 and 8 above, respectively.

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

The tenure of office of Managing Director is upto January 31, 2019 and for Executive Director CFO, the tenure is upto August 31, 2020.

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

The Company pays sitting fee 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 2017-18 is as under:

(in ₹)

Names of the Directors	Sitting Fees**
Sh. Sunil Mehta*	100000/-
Sh. K. V. Brahmaji Rao*	150000/-
Dr. Kamal Gupta	340000/-
Sh. S.K.Soni	315000/-
Sh. P. P. Pareek	220000/-
Sh. R. S. Ramasubramaniam	370000/-

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

** Applicable service tax/GST paid extra.

No other remuneration or stock option is in place.

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 2017-18. 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 Regulation 17(8) read with Para B of the Schedule II of the Listing Regulations.

VII General Body Meetings

Location and time of last three Annual General Meetings (AGM) are as under:

Financial year	Venue	Date and time
2016-17	Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi -110054	September 16, 2017 at 1100 hrs
2015-16		September 17, 2016 at 1100 hrs
2014-15		September 19, 2015 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 two which were passed in the AGMs held 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

a) Related Party Transactions: During 2017-18, the Company did not have any 'materially significant related party transactions', which are considered to have potential conflict with the interests of the Company at large. None of Director is related to each other. The company has formulated a policy on materiality of related party transactions and also on procedure for dealing with such transactions. The said policy is also available on the website of the Company at the link <https://pnbgilts.com/data/governance/1523277954.pdf>.

b) Compliance by the Company: There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

c) Whistle Blower Policy/Vigil Mechanism: The Company has put in place the Whistle Blower Policy (including Vigil Mechanism). The Audit Committee on time-to time basis reviews the functioning of the same and no employee / director has been denied access to the Audit Committee.

d) Commodity price risk or foreign exchange risk and hedging activities: 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. 93.

e) Others

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

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

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

X Means of communication

Print

The Company publishes unaudited quarterly financial results and half-yearly financial results reviewed by Statutory Auditor and audited annual financial results in one national daily newspaper circulating in the whole or substantially the whole of India 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 15, 2018 at 11:00 a.m.
Venue	: Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi 110 075.
Financial Year	: April 1, 2017 to March 31, 2018
Date of Book Closure	: September 8, 2018 to September 15, 2018 (both days inclusive)
Dividend Payment Date	: on or before October 12, 2018.

2. Listing on Stock Exchange

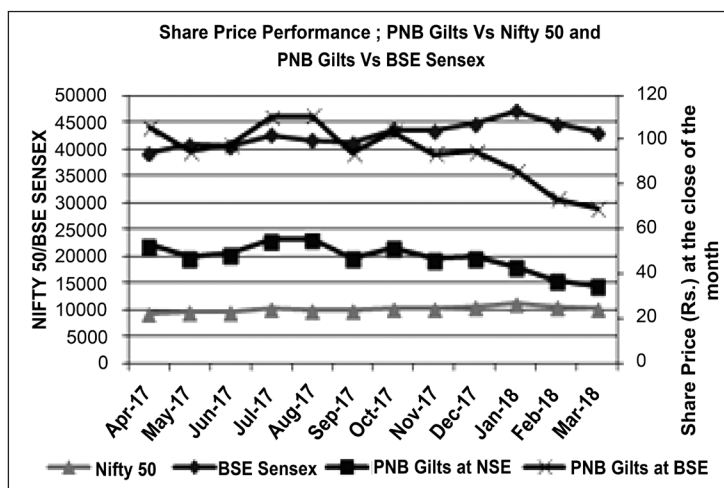
: Listed in September, 2000
BSE Ltd., Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No. C/1, G - Block,
Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

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 2017-18 on the National Stock Exchange of India Ltd. and BSE Ltd. is given as under:

(₹)

Month	NSE		BSE	
	High	Low	High	Low
Apr-17	57.40	52.45	57.30	52.30
May-17	60.00	44.75	60.00	44.75
Jun-17	52.90	47.05	52.70	47.20
July-17	56.95	49.00	56.80	49.05
Aug-17	55.85	49.10	55.85	48.80
Sep-17	57.95	45.90	57.95	45.90
Oct-17	56.70	47.30	56.65	47.10
Nov-17	54.35	46.00	54.40	46.00
Dec-17	48.50	41.20	49.00	42.90
Jan-18	50.20	43.00	50.10	42.55
Feb-18	44.35	34.00	44.45	34.15
Mar-18	39.80	33.60	39.85	33.65



Source : NSE and BSE website

Information on the daily share prices: The quotes can be known from any financial daily like Economic Times, Financial Express, Business Standard, etc. The Company has been marked under group B1 by BSE.

The Stock Code at BSE and NSE is as under:

BSE: 532366

NSE: PNBGILTS

4. 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 dematerialized form:** Shareholders holding shares in electronic/dematerialized mode should address all their correspondence like change of address/bank details, registration of e-mail IDs etc. to their respective depository participants (DPs). The updation of particulars in the records of the DP shall result in automatic updation of records of the Company.
- 8. Share Transfer / Dematerialisation System:** The shares of the Company are traded compulsorily in demat mode. Hence, most of the transfers are executed electronically. However, a few cases of transfer/ transmission are received by the Company/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, 2018**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 500	37356	75.53	5892197	3.27
501-1000	5961	12.05	4838487	2.69
1001-2000	3057	6.18	4724242	2.62
2001-3000	981	1.98	2565995	1.43
3001-4000	452	0.91	1654925	0.92
4001-5000	442	0.89	2108577	1.17
5001-10000	713	1.44	5379274	2.99
10001 and above	498	1.02	152846437	84.91
Total	49460	100.00	180010134	100.00

• **Shareholding pattern as on March 31, 2018**

Particulars	No. of shares held	% of Shareholding
Promoter (PNB)	133333333	74.07
Financial Institutions, Other Banks, Mutual Funds/UTI and Insurance Companies	1108575	0.62
Bodies Corporate, Trust & Foundations and NBFCs	6093035	3.38
Indian Public and Directors	35176005	19.54
NRIs and FPIs	4222202	2.35
Investor Education and Protection Fund Authority	76984	0.04
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, 2018) 99.74 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, 2018 are as follows:

Financial Year	Amt of dividend (₹ Lacs)	Unclaimed Dividend as on 31.3.2018 (₹ Lacs)	Unclaimed dividend Percentage	Last date for making claim*	Last date for making transfer to IEPF
2010-11 (Final Dividend)	1620.09	5.87	0.36	31 st Jul 2018	30 th Aug 2018
2011-12 (Final Dividend)	1350.07	4.89	0.36	30 th Aug 2019	29 th Sep 2019
2012-13 (Final Dividend)	1350.08	5.20	0.39	23 rd Jul 2020	22 nd Aug 2020
2013-14 (Final Dividend)	1620.09	6.88	0.42	1 st Oct 2021	31 st Oct 2021
2014-15 (Final Dividend)	2700.15	12.06	0.45	20 th Oct 2022	19 th Nov 2022
2015-16 (Final Dividend)	1980.11	9.03	0.46	19 th Oct 2023	18 th Nov 2023
2016-17 (Final Dividend)	4500.25	23.95	0.53	16 th Oct 2024	15 th Nov 2024

The details of sale proceeds of fractional entitlements, arising out of bonus issue made in 2013, as on March 31, 2018 are as follows:

	Date of Payment	Total Fractional Entitlement (₹ Lacs)	Unclaimed Fractional Entitlement as on 31.03.2018 (₹ Lacs)	Last date for making claim*	Last date for making transfer to IEPF
Sale proceeds of fractional entitlements, arising out of bonus issue	10 th Sept 2013	1.65	0.32	9 th Sep 2020	10 th Oct 2020

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


In addition, as per above Rules, all the shares, in respect of which dividend has not been claimed by the shareholders for seven consecutive years, will also be transferred to IEPF. During the year 2017-18, the company had transferred 76984 shares to IEPF Authority. The shareholders whose dividend/ shares as transferred to the

IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority <http://iepf.gov.in/IEPFA/refund.html>.

For shares which are due for transfer in FY 2018-19, the Company has already sent a specific communication to the concerned shareholders at their address registered with the Company/Depository Participant, inter alia, providing the details of the shares liable for such transfer and for taking appropriate action. These details are also available on the Company's website (www.pnbgilts.com).

- **Shareholders holding shares under more than one Folio/ Client ID:** This is in the interest of the shareholders who are holding shares under more than one Folio/Client ID that they get their holding consolidated under a single Folio/Client ID. This leads to a better follow-up on their grievances. Further, this will also help in avoiding multiple mailing of the Annual Reports, dividend instruments and other communication(s) to single person. Consolidation also provides convenience in maintaining the track of shares in best and easiest manner.
- **Non-Mandatory Requirements under the Listing Regulations: -**
 1. **The Board**
Chairman of the Board does not maintain his office at the expense of the Company.
 2. **Shareholder Rights**
The financial results are available on the website of the Company (www.pnbgilts.com). Further, the results had also been published in Financial Express and Jansatta or Business Standard - English and Business Standard - Hindi.
 3. **Audit Qualifications**
The Company's financial statements are subject to Statutory and CAG Audit and both the audit reports are unqualified.
 4. **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
DIN: 07430460

Date : July 17, 2018
Place: New Delhi

DECLARATION

To

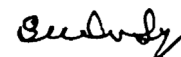
The Members of
PNB Gilts Ltd.
5, Sansad Marg
New Delhi – 110 001

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 2017-18.

For and on behalf of Board of Directors



(S. K. Dubey)

Managing Director

DIN: 01770805

Dated : April 21, 2018
Place : New Delhi

AUDITOR'S CERTIFICATE

To,

The Members of PNB Gilts Ltd.,
5, Sansad Marg.
New Delhi-110001

We have examined the compliance of conditions of Corporate Governance by PNB Gilts Limited for the year ended March 31, 2018, 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.

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



(Devendra Swaroop Mathur)

Partner

Membership No. 082570

Dated : May 19, 2018
Place : New Delhi



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 31st March 2018, 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 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 judgements 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 issued by the Institute of Chartered Accountants of India, as 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 judgements, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial 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 31st March, 2018 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 of India 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:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the aforesaid Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of accounts.
- (d) 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 and the Companies (Accounting Standards) Amendment Rules, 2016.
- (e) On the basis of the written representation received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's 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:
 - i) 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.
 - ii) The company does not have any material foreseeable losses on long term contracts including derivative contracts.
 - iii) The company has transferred Rs 4,59,538/- on 8th September, 2017, being unclaimed final dividend pertaining to financial year 2009-10 to the Investor Education & Protection Fund which was due and supposed to be transferred to Investor Education & Protection Fund by 5th October, 2017. Thus there has been no default in transferring the amounts due and required to be transferred to the Investor Education & Protection Fund.

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)

Date : May 19, 2018
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, 2018). 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:

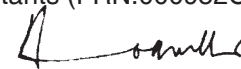
- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has conducted physical verification of its fixed assets on quarterly basis for the head office and yearly for the branch offices. In our opinion, 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) The company’s inventory comprising of Treasury Bills and Dated Government Securities are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified by the management with the confirmation certificates received from Reserve Bank of India on a monthly basis. The stock of other securities held by the Company in de-materialized form with NSDL/SHCIL, is verified by the management with the confirmation certificates received from them on a monthly basis. In our opinion, the frequency of such verification is reasonable. No 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 to 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 the information/explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues to the appropriate authorities.
- (b) In our opinion and according to the information/explanations given to us, the Company has some disputes which have resulted into demands under the Income Tax Act, 1961 which have been not deposited. The details of which are given below:

(₹ in lacs)

Assessment Year	Amount involved (₹ in lacs)	Forum where dispute is pending
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	ITAT
2014-2015 under section 143(3) of the Income tax Act, 1961	277.72	ITAT

- (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)

Date : May 19, 2018
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, 2018)

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

We have audited the internal financial controls over financial reporting of PNB Gilts Ltd. (“the Company”) as of 31st March, 2018 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 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 controls 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.

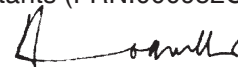
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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)

Date : May 19, 2018

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 2017-18 issued by the Comptroller & Auditor General of India under Section 143 (5) of the Companies Act, 2013.

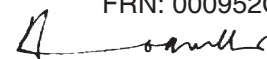
Sr. No.	Area Examined	Observations/Findings
1.	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the areas of freehold and leasehold land for which title/lease deeds are not available.	The Company does not own any freehold or leasehold 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 thereof 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. However, company's inventory comprising of Treasury Bills and dated Government Securities are held in form of SGL account maintained by the Reserve Bank of India. The stock of other securities held by the Company in de-materialized form with NSDL/SHCIL. 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, 2018
- 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 in the meeting of the Board held on April 05, 2017.
- The Company has not accepted any public deposits during the year ended March 31, 2018.
- 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.

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



(Devendra Swaroop Mathur)
Partner
Membership No.082570

Dated: May 19, 2018
Place: New Delhi

Comments of the Comptroller and Auditor General of India

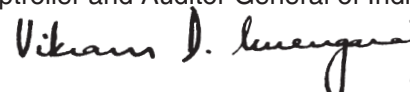
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PNB GILTS LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of PNB Gilts Ltd for the year ended 31 March 2018 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 19 May 2018.

I, on 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 Ltd for the year ended 31 March 2018. 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 auditor's report.

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

A handwritten signature in black ink, reading 'Vikram D. Murugaraj'.

(Vikram D. Murugaraj)

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

Place: New Delhi
Date: 17 July 2018

BALANCE SHEET AS AT 31st MARCH, 2018

(₹ in lacs)

	Note	As at 31.03.2018		As at 31.03.2017	
I. EQUITY & LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2.1	18001.01		18001.01	
(b) Reserves & Surplus	2.2	70125.17	88126.18	71883.99	89885.00
2. Non-Current Liabilities					
(a) Long Term Provisions	2.3	119.40	119.40	104.93	104.93
3. Current Liabilities					
(a) Short Term Borrowings	2.4	436865.40		351392.95	
(b) Trade Payables	2.5	19.98		42.28	
(c) Other Current Liabilities	2.6	1030.19		169.20	
(d) Short Term Provisions	2.7	12419.45	450335.02	14956.41	366560.84
TOTAL			538580.60		456550.77
II. ASSETS					
1. Non-Current Assets					
(a) Fixed Assets	2.8	279.48		301.40	
- Tangible Assets		279.18		299.11	
- Intangible Assets		0.30		2.29	
(b) Non Current Investments	2.9	83507.01		44254.41	
(c) Deferred Tax Assets (Net)	2.10	59.66		47.01	
(d) Long Term Loans & Advances	2.11	1467.11	85313.26	1506.40	46109.22
2. Current Assets					
(a) Inventories	2.12	420034.60		388535.20	
(b) Cash & Bank Balances	2.13	10592.69		93.95	
(c) Short Term Loans & Advances	2.14	51.16		32.82	
(d) Other Current Assets	2.15	22588.89	453267.34	21779.58	410441.55
TOTAL			538580.60		456550.77

Significant Accounting Policies (Note-1) and Notes to Accounts (Note-2), both are forming part of the Financial Statements

For and on behalf of the Board



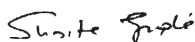
(Sunil Mehta)
Chairman
DIN:07430460



(Kamal Gupta)
Director
DIN:00038490



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

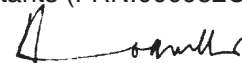


(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants (FRN:000952C)



(Devendra Swaroop Mathur)
Partner (Membership No. 082570)

Date : May 19, 2018

Place : New Delhi

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

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH, 2018


(₹ in lacs)

	Note	For the year ended 31.03.2018		For the year ended 31.03.2017	
I. Revenue From Operations					
(a) Discount Income	2.16				
		7164.44		11614.62	
(b) Interest Income	2.17	32919.36		19759.73	
(c) Trading Income	2.18	723.40		18550.37	
(d) Other Operational Income	2.19	154.05	40961.25	107.00	50031.72
II Other Income	2.19A		32.42		22.75
III. Total Revenue (I+II)			40993.67		50054.47
IV. Expenses					
(a) Interest Expenses	2.20	33072.20		22571.70	
(b) Operating Costs	2.21	467.33		508.51	
(c) Employees Benefits Expenses	2.22	777.08		580.36	
(d) Depreciation & Amortization on Fixed Assets	2.8	48.50		33.55	
(e) Other Expenses	2.23	641.65		522.71	
(f) Corporate Social Responsibility Expenses	2.35	291.56	35298.32	183.53	24400.36
IVA Prior Period Expenses-Office Rent			167.32		-
V. Profit Before Exceptional & Extraordinary Items & Tax (III-IV-IVA)			5528.03		25654.11
VI. Exceptional Items			-		-
VII. Profit Before Extraordinary Items & Tax (V-VI)			5528.03		25654.11
VIII. Extraordinary Items			-		-
IX. Profit Before Tax – (PBT) (VII-VIII)			5528.03		25654.11
X. Tax Expenses					
(a) Current Tax		1879.10		8951.41	
(b) Deferred Tax Adjustment		(12.65)		(2.62)	
(c) Adjustment for earlier years		4.00	1870.45	(12.06)	8936.73
XI Profit (Loss) for the period from Continuing Operations (IX-X)			3657.58		16717.38
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)			3657.58		16717.38
XVI. Earning per Equity (in ₹)					
(a) Basic	2.33		2.03		9.29
(b) Diluted	2.33		2.03		9.29


There are no potential equity shares outstanding. Hence there is no dilution.

Significant Accounting Policies (Note-1) and Notes to Accounts (Note-2), both are forming part of the Financial Statements

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN:07430460

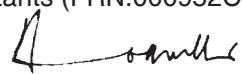

(Kamal Gupta)
Director
DIN:00038490


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


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants (FRN:000952C)


(Devendra Swaroop Mathur)
Partner (Membership No. 082570)

Date : May 19, 2018
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

NOTE - 1

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.

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.

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.

1.2. 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.
- vi) 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.
- vii) 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.
- viii) 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.

- ix) Dividend income is recognized when the shareholders' right to receive payment is established by the reporting date.

1.3. 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.

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

1.4. Valuation of 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. 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.
- viii) All the inventories are recognized in accounts on delivery basis i.e. when the delivery of the same takes place and the same are credited in SGL 1 / Demat account of the company.

1.5. Held To Maturity (HTM) Securities

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 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

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

In conformity with RBI guidelines, securities sold under Repo transactions are not excluded from 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

- 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.
- Transactions in Future Contracts are done as Purchases and Sales at the notional trade value of the contract.
- 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. 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 Company's Board of Directors.

1.10. 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 and actuarial gains/losses are charged to revenue.
- iii) Contribution to recognised provident fund is charged to revenue.

1.11. Property, Plant & Equipment And Depreciation

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.

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. 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.

1.13. Income Taxes And Deferred 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 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".

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.

1.14. 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.

1.15. 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.

1.16. Cash and Cash Equivalents

Cash and Cash Equivalents 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, 2018

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
NOTE 2.1		
SHARE CAPITAL		
Authorised		
50,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 50,00,00,000 Equity Shares of Rs.10/- each)	50000.00	50000.00
Issued, Subscribed and Paid Up:		
18,00,10,134 Equity Shares of Rs. 10/- each fully paid up (Previous Year 18,00,10,134 Equity Shares of Rs.10/- each)	18001.01	18001.01
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 Rs. 10/- each. (Previous Year 13,33,33,333 shares of Rs.10/-each)	13333.33	13333.33
(Shareholding %)	74.07%	74.07%
Shareholding more than 5% details		
Punjab National Bank -13,33,33,333 shares of Rs. 10/- each. (Previous Year 13,33,33,333 shares of Rs.10/-each)	13333.33	13333.33
(Share holding %)	74.07%	74.07%
Reconciliation of the number of Shares:		
Opening Number of shares (Face Value Rs 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 Rs 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 (Previous 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 (Previous 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 (Previous Year: NIL) (c) Aggregate number and class of shares bought back : Nil (Previous 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 (Previous Year: Nil) Calls unpaid (showing aggregate value of calls unpaid by Directors and Officers): Nil (Previous Year: Nil) Forfeited shares: Nil (Previous Year: Nil) 		

(₹ in lacs)

	As at 31.03.2018		As at 31.03.2017	
NOTE 2.2				
RESERVES AND SURPLUS				
General Reserves				
Opening Balance	9776.54	9776.54	9776.54	9776.54
Statutory Reserves (Created pursuant to Section 45IC of Reserve Bank of India Act, 1934)				
Opening Balance	23366.02		20022.54	
Transfer from Statement of Profit and Loss	731.52	24097.54	3343.48	23366.02
Share Premium Account				
Opening Balance	2501.27	2501.27	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	5988.96		3759.25	
Transfer from Statement of Profit and Loss	331.08	6320.04	2229.71	5988.96
Surplus				
Opening Balance	23951.20		12807.01	
Add Current Year Profit	3657.58		16717.38	
Amount Available for Appropriation	27608.78		29524.39	
Appropriations:				
-Capital Reserve	331.08		2229.71	
- Statutory Reserve Fund	731.52		3343.48	
- Dividend of FY 2016-17	4500.25		-	
- Dividend Distribution Tax of FY 2016-17	916.15	6479.00	-	5573.19
Balance Carried Forward to next year		21129.78		23951.20
TOTAL		70125.17		71883.99

- A sum of ₹ 731.52 lacs (P.Y. ₹ 3343.48 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 ₹ 331.08 lacs (P.Y. ₹ 2229.71 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 2017-18, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on March 31, 2018 in this reserve is ₹ 6300 lacs (P.Y. ₹ 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 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 Final Dividend for FY 2016-17 of ₹ 2.50 per equity share of ₹ 10 each amounting to ₹ 4500.25 lacs and Dividend Distribution Tax (DDT) amounting to ₹ 916.15 lacs has been accounted for in the current financial year. The Board of Directors have recommended a Final Dividend of ₹ 1 per equity share amounting to ₹ 1800.10 lacs for FY 2017-18 after the balance sheet date. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the company and therefore Proposed Final Dividend of ₹ 1800.10 lacs and DDT of ₹ 370.02 lacs has not been recognized as a liability as at the balance sheet date.

- Net owned Funds (after deducting Deferred Tax and Intangible Assets) of the Company stands at ₹ 88066.22 lacs (P.Y. ₹ 89835.70 lacs) as against the minimum stipulated capital of ₹ 25000.00 lacs. Return on Average Net Worth for the year 2017-18 stands at 4.11 per cent (P.Y. 20.51 per cent).
- Capital Adequacy Ratios as on June 30, 2017, September 30, 2017, December 31, 2017 and March 31, 2018 were 30.34 per cent (P.Y. 72.02 per cent), 31.94 per cent (P.Y. 82.14 per cent), 38.86 per cent (P.Y. 74.90 per cent) and 67.09 per cent (P.Y. 54.48 per cent) respectively as against RBI stipulation of 15 per cent.

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
NOTE 2.3		
LONG TERM PROVISIONS		
Provision for Employee Benefits	119.40	104.93
(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	89000.00	40000.00
- Term Repo Borrowing	56500.00	-
Pledge of Security Face Value- ₹ 154579.40 lacs and Book Value ₹ 154913.71 lacs (Previous Year Face Value ₹ 40589.90 lacs and Book Value ₹ 40782.00 lacs)		
Refinance from RBI		
Pledge of Security Face Value- ₹ 35109.00 lacs and Book Value ₹ 35110.15 lacs (Previous Year Face Value - NIL and Book Value - NIL)	31831.00	177331.00
		- 40000.00
(b) Unsecured Loans		
Call and Notice Money Borrowing	97800.00	90750.00

(₹ in lacs)

	As at 31.03.2018		As at 31.03.2017	
• From Others				
(a) Secured Loans (Secured by way of pledge of Govt. Securities)				
CBLO Borrowings from CCIL				
Pledge of Security Face Value- ₹ 92070.00 lacs and Book Value ₹ 89833.95 lacs (Previous Year. Face Value ₹ 25470.00 lacs and Book Value ₹ 24965.94 lacs)	82798.19		22634.77	
Repo Borrowing				
Pledge of Security Face Value- ₹ 72148.00 lacs and Book Value ₹ 71689.02 lacs (Previous Year. Face Value ₹ 89392.00 lacs and Book Value ₹ 91204.69 lacs)	71336.21	154134.40	92584.47	115219.24
(b) Unsecured Loans				
Inter Corporate Borrowing		7600.00		-
LOANS AND ADVANCES FROM RELATED PARTIES				
(a) Unsecured Loans (Line of Credit)				
From Punjab National Bank		-		105423.71
TOTAL LOANS REPAYABLE ON DEMAND	436865.40		351392.95	
TOTAL SECURED LOAN	331465.40		155219.24	
TOTAL UNSECURED LOAN	105400.00		196173.71	

During the year, Net Average and Peak borrowings in Call money amounted to ₹ 187601.04 lacs and ₹ 302025.00 lacs respectively. (Previous Year Net Average and Peak borrowings – ₹ 135748.22 lacs and ₹ 303050.00 lacs respectively)

For the year, average and peak leverage ratio stands at 6.15 and 8.29 times respectively (Previous Year average and peak stands at 4.47 and 7.50 times respectively)

(₹ in lacs)

NOTE 2.5				
TRADE PAYABLES				
Stale Cheques	0.03		3.76	
Brokerage Payable	0.69		0.51	
Sundry General	4.47		4.47	
Settlement Charges Payable	14.79	19.98	33.54	42.28
(There are no dues outstanding to organizations covered under MSME)				
TOTAL		19.98		42.28

(₹ in lacs)

	As at 31.03.2018		As at 31.03.2017	
NOTE 2.6				
OTHER CURRENT LIABILITES				
Unclaimed Dividend	67.89		49.08	
TDS & GST Payable	56.34		12.75	
Interest Accrued but not due on Short Term Borrowing	904.73		85.94	
Stale Cheques	3.57		1.30	
Accrual on Interest Rate Swaps	(2.66)		19.81	
Unclaimed Bonus Fractional Entitlement Payable	0.32	1030.19	0.32	169.20
TOTAL	1030.19		169.20	

(₹ in lacs)

NOTE 2.7				
SHORT TERM PROVISIONS				
Provisions – For Employee Benefits	29.67		27.06	
-Other Provisions for expenses	70.47		60.48	
Provision for Interest Rate Swaps	39.60		-	
Provisions for Income Tax	12279.71	12419.45	14868.87	14956.41
TOTAL		12419.45		14956.41

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											
		Gross Block				Depreciation				Net Block	
	Description	As at 01-04-17	Additions during the year	Adjustment/ Deductions during the year	As at 31-03-18	As at 01-04-17	Dep. during the year	Accumulated Dep. On deductions	As at 31-03-18	As at 31-03-18	As at 31-03-17
A	Tangible										
1	Buildings	589.44	-	-	589.44	338.26	12.19	-	350.45	238.99	251.18
2	Office Equipments	51.86	4.97	2.35	54.48	43.15	9.18	2.35	49.98	4.50	8.71
3	Computers	118.40	7.73	2.09	124.04	117.77	3.90	2.09	119.58	4.46	0.63
4	Furniture & Fixtures	132.53	3.91	0.92	135.52	112.65	14.24	0.92	125.97	9.55	19.88
5	Vehicles	33.34	10.41	5.01	38.74	14.63	7.00	4.57	17.06	21.68	18.71
B	Intangible										
1	Computer Software	242.39	-	15.49	226.90	240.10	1.99	15.49	226.60	0.30	2.29
	Total	1167.96	27.02	25.86	1169.12	866.56	48.50	25.42	889.64	279.48	301.40
	Previous Year	1188.12	57.18	77.34	1167.96	907.81	33.55	74.81	866.55	301.40	280.31

Useful life of Intangible Assets is taken as 6 years.

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
NOTE 2.9		
NON CURRENT INVESTMENTS (at Book Value)		
Quoted Investments		
Government Securities- Held To Maturity(HTM) category	83507.01	44254.41
<ul style="list-style-type: none"> Market value of the above stock as on March 31, 2018 was ₹ 79644.74 lacs (Previous Year ₹ 43801.05 Lacs). For basis of valuation, refer to note 1.4. The transactions during the year are given below: 		

(₹ in lacs)

	2017-18		2016-17	
	Face Value	Book Value	Face Value	Book Value
Opening Stock	43377.20	44254.41	63995.80	64046.51
Add: Subscription	87873.10	87126.73	167201.10	171460.03
Transfer to HTM	-	-	-	-
	131250.30	131381.14	231196.90	235506.54
Less: Sale and amortization	48700.00	47874.13	187819.70	191252.13
Transfer From HTM	-	-	-	-
Closing Stock	82550.30	83507.01	43377.20	44254.41
<ul style="list-style-type: none"> Securities amounting to Face Value ₹ 48700.00 lacs were sold directly from the HTM category (Previous Year ₹ 187819.70 lacs) and the company earned a gross profit of ₹ 500.67 lacs (Previous Year ₹ 3394.38 lacs). Balance profit after tax amounting to ₹ 331.08 lacs has been transferred to Capital Reserve Account in accordance with RBI guidelines (Previous Year ₹ 2229.71 lacs). Amortization on HTM category of ₹ 114.34 lacs as on March 31, 2018 (Prev. Year ₹ 79.33 lacs) has been separately provided (refer note no 2.23). 				

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
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	2096.43	2096.62
2. 7.97% TAMIL NADU SDL 14-10-2025	204.40	204.40
3. 7.98% KARNATAKA SDL 14-10-2025	1000.53	1000.60
4. 8.01% PUNJAB SDL 14-10-2025	500.26	500.30
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

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
7. 8.22% WEST BENGAL SDL 09-12-2025	8.60	8.60
8. 8.23% UTTAR PRADESH SDL 09-12-2025	500.27	500.30
9. 7.86% WEST BENGAL SDL 13-07-2026	2001.74	2001.95
10. 7.86% UTTAR PRADESH SDL 13-07-2026	3001.74	3001.96
11. 6.85% RAJASTHAN SDL 30-11-2026	1500.91	1501.01
12. 7.31% MEGHALAYA SDL 23-08-2027	2502.30	-
13. 7.42% PUNJAB SDL 13-09-2027	2506.62	-
14. 7.44% J&K SDL 13-09-2027	2509.92	-
Sub Total – (A)	18701.82	11183.84
B . Central Government Securities		
1. 6.79% GOI 15-05-2027	10653.23	-
2. 7.17% GOI 08-01-2028	4488.90	-
3. 6.79% GOI 26-12-2029	7604.20	-
4. 7.61% GOI 09-05-2030	10827.21	-
5. 6.68% GOI 17-09-2031	7336.51	-
6. 7.73% GOI 19-12-2034	8144.61	-
7. 7.06% GOI 10-10-2046	965.97	-
8. 6.62% GOI 28-11-2051	898.12	-
9. 6.57% GOI 05-12-2033	9555.18	9323.53
10. 6.79% GOI 26-12-2029	-	5116.70
11. 6.84% GOI 19-12-2022	4331.26	7734.83
12. 7.61% GOI 09-05-2030	-	10895.51
Sub Total – (B)	64805.19	33070.57
TOTAL (A + B)	83507.01	44254.41

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
NOTE 2.10		
DEFERRED TAX ASSETS		
For Provision against Leave Liability	52.09	45.68
For Provision against Fixed Assets	7.57	1.33
NET DEFERRED TAX ASSETS	59.66	47.01
Deferred Tax Adjustment	(12.65)	(2.62)

(₹ in lacs)

	As at 31.03.2018		As at 31.03.2017	
NOTE 2.11				
LONG TERM LOANS & ADVANCES				
a) Secured and considered good				
Loans to Staff				
Consumer Loan to staff	0.93		3.69	
Housing Loan to Staff #	126.53		7.11	
# includes loan to Exec. Director & CFO - NIL (Previous Year ₹ 1.05 lacs)				
Vehicle Loan to Staff	18.27	145.73	14.46	25.26
b) Unsecured and considered good				
Security Deposit				
Security Deposit with CCIL	1317.00		1089.00	
F&O Margin Money Deposit	-		40.30	
IRF Margin Money Deposit	-		347.00	
Security Deposit with others	4.38	1321.38	4.84	1481.14
TOTAL		1467.11		1506.40

(₹ in lacs)

NOTE 2.12				
INVENTORIES				
STOCK-IN-TRADE (Book Value)				
Quoted - Non - Hedged				
Treasury Bills – 91 days	10.69		65.80	
Treasury Bills – 182 days	-		11370.69	
Treasury Bills – 364 days	87741.01		25152.82	
Government Securities	192925.03		234457.67	
Certificate of Deposits and Commercial Papers	4983.48		-	
Corporate Bonds & Debentures	101338.60		78117.74	
Equity Shares Investment	128.83	387127.64	209.48	349374.20
Unquoted - Non - Hedged				
Mutual Fund Units		-		26762.76
Quoted - Hedged				
Government Securities		34954.00		7399.94

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
Corporate Bonds & Debentures	-	5001.15
	422081.64	388538.05
Less: Provision for Diminution of Stocks	(2047.04)	(2.85)
TOTAL	420034.60	388535.20

For basis of valuation, please refer accounting policy (note 1.4). Details of securities are given in Annexure to Note 2.12.

Stock-in-Trade includes hedged securities {Book Value – ₹ 34954.00 lacs (Previous Year ₹ 12401.09 lacs) and the market value of the same is ₹ 35145.83 lacs (Previous Year ₹ 12737.90 lacs)} and there is a net provision of - NIL (Prev Year - NIL) for diminution after adjusting the appreciation in Swaps of ₹ 6.56 lacs (Previous Year ₹ 143.18 lacs diminution).

The company is providing custodian services to its constituents and total holdings of 77 (P.Y. 85) constituents in Govt. Securities as at 31.03.2018 in SGL II with RBI is ₹ 3955859.03 lacs (Previous Year ₹ 3575148.21 lacs)

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
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. 11-May-2017	-	30.91
2. 20-Apr-2017	-	34.89
3. 31-May-2018	10.69	-
TOTAL (A)	10.69	65.80
B. 182 Days (maturing on)		
1. 06-Apr-2017	-	3197.27
2. 20-Apr-2017	-	8173.42
TOTAL (B)	-	11370.69
C. 364 Days (maturing on)		
1. 04-Jan-2018	-	16670.84
2. 08-Jun-2017	-	1086.76
3. 09-Nov-2017	-	892.31
4. 12-Apr-2018	2695.26	-
5. 30-Aug-2018	13536.44	-

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
6.	11-Oct-2018	18703.22	-
7.	17-Oct-2018	18785.03	-
8.	13-Dec-2018	16936.58	-
9.	20-Dec-2018	93.96	-
10.	24-Jan-2019	10449.18	-
11.	21-Mar-2019	6541.34	-
12.	15-Feb-2018	-	2670.26
13.	21-Dec-2017	-	1244.18
14.	27-Apr-2017	-	2588.47
TOTAL (C)		87741.01	25152.82
TOTAL (A + B+ C)		87751.70	36589.31
II.	CERTIFICATE OF DEPOSITS		
1.	UJJIVAN SMALL FINANCE BANK LTD CD 10-04-2018	2495.54	-
2.	SOUTH INDIAN BANK LTD 25-04-2018	2487.94	-
TOTAL		4983.48	-
III.	GOVERNMENT DATED SECURITIES		
A .	CENTRAL GOVERNMENT SECURITIES		
1.	7.59% GOI 11-01-2026	-	11985.86
2.	10.03% GOI 09-08-2019	0.05	5.91
3.	8.79% GOI 08-11-2021	-	5.25
4.	8.35% GOI 14-05-2022	-	0.05
5.	7.16% GOI 20-05-2023	7.21	1512.88
6.	8.40% GOI 28-07-2024	-	5381.56
7.	7.68% GOI 15-12-2023	-	3128.73
8.	5.69% GOI 25-09-2018	-	4962.98
9.	6.25% GOI 02-01-2018	-	1498.17
10.	6.62% GOI 28-11-2051	-	3165.62
11.	6.79% GOI 26-12-2029	-	15646.03
12.	6.97% GOI 06-09-2026	-	13260.33
13.	7.40% GOI 09-09-2035	-	1506.57
14.	7.50% GOI 10-08-2034	-	11546.88

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
15.	7.72% GOI 25-05-2025	-	14022.33
16.	7.80% GOI 11-04-2021	25.39	8.16
17.	8.28% GOI 21-09-2027	-	4.15
18.	6.05% GOI 02-02-2019	15919.90	-
19.	6.90% GOI 13-07-2019	12977.43	-
20.	8.35% GOI 14-05-2022	0.05	-
21.	6.30% GOI 09-04-2023	46.36	-
22.	6.17% GOI 12-06-2023	421.69	-
23.	8.83% GOI 25-11-2023	2.04	-
24.	7.35% GOI 22-06-2024	4.81	-
25.	8.20% GOI 24-09-2025	1.98	-
26.	7.73% GOI 19-12-2034	149.99	-
TOTAL (A)		29556.90	87641.46
B.	FLOATING RATE NOTES		
1.	GOI FRN 07-NOV-2024	3379.93	-
TOTAL (B)		3379.93	-
C.	STATE GOVERNMENT SECURITIES		
1.	8.68% KARNATAKA 07-11-2017	-	5038.06
2.	8.50% MAHARASTRA 03-12-2017	-	2531.07
3.	8.43% GUJARAT 10-03-2018	-	1009.26
4.	8.46% MAHARASTRA 12-03-2019	1523.76	1012.30
5.	8.78% HARYANA SDL 23-07-2017	-	2532.71
6.	8.75% HIMACHAL PRADESH SDL 03-10-2017	-	5076.02
7.	8.44% PUNJAB SDL 12-11-2019	-	2500.87
8.	8.12% MAHARASHTRA SDL 13-11-2025	504.87	514.26
9.	6.83% PUNJAB SDL 11-11-2020	5422.30	5422.30
10.	6.90% PUNJAB SDL 11-01-2021	6366.55	6366.55
11.	7.03% GUJARAT SDL 14-09-2018	2007.40	2007.40
12.	7.20% BIHAR SDL 25-01-2027	-	86.91
13.	7.45% GUJARAT SDL 18-02-2019	724.42	222.12
14.	7.55% WEST BENGAL SDL 17-04-2019	-	1010.11
15.	7.59% KARNATAKA SDL 29-03-2027	-	100.00
16.	7.62% ANDHRA PRADESH SDL 29-03-2027	-	2505.25
17.	7.62% TELANGANA SDL 07-03-2026 UDAY	-	5.01

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
18.	7.64% UTTAR PRADESH SDL 29-03-2027	-	57.52
19.	7.64% WEST BENGAL SDL 29-03-2027	-	2948.16
20.	7.67% TAMIL NADU SDL 22-03-2023 UDAY	-	940.00
21.	7.68% MADHYA PRADESH SDL 22-03-2023 UDAY	-	3001.51
22.	7.68% TAMIL NADU SDL 22-03-2026 UDAY	-	940.00
23.	7.69% MADHYA PRADESH SDL 22-03-2026 UDAY	-	3001.81
24.	7.70% TELANGANA SDL 22-03-2023 UDAY	-	1001.41
25.	7.71% TELANGANA SDL 22-03-2026 UDAY	-	1001.91
26.	7.75% RAJASTHAN SDL 23-06-2018 UDAY	-	20192.31
27.	7.78% BIHAR SDL 01-03-2027	-	2013.57
28.	7.78% UTTAR PRADESH SDL 01-03-2027	-	3016.32
29.	7.85% ANDHRA PRADESH SDL 22-07-2019	-	2026.62
30.	7.86% RAJASTHAN SDL 23-06-2019 SPL	-	10190.12
31.	7.90% TAMIL NADU SDL 22-03-2027 UDAY	-	940.00
32.	7.91% MADHYA PRADESH SDL 22-03-2027 UDAY	-	3002.11
33.	7.91% TAMIL NADU SDL 22-03-2024 UDAY	-	940.00
34.	7.92% MADHYA PRADESH SDL 22-03-2024 UDAY	-	3001.51
35.	7.92% TAMIL NADU SDL 22-03-2032 UDAY	-	1738.71
36.	7.92% WEST BENGAL SDL 15-03-2017	-	507.68
37.	7.93% MADHYA PRADESH SDL 22-03-2032 UDAY	-	3002.71
38.	7.93% TELANGANA SDL 22-03-2027 UDAY	-	1002.01
39.	7.94% TELANGANA SDL 22-03-2024 UDAY	-	1001.61
40.	7.95% TELANGANA SDL 22-03-2032 UDAY	-	1002.61
41.	8.01% TAMIL NADU SDL 22-03-2030 UDAY	-	940.00
42.	8.02% MADHYA PRADESH SDL 22-03-2030 UDAY	-	3002.41
43.	8.02% TAMIL NADU SDL 22-03-2025 UDAY	-	940.00
44.	8.03% MADHYA PRADESH SDL 22-03-2025 UDAY	-	3001.81
45.	8.04% TAMIL NADU SDL 22-03-2029 UDAY	-	940.00
46.	8.04% TELANGANA SDL 07-03-2031 UDAY	-	357.97
47.	8.04% TELANGANA SDL 22-03-2030 UDAY	-	1002.41
48.	8.05% GUJARAT SDL 15-06-2026	-	3613.79
49.	8.05% GUJARAT SDL 25-02-2025	-	511.66
50.	8.05% MADHYA PRADESH SDL 22-03-2029 UDAY	-	3002.41
51.	8.05% TAMIL NADU SDL 22-03-2031 UDAY	-	1232.60

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
52.	8.05% TELANGANA SDL 22-03-2025 UDAY	-	1001.71
53.	8.06% MADHYA PRADESH SDL 22-03-2031 UDAY	-	3002.41
54.	8.07% TAMIL NADU SDL 15-06-2026	-	513.51
55.	8.07% TELANGANA SDL 22-03-2029 UDAY	-	1002.31
56.	8.08% TELANGANA SDL 07-03-2029 UDAY	-	9.08
57.	8.08% TELANGANA SDL 22-03-2031 UDAY	-	1002.51
58.	8.10% WEST BENGAL SDL 25-11-2019	817.53	462.66
59.	8.17% HIMACHAL PRADESH SDL 28-02-2028 UDAY	-	37.00
60.	8.24% TAMIL NADU SDL 22-03-2028 UDAY	-	940.00
61.	8.25% MADHYA PRADESH SDL 22-03-2028 UDAY	-	3002.11
62.	8.27% TELANGANA SDL 07-03-2028 UDAY	-	14.18
63.	8.27% TELANGANA SDL 22-03-2028 UDAY	-	1002.11
64.	8.31% UTTAR PRADESH SDL 04-10-2019 SPL	519.66	519.66
65.	8.36% MAHARASHTRA SDL 27-01-2026	-	3668.04
66.	8.38% GUJARAT SDL 22-09-2020	208.60	208.60
67.	8.39% TAMIL NADU SDL 08-09-2020	-	729.83
68.	8.39% WEST BENGAL SDL 08-09-2020	-	521.31
69.	8.40% PUNJAB SDL 08-09-2020	521.47	521.47
70.	8.41% UTTAR PRADESH SDL 08-09-2020	-	834.62
71.	8.42% KARNATAKA SDL 10-11-2020	313.63	313.63
72.	8.44% PUNJAB SDL 10-11-2020	313.84	313.84
73.	8.47% MAHARASHTRA SDL 10-02-2026	-	525.63
74.	8.51% GUJARAT SDL 27-10-2020	52.43	52.43
75.	8.59% UTTAR PRADESH SDL 18-03-2019	517.31	517.31
76.	8.63% UTTAR PRADESH SDL 10-03-2029 UDAY	-	2122.07
77.	8.91% WEST BENGAL SDL 18-07-2022	-	105.40
78.	8.92% TAMIL NADU SDL 08-08-2022	-	211.00
79.	9.02% UTTARAKHAND SDL 21-03-2022	-	105.60
80.	9.25% UTTAR PRADESH SDL 09-11-2021	-	535.97
81.	9.39% KARNATAKA SDL 04-12-2023	-	64.74
82.	7.75% RAJASTHAN SDL 23-06-2018 UDAY	12214.67	-
83.	6.65% TAMIL NADU SDL 14-01-2019	3489.34	-
84.	7.13% ANDHRA PRADESH SDL 23-01-2019	11017.36	-
85.	7.45% ANDHRA PRADESH SDL 18-02-2019	502.16	-

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
86.	7.45% TAMIL NADU SDL 18-02-2019	501.76	-
87.	7.68% PUNJAB SDL 02-03-2019	5032.49	-
88.	7.83% MAHARASHTRA SDL 02-03-2019	504.81	-
89.	8.40% GUJARAT SDL 18-03-2019	508.21	-
90.	8.46% RAJASTHAN SDL 18-03-2019	511.56	-
91.	7.10% WEST BENGAL SDL 05-05-2019	7494.13	-
92.	7.83% ANDHRA PRADESH SDL 24-06-2019	148.99	-
93.	8.14% MAHARASHTRA SDL 23-09-2019	255.08	-
94.	8.27% MAHARASHTRA SDL 07-10-2019	512.51	-
95.	8.03% PUNJAB SDL 25-11-2019	152.81	-
96.	8.05% KARNATAKA SDL 25-11-2019	101.92	-
97.	8.27% GUJARAT SDL 09-12-2019	102.96	-
98.	8.37% PUNJAB SDL 23-12-2019	504.23	-
99.	8.51% GOA SDL 10-03-2020	103.69	-
100.	8.53% MAHARASHTRA SDL 10-03-2020	513.21	-
101.	8.39% ANDHRA PRADESH SDL 25-03-2020	51.24	-
102.	8.57% ANDHRA PRADESH SDL 13-04-2020	152.40	-
103.	8.09% TAMIL NADU SDL 09-06-2020	201.50	-
104.	8.15% GUJARAT SDL 07-07-2020	144.36	-
105.	8.39% MAHARASHTRA SDL 08-09-2020	101.00	-
106.	8.35% GUJARAT SDL 06-10-2020	357.85	-
107.	6.81% MAHARASHTRA SDL 25-10-2020	8571.50	-
108.	6.81% MAHARASHTRA SDL 08-11-2020	21701.14	-
109.	8.40% GUJARAT SDL 24-11-2020	104.21	-
110.	7.07% PUNJAB SDL 28-12-2020	12016.90	-
111.	8.39% TAMIL NADU SDL 05-01-2021	101.00	-
112.	7.78% HIMACHAL PRADESH SDL 07-03-2021	100.62	-
113.	8.39% RAJASTHAN SDL 15-03-2021 UDAY	5221.81	-
114.	8.36% GUJARAT SDL 16-03-2021	104.14	-
115.	7.55% MAHARASHTRA SDL 21-03-2021	1547.70	-
116.	7.75% PUNJAB SDL 13-07-2021	499.91	-
117.	6.94% ODISHA SDL 26-07-2021	12320.10	-
118.	8.69% KERALA SDL 08-02-2022	76.69	-
119.	6.93% MAHARASHTRA SDL 09-08-2022	16423.80	-

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
120.	9.29% PUNJAB SDL 09-10-2023	230.73	-
121.	9.33% UTTAR PRADESH SDL 09-10-2023	1099.66	-
122.	7.70% TAMIL NADU SDL 22-02-2024 UDAY	497.54	-
123.	9.84% ANDHRA PRADESH SDL 26-02-2024	5.37	-
124.	8.19% UTTARAKHAND SDL 09-12-2025	1774.67	-
125.	7.15% MAHARASHTRA SDL 13-10-2026	46.87	-
126.	7.23% TAMIL NADU SDL 14-06-2027	479.61	-
127.	7.18% TAMIL NADU SDL 26-07-2027	478.15	-
128.	8.07% RAJASTHAN SDL 31-01-2028	1009.63	-
129.	8.13% RAJASTHAN SDL 27-03-2028	1502.68	-
130.	8.14% HARYANA SDL 27-03-2028	2373.96	-
131.	7.18% MAHARASHTRA SDL 28-06-2029	6705.81	-
	TOTAL (C)	159988.20	146816.21
	TOTAL (A + B+C)	192925.03	234457.67
IV.	CORPORATE BONDS & DEBENTURES		
A.	PSU - TAXABLE BONDS		
1.	9.81% PFC 07-10-2018	1033.00	-
2.	7.11% NHAI 05-11-2022	2500.00	-
3.	7.47% PFC 16-09-2021	2561.81	2561.81
4.	7.63% PFC 14-08-2026	-	2484.59
5.	8.39% PFC 19-04-2025	-	332.91
6.	9.30% PFC 26-08-2017	-	2555.08
7.	9.81% PFC 07-10-2018	-	1038.94
	TOTAL (A)	6094.81	8973.33
B.	PSU -TAX FREE		
1.	6.32% IRFC 20-12-2017 Tax Free	-	1000.00
2.	6.72% IRFC 20-12-2020 Tax Free	1500.00	1500.00
	TOTAL (B)	1500.00	2500.00
C.	DEBENTURES & OTHERS		
1.	9.75% MAHESH HYDRA POWER CORPN 2022	181.82	227.27
2.	7.35% LIC HSG FIN LTD 16-02-2018	-	5003.16
3.	7.50% HDFC LTD 12-10-2018	-	7500.16
4.	7.51% LIC HSG. FIN LTD 14-08-2018	-	2504.99

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
5.	7.51% LIC HSG FIN LTD 20-11-2018	-	2493.69
6.	7.52% REC LTD. 07-11-2026	-	3466.16
7.	7.54% REC LTD 30-12-2026	-	495.92
8.	7.62% M&M FIN SER LTD 29-06-2018	-	1499.10
9.	7.64% HDB FIN SER LTD 14-12-2018	2508.81	2508.81
10.	7.65% M&M FIN SER LTD 18-01-2019	-	2500.00
11.	7.66% ADITYA BIRLA FIN LTD 18-05-2018	2498.67	2498.67
12.	7.67% HDFC LTD 23-11-2017	-	5012.30
13.	7.76% ADITYA BIRLA FIN LTD 23-11-2018	5005.06	5005.06
14.	7.78% M&M FIN SER LTD. 15-02-2019	-	2500.00
15.	7.90% HDFC LTD 24-08-2026	-	299.31
16.	8.15% HDFC LTD 27-07-2018	2517.10	2517.10
17.	8.30% LIC HSG FIN LTD 27-04-2018	2518.56	2518.56
18.	8.33% ICICI HOME FIN CO. LTD. 09-06-2017	-	2503.70
19.	8.48% M&M FIN SER LTD 30-10-2020	-	2500.03
20.	8.51% M&M FIN SER LTD 14-12-2017	-	2500.00
21.	8.70% RELIANCE HOME FIN LTD 03-01-2020	2480.94	2480.94
22.	8.75% M&M FIN SER LTD 31-07-2017	-	2503.89
23.	9.05% M&M FIN SER LTD 07-11-2017	-	2513.10
24.	9.22% TATA CAP HSG FIN LTD 09-12-2024	-	500.00
25.	9.25% RELIANCE JIO INFOCOMM 16-06-2024	-	1592.68
26.	8.65% IDFC 24.05.2020	999.80	999.81
27.	7.45% HDFC LTD 14-06-2018	3996.98	-
28.	7.20% HDFC LTD 26-06-2018	2493.94	-
29.	8.00% HDFC LTD 22-08-2018	2503.41	-
30.	7.21% HDFC LTD 24-09-2018	4982.60	-
31.	7.85% HDB FIN SER 24-09-2018	2509.09	-
32.	7.06% LIC HOUSING FIN 15-10-2018	2496.89	-
33.	7.33% HDFC LTD 11-12-2018	2489.60	-
34.	7.60% M&M FIN SER 03-06-2019	3512.74	-
35.	7.70% TATA CAPITAL FIN SER LTD 10-07-2019	5000.00	-
36.	7.67% TATA CAPITAL FIN SER LTD 18-07-2019	5000.91	-

(₹ in lacs)

		As at 31.03.2018	As at 31.03.2017
37.	7.28% HDB FIN SER 28-08-2019	4988.33	-
38.	9.05% DEWAN HSG FIN CORP	2519.90	-
39.	7.42% HDB FIN SER 31-10-2019	5000.00	-
40.	7.50% BAJAJ FIN LTD 02-12-2019	4994.82	-
41.	8.61% LIC HSG LTD 11-12-2019	2512.49	-
42.	7.50% HDB FIN SER LTD 03-01-2020	2504.33	-
43.	7.50% BAJAJ FIN LTD 10-08-2020	7512.61	-
44.	7.39% M&M FIN SER 22-12-2020	5000.00	-
45.	7.30% POWER GRID CORP 19-06-2027	5014.39	-
	TOTAL (C)	93743.79	66644.41
	TOTAL (A+B+C)	101338.60	78117.74
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
6.	HINDUSTAN UNILEVER LIMITED	27.75	-
7.	HUDCO	10.84	-
8.	L&T	26.66	-
9.	NTPC LIMITED	8.96	-
10.	TATA CONSULTANCY SER LIMITED	21.48	-
11.	WIPRO LIMITED	23.67	-
12.	YES BANK LIMITED FV-2	9.47	-
	TOTAL	128.83	209.48
VI.	HEDGED SECURITIES		
A.	STATE GOVT SECURITIES		
1.	7.82 % PUNJAB SDL 24-06-2019	47.55	47.55
2.	7.83 % GUJARAT SDL 24-06-2019	98.28	98.28
3.	7.77% PUNJAB SDL 30-07-2019	2351.28	2351.28
4.	7.77% RAJASTHAN SDL 30-07-2019	2401.83	2401.83
5.	8.45% PUNJAB SDL 26-11-2019	2501.00	2501.00

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
6. 6.81% MAHARASHTRA SDL 08-11-2020	10000.00	-
7. 7.56% ANDHRA PRADESH SDL 14-02-2021	2500.75	-
8. 7.55% WEST BENGAL SDL 17-04-2019	15053.31	-
B. 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	34954.00	12401.09
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)	422081.64	388538.05
Less : Diminution in Market Value	2047.04	2.85
STOCK-IN-TRADE*	420034.60	388535.20

* The aggregate carrying value and market value as at March 31, 2018 is ₹ 420034.60 lacs (Prev. Year ₹ 388535.20 lacs).

(i) Govt. Securities pledged for availing LAF/Term Repo – Face Value ₹ 154579.40 lacs – Book Value ₹ 154913.71 lacs (Prev. Year Face Value ₹ 40589.90 lacs and Book value ₹ 40782.00 lacs)

(ii) Govt. Securities pledged with CCIL for availing CBLO borrowing – Face Value ₹ 92070.00 lacs - Book value ₹ 89833.95 lacs (Prev. Year Face Value ₹ 25470.00 lacs and Book value ₹ 24965.94 lacs) & for dealing in Securities Segment Govt. Securities pledged – Face Value ₹ 17400.00 lacs – Book value ₹ 17785.17 lacs (Prev. Year Face Value ₹ 17300.00 lacs and Book value ₹ 17673.56 lacs)

(iii) Govt. Securities pledged for availing RBI Refinance – Face Value ₹ 35109.00 lacs - Book Value ₹ 35110.15 lacs (Prev. Year Face Value - NIL and Book value - NIL)

(iv) Govt. Securities pledged for availing Repo borrowing – Face Value ₹ 72148.00 lacs - Book Value ₹ 71689.02 lacs (Prev. Year Face Value ₹ 89392.00 lacs and Book value ₹ 91204.69 lacs).

The securities mentioned in (i) ,(ii),(iii) and (iv) above were not available for trading as on March 31, 2018, although included in the inventories as on 31.03.2018.

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
NOTE 2.13		
CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
Balance with Reserve Bank of India	22.20	16.96

(₹ in lacs)

	As at 31.03.2018		As at 31.03.2017	
Balance with PNB Current Accounts	14.28	36.48	1.59	18.55
Other Bank Balances				
Balance with Punjab National Bank in Fixed Deposits (maturing within 12 months)	-		13.00	
Balance with other banks in Fixed Deposits (maturing within 12 months- FD amounting to ₹ 488.00 lacs are in the joint name of the company with NSCCL A/C Stock Holding of India Ltd. hence not freely available for use of the company).	10488.00		13.00	
Balance with Scheduled Banks earmarked towards Unclaimed Dividends	67.89		49.08	
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable	0.32	10556.21	0.32	75.40
TOTAL		10592.69		93.95

(₹ in lacs)

NOTE 2.14				
SHORT TERM LOANS & ADVANCES				
Related Parties		-		-
Others (unsecured and considered good)				
MTM F&O with SHCIL	6.38		23.29	
MTM IRF with SHCIL	11.02		8.30	
Advance for Equity purchase	30.76		-	
Festival Loans to Staff*	3.00	51.16	1.23	32.82
*including loan to Company Secretary ₹ 0.50 lacs (Prev. Year - NIL)				
TOTAL		51.16		32.82

(₹ in lacs)

NOTE 2.15				
OTHER CURRENT ASSETS				
A) INTEREST ACCRUED BUT NOT DUE ON				
Government Dated and Approved Securities	5813.23		4517.04	
Bonds and Debentures	4221.47		2585.20	
Cash Deposit with CCIL	4.57		2.88	
Fixed Deposits with Scheduled Banks	351.82	10391.09	0.81	7105.93

(₹ in lacs)

	As at 31.03.2018		As at 31.03.2017	
B) OTHERS				
Prepaid Expenses	17.48		9.44	
Advance Income Tax paid(*)	12180.32	12197.80	14664.21	14673.65
TOTAL	22588.89		21779.58	

(*)The details are as under:

(₹ In lacs)

Advance Income Tax paid	As at 31.03.2018	As at 31.03.2017	Status
FY 2005-06	198.97	198.97	Pending with CIT(A).
FY 2006-07	2.11	2.11	Pending with Assessing officer for rectification.
FY 2008-09	116.49	116.49	Pending with Assessing officer for rectification.
FY 2011-12	94.64	94.64	Department Appeal Pending with ITAT.
FY 2012-13	3.54	3.54	Department Appeal Pending with ITAT.
FY 2013-14	0.68	0.68	Department Appeal Pending with ITAT.
FY 2014-15	0.16	4468.42	Assessment completed u/s 143(1) of I.T. Act, 1961 refund due.
FY 2015-16	1270.76	1270.76	Assessment pending.
FY 2016-17	8951.60	8500.00	Assessment pending.
FY 2017-18	1500.00	-	Assessment pending.
TDS	41.37	8.60	NA
TOTAL	12180.32	14664.21	

(₹ in lacs)

	For the year ended 31.03.2018		For the year ended 31.03.2017	
NOTE 2.16				
DISCOUNT INCOME				
a) Commercial Papers				
Sales & Redemption	2401.34		-	
Add: Closing Stock	-	2401.34	-	-
Less: Purchases	2401.09		-	
Less: Opening Stock	-	2401.09	-	-
TOTAL	0.25		-	

(₹ in lacs)

	For the year ended 31.03.2018		For the year ended 31.03.2017	
b) Certificate of Deposits				
Sales & Redemption	47557.60		145063.67	
Add: Closing Stock	4983.48	52541.08	-	145063.67
Less: Purchases	52448.01		13266.71	
Less: Opening Stock	-	52448.01	130630.12	143896.83
TOTAL		93.07		1166.84
c) Treasury Bills / Cash Management Bills				
Sales & Redemption	2645301.01		2788386.74	
Add: Closing Stock*	87665.35	2732966.36	36589.31	2824976.05
Less: Purchases	2689305.93		2586719.22	
Less: Opening Stock	36589.31	2725895.24	227809.05	2814528.27
TOTAL		7071.12		10447.78
TOTAL (a+b+c)		7164.44		11614.62

*Net of diminution of ₹ 86.35 lacs (Prev. Year - NIL) (except CD & CP).

(₹ in lacs)

NOTE 2.17				
INTEREST INCOME				
Short Term Lending @	449.60		260.33	
Government Dated Securities (\$)	24540.39		14462.76	
Corporate Bonds & Debentures	7537.46		4956.90	
Fixed Deposits	391.91	32919.36	79.74	19759.73
TOTAL		32919.36		19759.73

@ - Interest on Short Term lending includes interest from CBLO Lending of ₹ 10.26 lacs (Prev. Year ₹ 66.21 lacs) and Market Reverse Repo Lending of ₹ 413.09 lacs (Prev. Year ₹ 192.62 lacs)

(\$) - Includes interest income of ₹ 1115.83 lacs on hedged securities/swaps (Prev. Year ₹ 995.69 lacs).

(₹ in lacs)

NOTE 2.18				
TRADING INCOME				
a) Government Securities				
Sales & Redemption	14671736.48		28154566.01	
Add: Closing Stock *	226828.27	14898564.75	241857.61	28396423.62
Less: Purchases	14658422.21		28281695.42	

(₹ in lacs)

		For the year ended 31.03.2018		For the year ended 31.03.2017
Less: Opening Stock	241857.61	14900279.82	97575.58	28379271.00
TOTAL		(1715.07)		17152.62
* Net of diminution of - NIL on hedged securities (Prev. Year - NIL). It also includes diminution of ₹ 23.24 lacs on Central Govt. securities (Prev. Year - NIL) and ₹ 1027.52 lacs on State Govt. securities (Prev. Year - NIL).				
b) Corporate Bonds & Debentures				
Sales & Redemption	1302722.52		1340765.43	
Add: Closing Stock*	100432.55	1403155.07	83118.89	1423884.32
Less: Purchases	1320780.35		1383439.69	
Less: Opening Stock	83118.89	1403899.24	40043.40	1423483.09
TOTAL		(744.17)		401.23
*Net of diminution of ₹ 906.05 lacs (Prev. Year - NIL).				
c) Equity Shares				
Sales	5825.46		2551.35	
Add: Closing Stock*	124.95	5950.41	206.63	2757.98
Less: Purchases	5556.53		2703.12	
Less: Opening Stock	206.63	5763.16	-	2703.12
TOTAL		187.25		54.86
*Net of diminution of ₹ 3.88 lacs (Prev. Year ₹ 2.85 lacs)				
d) Mutual Fund Units				
Sales & Redemption	1178174.37		203443.06	
Add: Closing Stock	-	1178174.37	26762.76	230205.82
Less: Purchases	1148015.26		228976.11	
Less: Opening Stock	26762.76	1174778.02	-	228976.11
TOTAL		3396.35		1229.71
e) Derivatives				
Interest Rate Swaps*	(26.62)		(175.63)	
Interest Rate Futures	(338.80)		(134.44)	
Futures & Options	(35.54)	(400.96)	22.02	(288.05)
TOTAL		(400.96)		(288.05)
TOTAL (a+b+c+d+e)		723.40		18550.37

*Net of diminution of ₹ 39.60 lacs (Prev. Year - NIL)

Securities are valued as per accounting policy (note 1.4)

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 31.03.2018		For the year ended 31.03.2017	
NOTE 2.19				
OTHER OPERATIONAL INCOME				
Underwriting Fees	117.91		68.39	
Commission and Other Fees	22.82		27.08	
Dividend Income from Equity	6.34		4.82	
Others	6.98	154.05	6.71	107.00
TOTAL		154.05		107.00

(₹ in lacs)

NOTE 2.19A				
OTHER INCOME				
Rent	-		0.71	
Profit on sale of Fixed Assets	0.96		7.10	
Miscellaneous Income*	31.46	32.42	14.94	22.75
TOTAL		32.42		22.75

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

(₹ in lacs)

NOTE 2.20				
INTEREST EXPENSES				
Call Notice and Short Term Borrowing	11523.26		8624.69	
CBLO Borrowing	5580.10		3305.78	
Repo Borrowing	8567.69		6416.72	
RBI Borrowing@	5202.52		3654.55	
Overdraft Borrowing	236.40		226.39	
ICD Borrowing	1962.23	33072.20	343.57	22571.70
TOTAL		33072.20		22571.70

(@ - This includes Interest expenses allocated to hedged securities investment ₹ 878.08 lacs (Prev. Year ₹ 782.55 lacs)

(₹ in lacs)

	For the year ended 31.03.2018		For the year ended 31.03.2017	
NOTE 2.21				
OPERATING COSTS				
Brokerage on Securities & Financial Instruments	3.20		3.34	
Financial Information Services	57.20		51.01	
Operating Expenses for Futures & Options	5.78		5.29	
Operating Expenses on Equity	14.83		6.86	
Operating Expenses on IRF	4.69		2.31	
Transaction Charges etc.	380.25		436.80	
Bank Charges	1.38	467.33	2.90	508.51
TOTAL		467.33		508.51

(₹ in lacs)

NOTE 2.22				
EMPLOYEE BENEFIT EXPENSES				
Salaries & Allowances (*)	620.30		406.36	
Contribution to PF & Gratuity Fund	35.67		30.74	
Staff Welfare & Other Establishment Expenses	106.75		129.69	
Staff Recruitment & Training	14.36	777.08	13.57	580.36
TOTAL		777.08		580.36
(*)includes Performance Linked Incentive to employees				

(₹ in lacs)

NOTE 2.23				
OTHER EXPENSES				
Rent on Business Premises(**)	161.75		77.63	
Postage, Telegram, Couriers and Telephone	50.21		49.61	
Travelling, conveyance and Motor Car Expenses	35.84		38.04	
Printing and Stationery	13.00		14.70	
Repairs to Building	22.67		18.02	
Repairs and Maintenance - Others	61.64		67.15	
Internal Audit Fees and Expenses	18.29		16.10	
Legal and Professional Expenses	19.08		14.55	

(₹ in lacs)

	For the year ended 31.03.2018	For the year ended 31.03.2017
Listing Fees	6.67	6.07
Books and Periodicals	2.74	2.56
Workshops and Business Meet	39.40	40.33
Water and Electricity Expenses	15.43	16.48
Insurance Expenses	1.79	2.60
Directors' Sitting Fees	17.49	18.57
Auditor's Remuneration		
-Statutory Audit Fees	8.96	8.73
-Tax Audit Fees	1.86	1.82
-Certification Fees	6.53	6.36
Share Transfer Fees	17.35	16.91
Corporate Membership	6.94	8.67
Advertisement & Publicity	3.12	2.75
Board / Statutory Meeting Expenses	1.87	4.97
Miscellaneous Expenses	7.57	9.50
Amortization of HTM Portfolio	24.46	18.17
	114.34	79.33
TOTAL	641.65	522.71

(**)the increase is due to increase in rentals for Delhi office from ₹ 50/sq ft to ₹ 150/sq ft plus applicable taxes for area of 5672 sq ft.

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 2017-18 (₹ in lacs)

	T-Bills/ CP/CD	Corp. Bonds & Debentures	Govt. Securities	Derivatives	Fixed Deposits	Mutual Fund Comm.	Mutual Fund Units	Unallocated (incl. Equity Shares)	Total
Segment Revenue	7164.44	6763.62	21929.53	642.41	391.91	-	3396.35	705.41	40993.67
Total Allocable Expenses	(6255.89)	(5030.23)	(18393.77)	(888.46)	-	-	(2620.85)	(464.44)	(33653.64)
Segment Results	908.55	1733.39	3535.76	(246.05)	391.91	-	775.50	240.97	7340.03
Less: Unallocable Expenses									(1812.00)
Profit Before Tax									5528.03
Segment Assets	93280.31	105367.33	282153.16	36150.19	10839.82	-	-	129.52	527920.33
Segment Liabilities	78249.82	89136.29	237450.25	35013.29	-	-	-	4.46	439854.11

FY 2016-17 (₹ in lacs)

	T-Bills / CP/CD	Corp. Bonds & Debentures	Govt. Securities	Derivatives	Fixed Deposits	Mutual Fund Comm.	Mutual Fund Units	Unallocated (incl. Equity Shares)	Total
Segment Revenue	11614.62	5241.94	30502.76	1009.14	79.74	0.01	1229.71	376.55	50054.47
Total Allocable Expenses	(8326.86)	(2973.35)	(10002.92)	(790.15)	-	-	(798.35)	(267.19)	(23158.81)
Segment Results	3287.76	2268.59	20499.84	218.99	79.74	0.01	431.36	109.36	26895.66
Less: Unallocable Expenses									(1241.55)
Profit Before Tax									25654.11
Segment Assets	36707.12	80962.81	283884.42	12697.69	26.81	-	26848.92	209.48	441337.25
Segment Liabilities	29078.23	64076.62	224672.06	12423.37	-	-	21248.42	2.85	351501.55

Provision for Diminution has been provided as under:

- Government Securities(including hedged securities) ₹ 1050.76 lacs (Prev Year - NIL)
- Treasury Bills ₹ 86.35 lacs (Prev Year - NIL)
- Equity Investments ₹ 3.88 lacs (Prev Year ₹ 2.85 lacs)
- Corporate Bonds and Debentures ₹ 906.05 lacs (Prev. Year - NIL)
- Trading Swaps ₹ 39.60 lacs (Prev. Year - NIL)

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 & CFO of the company, appointed by the Board of Directors, are working full time with the company.
- Out of the total Eight Directors on the Board of the company as at March 31, 2018, 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 ₹ 17.49 lacs (Prev Year ₹ 18.57 lacs) towards sitting fee, including GST.
- Remuneration paid to Key Management Personnel: (₹ in lacs)

Name	Designation	Current Year	Previous Year
S.K. Dubey	Managing Director	82.29	49.68*
Sunita Gupta	Executive Director & CFO	65.13	42.67*
Monika Kochar	Company Secretary	23.39	16.04

Above remuneration includes performance linked incentive (PLI), which is paid based on the performance of the company and employee in the previous financial year i.e. on deferred basis, as recommended by Nomination & Remuneration Committee and approved by the Board. During FY 2017-18, PLI paid to Managing Director was ₹ 39.10 lacs (Prev. Year ₹ 7.21 lacs), to Executive Director & CFO was ₹ 29.25 lacs (Prev. Year ₹ 5.40 lacs) and to Company Secretary was ₹ 7.50 lacs (Prev. Year ₹ 1.32 lacs).

*Includes an arrears of ₹ 0.58 lacs to Managing Director and ₹ 1.63 lacs to Executive Director & CFO.

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

(₹ in lacs)

NOTE 2.26 – DISCLOSURES ON INTEREST RATE SWAPS

	Hedging Swaps		Trading Swaps	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Notional Principal	65000.00	17500.00	407500.00	NIL
Marked to Market Positions	65006.56	17356.82	407460.40	NIL
Max. of 100 * PV01 observed during the year	625.43	389.77	1028.60	NIL
Min. of 100 * PV01 observed during the year	72.17	146.74	NIL	NIL
Market Risk	In the event of 100 basis points adverse movement in interest rate there will be a negative impact of ₹ 458.03 lacs (Prev. Year ₹ 214.50 lacs) on Hedging Swaps and ₹ 40.96 lacs (Prev. Year - NIL) on Trading Swaps in Swap Book.			

	The losses, which would be incurred if, counter parties fail to fulfill their obligations works out to - NIL (Prev. Year - Nil) The Company's exposure with regard to outstanding swap transactions is limited to banks and CCIL.
Collateral	No Collateral is insisted upon from counterpart
Credit Risk Concentration	₹ 105.06 lacs (Prev. Year ₹ 18.23 lacs)

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

As on March 31, 2018, the total stock (Excluding HTM) of ₹ 420034.60 lacs (Prev. Year ₹ 388535.20 lacs) (Book Value) comprises of –

• Govt. Securities (including T. Bills)	₹ 314493.62 lacs (Prev. Year ₹ 278446.92 lacs)
• Equity Instruments	₹ 124.95 lacs (Prev. Year ₹ 206.63 lacs)
• Money Market instruments	₹ 4983.48 lacs (Prev. Year - NIL)
• Corporate Bonds and Debentures	₹ 100432.55 lacs (Prev. Year ₹ 83118.89 lacs)
• Mutual Fund Units	NIL (Prev. Year ₹ 26762.76 lacs)

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

• AAA rated	₹ 81353.01 lacs (Prev. Year ₹ 72634.22 lacs)
• AA+ rated bonds	₹ 19985.59 lacs (Prev. Year ₹ 10484.67 lacs)
• A1+ rated Bank CDs.	₹ 4983.48 lacs (Prev. Year - NIL)

There is no migration / decline in ratings of these Bonds during the year 2017-18 (₹ in lacs)

S. No.	Issuer	Book Value	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unlisted Securities	Extent of Unrated Securities
1	PSUs	12609.20 (15435.41)	NA	NA	NA	NA
2	FIs	88547.58 (65863.52)	NA	NA	NA	NA
3	Banks	4983.48 (NIL)	NA	NA	NA	NA
4	Other PDs	NIL (NIL)	NA	NA	NA	NA
5	Private Corporates	181.82 (1819.96)	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	906.05 (NIL)	NA	NA	NA	NA
	Total	105416.03 (83118.89)	NA	NA	NA	NA

Figures in brackets relate to FY 2016-17

NOTE 2.28 – CRAR AND RELATED INFORMATION

Sl. No.	Particulars	Current Year	Prev. Year
i)	CRAR (%)	67.09	54.48
ii)	CRAR – Tier I (Capital (%))	67.09	54.48
iii)	CRAR – Tier II (Capital (%))	NA	NA

Interest Rate Swaps

(₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	The Notional Principal of swap agreements	472500.00	17500.00
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	105.06	18.23
iv)	The fair value of the swap book	472466.96	17356.82

Quantitative Disclosures of Interest Rate Swaps for Financial Year 2017-18 are as under:

(₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	a) For Hedging	65000.00	17500.00
	b) For Trading	407500.00	-
ii)	Marked to Market Positions		
	a) Asset (+)	472466.96	17356.82
	b) Liability (-)	-	-
iii)	Credit Exposures	105.06	18.23
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	458.03	214.50
	b) On Trading Derivatives	40.96	-
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	625.43 & 72.17	389.77 & 146.74
	b) On Trading Derivatives	1028.60 & NIL	-

Qualitative Disclosure on risk exposure in derivatives

- Company has a board approved business policy which acts as an exhaustive document comprising of various regulatory and risk limits. Derivatives' trading is guided by this document and is conducted under the ambit of the policies defined in this document.
- The company follows a strict segregation of functional duties across departments. As a consequence, no single individual shall be in a position to consummate (dealing, settlement, valuation and accounting) a derivatives transaction alone by himself/herself.
- The Company measures and monitors risk of its derivatives portfolio using risk metrics such as Value at Risk (VAR), PVBP and stop loss limits. Mid-office calculates and monitors risk management parameters on daily basis and ensures compliance with the policy limits.
- Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties for credit risk mitigation.
- For hedging of Interest Rate Derivative transactions undertaken on the exchanges, Company follows RBI guidelines.

Quantitative Disclosures of Interest Rate Futures & Currency Derivatives for Financial Year 2017-18 are as under: (₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	For Hedging		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-
ii)	Marked to Market Positions (Currency Derivatives)		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
	Marked to Market Positions (Interest Rate Futures)		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
iii)	Credit Exposures		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-
iv)	Unhedged Exposures		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-

Quantitative Disclosures of Exchange Traded Interest Rate Futures for FY 2017-18 are as under: (₹ in lacs)

S.No.	Particulars	Current Year	Prev. Year
i)	Notional Principal Amount of IRF undertaken during the year	86170.69	24247.98
ii)	Notional Principal Amount of IRF outstanding as on 31.03.2018	-	-

iii)	Notional Principal Amount of IRF outstanding and not highly effective	-	-
iv)	Mark-to-market value of IRF outstanding and not highly effective	-	-

The company has not financed any of its parent company products. The company's exposure to Capital Market is in the form of investment in Equity Shares (Details of investment in Equity Shares is given in annexure to note no. 2.12).

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-2017-18										(₹ in lacs)
	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total	
Liabilities										
Borrowings from Banks	225400.00	33331.00	-	16400.00	-	-	-	-	275131.00	
Market Borrowings	154134.40	-	-	-	7600.00	-	-	-	161734.40	
Assets										
Advances / Investments	420034.60	-	-	83507.01	75.50	0.93	18.27	1447.91	505084.22	
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	388535.20	-	-	44254.41	32.82	4.74	19.30	1482.36	434328.83	

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 2017-18 as on March 31, 2018, 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:

	2017-18	2016-17
Attrition Rate (per annum)	5.00%	3.00%
Imputed Rate of Interest (per annum)	7.65%	7.50%
Salary Rise (per annum)	8.00%	10.00%
Remaining Working Life (in years)	20.30	21.78
Mortality Rate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate

(₹ in lacs)

b) Changes in the present value of the Obligations

	2017-18	2016-17
Present Value of obligations at the beginning of the I.V.P.	131.99	116.97
Interest Cost	8.06	6.10
Current Service Cost	38.83	36.82
Benefits Paid	(48.93)	(79.63)
Actuarial (Gain) / Loss on obligation	19.12	51.73
Present Value of obligations at the end of the I.V.P.	149.07	131.99

(₹ in lacs)

c) Short Term Obligations

	2017-18	2016-17
Short Term Obligations	29.67	27.06

(₹ in lacs)

d) Fair Value of Plan Assets:

	2017-18	2016-17
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	(48.93)	(79.63)
Fair Value of Plan Assets at the end of the I.V.P.	NIL	NIL
Present Value of obligations at the end of the I.V.P.	149.07	131.99
Funded Status	(149.07)	(131.99)

(₹ in lacs)

e) Amount to be recognized in the Balance Sheet:		
	2017-18	2016-17
Present Value of obligation at the end of the I.V.P.	149.07	131.99
Fair Value of Plan Assets at the end of the I.V.P.	NIL	NIL
Funded Status	(149.07)	(131.99)
Unrecognized Actuarial (Gain) / Loss at the end of the I.V.P.	NIL	NIL
Net Asset / (Liability) Recognized in the Balance Sheet *	149.07*	131.99*
*including short term liability of ₹ 29.67 lacs (Prev. Year ₹ 27.06 lacs) as given in (c)		

(₹ in lacs)

f) Expenses Recognized in the Statement of Profit and Loss:		
	2017-18	2016-17
Current Service Cost	38.83	36.82
Interest Cost	8.06	6.10
Expected Return of Plan Assets	NIL	NIL
Actuarial (Gain) / Loss recognized in the I.V.P.	19.12	51.73
Expenses recognized in the Statement of Profit and Loss	66.01	94.65

NOTE 2.32 – OTHERS

- Tax deducted at source on the interest, miscellaneous income and commission and fees during the financial year 2017-18, amounted to ₹ 41.36 lacs (Prev. Year ₹ 8.60 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 (Prev. Year - 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 (Prev. Year - 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, 2018 and also as on March 31, 2017.
- 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.

NOTE 2.33 – EARNINGS PER SHARE (EPS)

Particulars	2017-18	2016-17
Net Profit After Tax (Numerator) (₹ in lacs)	3657.58	16717.38
Weighted Average Number of Equity shares (Denominator) (₹ in lacs)	1800.10	1800.10
Basic and Diluted Earnings Per Share (in ₹)	2.03	9.29
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	2017-18	2016-17	Forum where pending
2010-2011 under section 143(3) of the Income tax Act, 1961	-	46.39	ITAT has decided the case in favour of the Company. The Company has filed an application in the office of Assessing Officer to give Appeal Effect to the order of 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	ITAT
2010-2011 under section 271(1)(c) of the Income tax Act, 1961	-	3.86	CIT(A) has decided the case in favour of the Company. The Company has filed an application in the office of Assessing Officer to give Appeal Effect to the order of CIT(A).
2014-2015 under section 143(3) of the Income tax Act, 1961	277.72	277.72	ITAT
TOTAL	839.55	889.80	

NOTE 2.35 – Details of Corporate Social Responsibility expenses:

(a) Gross amount required to be spent by the company during the year is ₹ 291.56 lacs (Prev. Year ₹ 183.53 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)	291.56 (Prev. Year 183.53)	NIL	291.56 (Prev. Year 183.53)


NOTE 2.36 – 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

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN:07430460



(Kamal Gupta)
Director
DIN:00038490


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


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants (FRN:000952C)


(Devendra Swaroop Mathur)
Partner (Membership No. 082570)

Date : May 19, 2018
Place :New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

(₹ in lacs)

	As at 31.03.2018	As at 31.03.2017
PROFIT AS PER STATEMENT OF PROFIT AND LOSS BEFORE EXCEPTIONAL & EXTRAORDINARY ITEM & TAX	5528.03	25654.11
Adjustment for		
Add: Depreciation of Fixed Assets	48.50	33.55
Addl. Long Term Provision for Employee Benefits	14.48	8.31
Loss/(Profit) on Sale of Fixed Assets	(0.96)	(7.10)
Less: Discount & Interest Received	(40083.80)	(31374.35)
Dividend Received	(6.34)	(4.82)
Add: Interest Paid	33072.20	(6955.92)
Operating Profit Before changes in Operating Activity	(1427.89)	16881.40
CASH FLOW FROM THE OPERATING ACTIVITY		
Add: Discount & Interest Received	40083.80	31374.35
Dividend Received	6.34	4.82
Less: Interest Paid	(33072.20)	7017.94
Adjustment for Changes in Operating Activity		
Decrease/ (Increase) in Long Term Advances	39.28	(477.74)
Decrease/ (Increase) in Current Inventory	(31499.40)	107522.97
Decrease/ (Increase) in Short Term Advances	(18.34)	233.71
Decrease/ (Increase) in Other Current Assets	(3293.20)	(2904.03)
Increase / (Decrease) in Trade Payables	(22.30)	6.52
Increase / (Decrease) in Current Liabilities	860.99	(122.13)
Increase / (Decrease) in Short Term Provisions	52.21	(33880.76)
CASH GENERATED FROM OPERATIONS	(28290.71)	129965.40
Less : Net Tax paid		
Tax Refund	-	-
Taxes Paid	(1988.36)	(1988.36)
(A) Net Cash Flow from Operating Activities*	(30279.07)	121288.25
CASH FLOW FROM THE INVESTING ACTIVITY		
Adjustment for Changes in Investing Activity		
Sale Proceeds of Fixed Assets	1.40	9.63
Decrease/(Increase) in Non-Current Investment-HTM	(39252.60)	19792.10
Purchase of Fixed Assets	(27.03)	(39278.23)
(B) Net Cash Flow from Investing Activities	(39278.23)	19744.55
CASH FLOW FROM THE FINANCING ACTIVITY		
Adjustment for Changes in Financing Activity		
Increase / (Decrease) in Secured/Unsecured Loans	85472.44	(140674.66)
Dividend Distribution including Div. Distribution Tax	(5416.40)	80056.04
	(2383.22)	(143057.88)


(₹ in lacs)

(C) Net Cash Flow from Financing Activities	80056.04	(143057.88)
CONSOLIDATED CASH FLOW DURING THE YEAR (A+B+C)	10498.74	(2025.08)
Cash & Cash equivalent at the beginning of the year	93.95	2119.03
CASH & CASH EQUIVALENT AT THE END OF THE YEAR	10592.69	93.95
Balance with Reserve Bank of India	22.20	16.96
Balance with PNB Current Accounts	14.28	1.59
Balance with Punjab National Bank in Fixed Deposits (maturing within 12 months)	-	13.00
Balance with Other Bank in Fixed Deposits (maturing within 12 months) (not available for use of the company)	10488.00	13.00
Balance with Scheduled Banks earmarked towards Unclaimed Dividends (not available for use of the company)	67.89	49.08
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 Rs. 291.56 lacs (P.Y. 183.53 lacs) towards CSR activities in Prime Minister's National Relief Fund.

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

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN:07430460

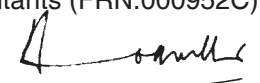

(Kamal Gupta)
Director
DIN:00038490


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


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants (FRN:000952C)


(Devendra Swaroop Mathur)
Partner (Membership No. 082570)

Date : May 19, 2018

Place :New Delhi

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

SCHEDULE TO THE BALANCE SHEET OF A NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY

[as required in terms of para 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 2007]

(₹ in lacs)

Particulars		
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	7600.00	—
(e) Commercial Paper	—	—
(f) Other Loans (specify nature)	436865.40	—
Secured Loans		
1 Borrowings from RBI	177331.00	—
2 CBLO Borrowings	82798.19	—
3. Repo Borrowing	71336.21	—
4. Overdraft Borrowing	—	—
Unsecured Loans		
1 Call Money Borrowings	97800.00	—
2. Line of Credit from PNB	—	—
* 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	145.73	—
(b) Unsecured	1372.54	—
(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	—	—

(₹ in lacs)

(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	128.83	(Market Value ₹ 124.94 lacs)
(b) Preference	—	
(ii) Debentures and Bonds	101338.60	(Market Value ₹ 100432.57 lacs)
(iii) Units of mutual funds	—	
(iv) Government Securities	315630.73	(Market Value ₹ 314685.45 lacs)
(v) Others (Please specify) CDs	4983.48	(Market Value ₹ 4983.48 lacs)
2. Unquoted :		
(i) Shares : (a) Equity	—	
(b) Preference	—	
(ii) Debentures and Bonds	—	
(iii) Units of Mutual Funds	—	
(iv) Government Securities	—	
(v) Others (please specify)	—	
Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity	—	
(b) Preference	—	
(ii) Debentures and Bonds	—	
(iii) Units of mutual funds	—	
(iv) Government Securities	83507.01	(Market Value ₹ 79644.74 lacs)
(v) Others (Please specify)	—	
2. Unquoted :		
(i) Shares : (a) Equity	—	

(₹ in lacs)

(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of Mutual Funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
TOTAL :	505588.65

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

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

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

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

(Please see note 3 below)

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	—	—
(b) Companies in the same group	—	—
(c) Other related parties	—	—
2. Other than related parties	499871.18	505588.65
TOTAL :	499871.18	505588.65

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


(7) Other Information

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

Notes :

- 1 As defined in paragraph 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- 3 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



(Kamal Gupta)
Director
DIN:00038490


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


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Monika Kochhar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For Kapoor Tandon & Co.
Chartered Accountants (FRN:000952C)


(Devendra Swaroop Mathur)
Partner (Membership No. 082570)

Date : May 19, 2018
Place :New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

FINANCIALS AT A GLANCE

FINANCIAL PARAMETERS

	2017-18 (%)	2016-17 (%)	2015-16 (%)
Financial Performance			
Interest Income/ Total Income	97.78	62.68	104.56
Trading Income/ Total Income	1.76	37.06	(4.92)
Other Income/ Total Income	0.45	0.26	0.36
Interest Expense/ Total Income	80.68	45.09	80.26
Interest Expense/ Total Expense	93.25	92.51	94.41
Establishment Expense/ Total Expense	2.19	2.38	1.87
Admn and other Expense/ Total Expense	4.09	5.12	3.73
PBT/ Total Income	13.49	51.25	14.99
PAT/ Total Income	8.92	33.40	10.04
Human Assets			
Security Turnover per employee (₹ Crore)	13149.56	19604.77	11822.49
Profit before tax per employee (₹ crore)	1.54	7.33	1.47
Average Age of the employees (years)	40.00	38.00	38.00
Per Share Data			
Earnings Per Share (₹)	2.03	9.29	1.92
Cash Earnings Per Share (₹)	3.22	9.22	2.93
Book Value Per Share (₹)	48.92	49.91	40.62
Price Earnings, end of year (₹)	17.04	5.71	13.15
Price/ Cash Earnings, end of year (₹)	10.75	5.75	8.62
Price/ Book Value, end of year (₹)	0.71	1.06	0.62
Dividend Per Share (₹)	1.00	2.50	1.10

Financials: Last 10 Years

(₹ in Crore)

Financials \ Financial Year	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
INCOME	112.47	101.73	103.09	165.30	288.65	346.26	410.01	343.42	500.54	409.94
I Interest & Discount on Securities	135.92	121.21	108.19	175.28	244.37	304.12	332.91	359.06	313.74	400.84
II Profit on Sale of Securities	(31.10)	(30.78)	(11.28)	(14.51)	40.06	31.41	75.85	(16.90)	185.50	7.23
III Other Income	7.65	11.30	6.18	4.53	4.22	10.73	1.25	1.26	1.30	1.87
EXPENDITURE	74.35	45.70	59.05	135.66	199.88	255.56	277.47	291.95	244	354.66
I Interest Expenses	67.12	34.57	51.57	125.67	188.65	242.67	260.51	275.62	225.72	330.72
II Operating Expenses	6.78	6.83	6.56	9.08	10.53	12.34	16.03	15.86	17.94	23.45
III Depreciation on fixed assets	0.45	0.46	0.91	0.91	0.70	0.55	0.93	0.47	0.34	0.49
IV Bad debts written off		0.02	0.01							
Prov. Against overdue call lending		3.82								
PROFIT BEFORE TAX	38.12	56.03	44.04	29.64	88.77	90.70	132.55	51.47	256.54	55.28
Less Prov. / (Release) for Taxation	13.63	19.33	13.47	8.59	27.52	29.32	44.28	16.98	89.37	18.70
PROFIT AFTER TAX	24.49	36.70	30.58	21.05	61.25	61.38	88.27	34.50	167.17	36.58
PAID UP CAPITAL	135.01	135.01	135.01	135.01	135.01	180.01	180.01	180.01	180.01	180.01
RESERVES	404.68	425.59	437.28	442.64	488.08	485.51	541.00	551.67	718.84	701.25
NET WORTH	538.48	557.76	568.92	574.69	620.08	662.53	718.06	731.22	898.36	880.66
Turnover (Primary + Secondary)	62187	63726	87858	249382	241137	344239	511329	413787	686167	473384
Dividend(%)	8	10	12	10	10	9	15	11	25	10

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 22nd Annual General Meeting (AGM) of members of PNB Gilts Limited will be held on Saturday, September 15, 2018, at 11:00 a.m. at Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi 110 075, to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend of ₹ 1/- per Equity Share for the year ended March 31, 2018.
3. To appoint a Director in place of Smt. Sunita Gupta (holding DIN: 06902258), who retires by rotation and being eligible, offers herself for reappointment.
4. To authorize Board of Directors to fix remuneration of the Statutory Auditor(s) of the Company appointed by the Comptroller and Auditor General of India for the financial year 2018-19 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 2018-19.”

By Order of the Board of Directors

June 21, 2018


(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. **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**
2. **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 8, 2018 to Saturday, September 15, 2018 (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 2017-18, if declared at the 22nd AGM of the Company.
6. The Transfer Deed(s) along with Share Certificate(s) received upto Friday, September 7, 2018 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 2017-18.
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 7, 2018 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 7, 2018, 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 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 Directors is related to the other.
14. Electronic copy of the Annual Report for 2017-18 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 2017-18 is being sent through the permitted mode.
15. Electronic copy of the Notice of the 22nd 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 22nd 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 through the permitted mode.
16. Members may also note that the Notice of the 22nd AGM and the Annual Report for 2017-18 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. 117. 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 Agent, 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. 118. 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 22nd 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. In case, a member cast vote through remote e-voting and also through ballot paper, vote cast through remote e-voting shall only be considered as valid.
- IV The remote e-voting period commences on September 11, 2018 (9:00 a.m.) and ends on September 14, 2018 (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 8, 2018, 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 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 nitesh@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
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- (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 downloads 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 User 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 8, 2018.

- 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 8, 2018 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/STA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password?” option available on www.evoting.nsdl.com or contact NSDL at the toll free no.: 1800-222-990.

- 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. Nitesh Latwal, Practising Company Secretary bearing CP No. 16276 or in his absence/non-availability, Mr. Ankit Singhi, Practising Company Secretary bearing CP No. 16274 will act as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- 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 Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.

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.

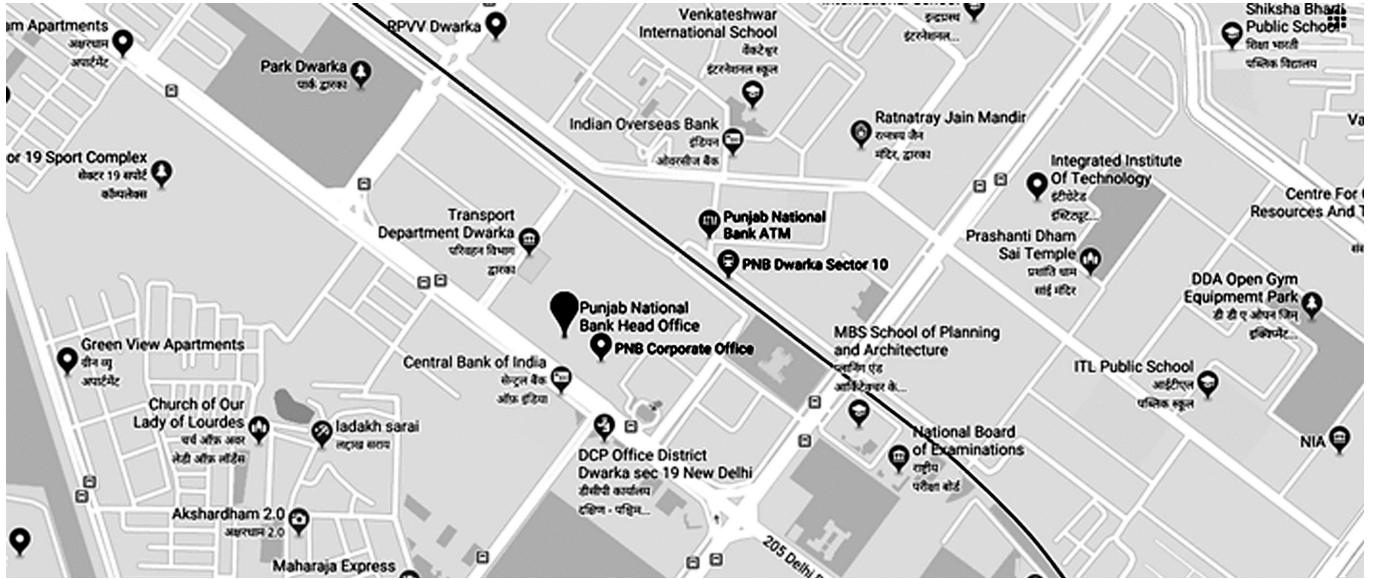
ANNEXURE TO NOTICE – ITEM NO. 3

PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS, THE BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED/ RE-APPOINTED ARE AS UNDER:

Name of Director	Smt. Sunita Gupta
Date of Birth (Age)	18/08/1957 (60)
Nationality	Indian
Date of first Appointment on Board of Company	26/06/2014
Qualifications	M.A.(Eco.), CAIIB
Experience/Expertise in Specific functional Area	She is having vast experience in treasury operations. She has served as an Economist in PNB for around 17 years and having an experience of 19 years in the Company in various senior capacities in treasury operations.
Directorship held in other Companies	Nil
Chairperson / Member of the Committee of the Board of Directors of the Company	Nil
Membership/ Chairmanship of Committee of other Companies	Nil
Number of Board/ Committee Meetings attended during the year	She attended all the four Board meetings held during the financial year 2017-18.
Number of Shares Held	Nil
Terms & Conditions of Appointment/Reappointment	The Whole-time Director shall be vested with powers of management of the Company subject to the supervision and control of the Board of Directors and shall also perform such duties and services as shall be entrusted to her, from time to time, by the Board and the Managing Director of the Company. The remuneration of Smt. Sunita Gupta shall be governed by the provisions / service regulations of the Company as applicable to the Whole-time Director / Executive Director of the Company and any modifications, revision therein that may take place from time to time, subject to the limits prescribed under Section 197 and Schedule V of the Companies Act, 2013. In addition, the Whole-time Director may be paid performance linked incentive, as may be decided by the Board of Directors from year to year, based on achievement of performance parameters, as may be determined by the Board of directors or a Committee thereof from time to time. The Whole-time Director shall not be entitled to sitting fees for attending the meetings of the Board of Directors of the Company or any committee or sub-committee thereof. She will be liable to retire by rotation.
Remuneration last drawn	For remuneration paid in FY 2017-18, refer page no. 28.
Relationship with other Directors, Manager and KMPs of the company	Nil

ROUTE MAP TO THE AGM VENUE

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



Landmark : Near WelcomHotel, Dwarka

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

E-COMMUNICATION REGISTRATION FORM*

(For Shareholders Holding Shares in Physical Form)

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

Dear Sir,

REG : Green Initiative in Corporate Governance

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

Folio No. :

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

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

Registered Address (In Block Letters) :

Contact No. (In Block Letters) :

E-mail ID :

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

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

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

Important Notes :

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

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 15 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 bank "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 22nd Annual General meeting of the Company to be held on Saturday, the 15th day of September, 2018 at 11:00 a.m. at Punjab National Bank, Head Office, Plot No.4, Sector 10, Dwarka, New Delhi-110075 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	For	Against
Ordinary Business			
1	Adoption of financial statements of the Company for the year ended March 31, 2018, and the Reports of the Directors' and Auditors' thereon.		
2	Declaration of final dividend of ₹ 1/- per Equity Share for the year ended March 31, 2018		
3	Appointment of Director in place of Smt. Sunita Gupta (DIN: 06902258), who retires by rotation and being eligible, offers herself for reappointment.		
4	Authorization to Board of Directors to fix the remuneration of the Statutory Auditor(s) of the Company as and when appointed by the Comptroller and Auditor General of India for FY 2018-19		

Signed this day of, 2018

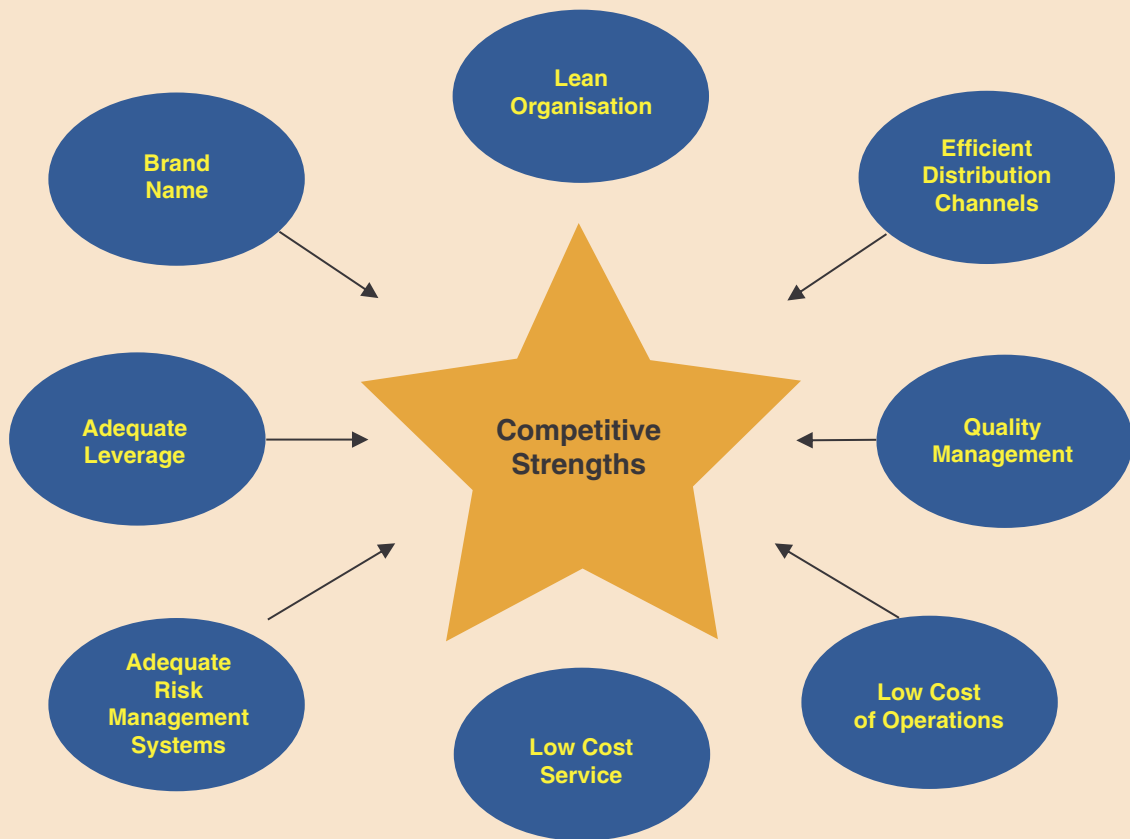
Signature of Member: Signature of Proxy holder(s):

Affix Revenue
Stamp (not
less than
₹ 0.15)

Notes:

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

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



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 22ND ANNUAL GENERAL MEETING

Date : Saturday, 15th September, 2018
Time : 11-00 a.m.
Place : Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi-110075

ATTENDANCE SLIP

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

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

Signature of the Shareholder / Proxy/ Representative present X_____

**PNB Gilts Ltd.
ENTRY PASS**

(To be retained throughout the meeting)

ANNUAL GENERAL MEETING : Saturday, 15th September, 2018. 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, 15th September, 2018. 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)	USER ID	PASSWORD

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

ADDENDUM TO NOTICE



PNB Gilts Ltd.

Regd. Office : 5, Sansad Marg, New Delhi - 110 001

Tel : 011-23325759, 23325779, **Fax :** 011-23325751, 23325763

Website - www.pnbgilts.com, **E-mail ID -** pnbgilts@pnbgilts.com

CIN : L74899DL1996PLC077120

The shareholders are hereby informed that the Board of Directors has appointed Sh. Ashok Kumar Pradhan, General Manager and Group Chief Risk Officer, Punjab National Bank as Additional Director w.e.f. August 10, 2018 in place of Sh. K.V.Brahmaji Rao, Director.

Subsequently, the Board has appointed Sh. Satish Kumar Kalra as Independent Director of the Company for a term of 5 years w.e.f. September 15, 2018, (i.e. date of AGM) subject to approval of shareholders in the General Meeting.

Accordingly, an addendum to the Notice of 22nd Annual General Meeting (AGM) of PNB Gilts Limited is hereby given for appointment of Sh. Ashok Kumar Pradhan as Director and Sh. Satish Kumar Kalra as Independent Director of the Company in the ensuing 22nd Annual General Meeting (AGM) of the Company, scheduled to be held on Saturday, September 15, 2018 at 11.00 a.m. at Punjab National Bank, Head Office, Plot No.4, Sector 10, Dwarka, New Delhi-110075. Following resolutions for the above said appointments will be taken up for consideration of the members in the AGM, as part of the Special Business of the AGM, in the form of ordinary resolutions, as set forth below:

SPECIAL BUSINESS:

5. To appoint Sh. Ashok Kumar Pradhan (DIN:06777880), 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) and subject to any permissions, approvals as may be required, Sh. Ashok Kumar Pradhan (DIN:06777880), General Manager and Group Chief Risk Officer of Punjab National Bank, who has been appointed as an Additional Director of the Company by the Board of Directors with effect from August 10, 2018 in terms of Section 161(1) of the Companies Act, 2013 and Articles of Association of the Company, and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, whose office shall be liable to retire by rotation.”

6. To appoint Sh. Satish Kumar Kalra (DIN: 01952165), as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and any other applicable law, if any and subject to other permissions, approvals as may be required, Sh. Satish Kumar Kalra (DIN: 01952165), be and is hereby appointed as an Independent Director of the Company for a term of 5 years with effect from the date of this annual general meeting, whose office shall not be liable to retire by rotation.”

RESOLVED FURTHER THAT Board of Directors of the Company and/ or a Committee thereof be and is hereby authorized to severally do or cause to be done all such acts, matters, deeds and things, as may be necessary or desirable for the purpose of giving full effect to this resolution including issuance of formal letter of appointment to the appointee.”

By Order of the Board of Directors



(Monika Kochar)
Company Secretary
FCS 6514

August 10, 2018

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

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”), which sets out details relating to Special Business to be transacted at the AGM, is annexed hereto.

2. Documents, if any, referred to this Addendum to the Notice may be inspected at the Registered-cum-Corporate-cum- Head Office of the Company on all working days (except Saturday) during normal business hours between 9.30 a.m. to 5.30 p.m. and also during the AGM.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. **The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.**

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

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

4. Additional Proxy Form : An additional Proxy Form with respect to the Special Businesses covered in the Addendum to the Notice is available at page no. 6.

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. Ashok Kumar Pradhan, General Manager and Group Chief Risk Officer of Punjab National Bank, as an Additional Director of the company with effect from August 10, 2018. Pursuant to Section 161(1) of the Act, Sh. Ashok Kumar Pradhan will hold office upto the date of ensuing AGM. His appointment is subject to approval of stock exchanges(s) with whom the Company is registered as a Broker/Trading Member. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Sh. Ashok Kumar Pradhan for the office of the Director of the Company.

Sh. Ashok Kumar Pradhan 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. He is also not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Brief profile of Sh. Ashok Kumar Pradhan, including nature of expertise, is provided at page no. 4 and 5.

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

Sh. Sunil Mehta, Chairman, being MD & CEO of the Punjab National Bank i.e. promoter-cum-majority shareholder (74.07%) may be deemed to be concerned or interested in the appointment of Sh. Ashok Kumar Pradhan. Further, Sh. Ashok Kumar Pradhan, 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.

Item No. 6

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, has selected Sh. Satish Kumar Kalra to be appointed as an Independent Director of the Company under Section 149 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') after considering his skills, experience and knowledge which would be beneficial to the Company and who shall hold office for 5 years effective from September 15, 2018 i.e. date of Annual General Meeting. His appointment is subject to approval of shareholders in the ensuing annual general meeting and stock exchanges(s) with whom the Company is registered as a Broker/Trading Member.

Brief profile of Sh. Satish Kumar Kalra, including nature of expertise, is provided at page no. 4 and 5.

Sh. Satish Kumar Kalra 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. He is also not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

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

Sh. Satish Kumar Kalra has given a declaration that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and the Listing Regulations.

In the opinion of the Board, Sh. Satish Kumar Kalra fulfills the conditions specified in the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his appointment as an Independent Director of the Company and he is independent of the management. Copy of draft letter of appointment (which includes remuneration payable) as an independent director is available for inspection without any fee by the members at the Registered Office of the Company during the normal business hours on any working day, excluding Saturday.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Sh. Satish Kumar Kalra as an Independent Director. Sh. Satish Kumar Kalra would bring with him immense experience to the Company in the areas of treasury, finance etc. Accordingly, the Board recommends the resolution in relation to appointment of Sh. Satish Kumar Kalra as an Independent Director for a period of 5 years effective from September 15, 2018.

Except Sh. Satish Kumar Kalra, being an appointee, none of other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 6 of the Notice. The Board commends the resolution set forth in Item No. 6 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 ARE AS UNDER:

Name of Director	Sh. Ashok Kumar Pradhan	Sh. Satish Kumar Kalra
Date of Birth (Age)	08/07/1962 (56 years)	26/08/1957 (61 years)
Nationality	Indian	Indian
Date of first Appointment on Board of Company	10/08/2018	15/09/2018
Qualifications	M.Sc., CAIIB	M.Sc., CAIIB, PGDM
Experience/Expertise in Specific functional Area	He is having experience of around 30 years in Treasury, Risk Management and Banking Operations etc.	He is having experience of around 36 years in Treasury and Credit Management, Financial Services and Banking Operations etc.
Directorship held in other Companies	Cordex India Pvt. Ltd.	Nil
Chairperson / Member of the Committee of the Board of Directors of the Company	Member of CSR Committee and Nomination & Remuneration Committee (inducted on 10/08/2018)	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"> • ALCO • Technical Advisory group • Validation Committee • GRMC • ORMC • SPACE Committee • CRMC • HOCAC-II • HOCAC-III • New Business Group • Head Office Compromise Committee • Investment Committee • Capital Planning Committee • Customer Service Committee • Fraud Review Council Committee • Head Office Building Committee • IT Steering Committee • Committee on Information Security • Capital Planning Committee • HO Staff Accountability Committee –II • Audit Committee of Executives • Executive Committee 	Nil
Number of Board/ Committee Meetings attended during the year	Nil	Nil
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 will be entitled to a sitting fee for attending various meetings of the Board / its Committees, as may be fixed by the Board, from time-to-time, subject to the ceiling prescribed from time to time under Companies Act, 2013 and rules made thereunder and other applicable laws. In addition, out of pocket expenses incurred, if any, in connection with performance of duties as a Director are also reimbursable.
Remuneration last drawn	Not applicable	Not applicable
Relationship with other Directors, Manager and KMPs of the company	Nil	Nil



ADDITIONAL PROXY FORM

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

PNB GILTS LTD.

CIN : L74899DL1996PLC077120

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

Fax: 011-23325751, 23325763

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

Name of the member(s):

Registered Address:

E-mail ID:

Folio No./Client ID:

DP ID:

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

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 22nd Annual General meeting of the Company to be held on Saturday, the 15th day of September, 2018 at 11:00 a.m. at Punjab National Bank, Head Office, Plot No. 4, Sector 10, Dwarka, New Delhi – 110 075 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	For	Against
Special Business			
5	Appoint Sh. Ashok Kumar Pradhan (DIN: 06777880) as Director, whose office shall be liable to retire by rotation		
6	Appoint Sh. Satish Kumar Kalra (DIN: 01952165) as Independent Director for a tenure of 5 years w.e.f. 15.09.2018, whose office shall not be liable to retire by rotation		

Signed this day of, 2018

Affix Revenue
Stamp (not less
than ₹ 0.15)

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.