

NOTICE

PNB GILTS LTD.
REGD. OFFICE : 5, SANSAD MARG, NEW DELHI - 110 001

NOTICE is hereby given that the **FOURTEENTH** Annual General Meeting of the Members of **PNB GILTS LIMITED** will be held at FICCI Auditorium, Federation House, Tansen Marg, New Delhi - 110 001 on **July 31, 2010 at 11:30 a.m.** to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2010 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended March 31, 2010.
3. To appoint a Director in place of Dr. Kamal Gupta, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sh. S. K. Soni, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors for the year 2010-11 and fix their remuneration.

SPECIAL BUSINESS

Appointment of Director

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-
"RESOLVED THAT Sh. K. R. Kamath, Chairman & Managing Director of Punjab National Bank, who had been co-opted as an Additional Director of the company and who in terms of Section 260 of the Companies Act, 1956 holds office as an Additional Director until this Annual General Meeting, and for the appointment of whom the company had received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company whose period of office will not be liable to retirement by rotation."

Appointment of Director

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-
"RESOLVED THAT Sh. D.V.S.S.V. Prasad, who had been co-opted as an Additional Director of the company and who in terms of Section 260 of the Companies Act, 1956 holds office as an Additional Director until this Annual General Meeting, and for the appointment of whom the company had received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the Director, be and is hereby appointed as Director of the Company whose period of office will be liable to retirement by rotation."

Appointment of Managing Director

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-
"RESOLVED THAT in terms of Section 269, 309, 317 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and Article 132-134 of the Articles of Association of the company, the consent of the company be and is hereby accorded to appointment of Sh. D.V.S.S.V. Prasad as the Managing Director of the company for a period of 2 years w.e.f. May 3, 2010 on the terms and conditions as set out in the Explanatory Statement annexed to the notice."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to effect any change or modification in the terms of appointment including remuneration of the Managing Director subject to the relevant provisions of the Companies Act, 1956 including Schedule XIII of the said Act."

BY ORDER OF THE BOARD

Place : New Delhi
Date : June 8, 2010

(Monika Kochar)
Company Secretary

NOTES FOR MEMBER'S ATTENTION :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. The Register of Members and Share Transfer Books of the company remained closed from June 1, 2010 to June 8, 2010 (both days inclusive) (for both the shares held in physical mode and in demat mode) in connection with the Annual General Meeting to be held on Saturday, the July 31, 2010 and for the purpose of determining the names of the shareholders entitled to receive the Final Dividend for the Financial Year 2009-10. A notice to this effect was published in the newspapers – Financial Express (English) and Jansatta (Hindi) on May 19, 2010, pursuant to Section 154 of the Companies Act, 1956. (The Board in its meeting held on May 3, 2010 had recommended Final Dividend of Re. 1/- each per equity share of Rs.10/- each (i.e. 10%) for the financial year 2009-10, subject to its declaration in the AGM).

The Transfer Deed(s) along with Share Certificate(s) received upto Monday, May 31, 2010 i.e. the previous day of the opening of Book Closure Dates had been considered for entitlement of shareholders to receive the Final Dividend for FY 2009-10.

4. The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid within 30 days of declaration thereof, 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 on May 31, 2010 as per the lists 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 after giving effect to valid share transfers in physical form lodged with the company on or before May 31, 2010.
5. Members 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 Ltd (Unit – PNB Gilts Ltd.)
F-65, 1st Floor, Okhla Industrial Area, Phase - I,
New Delhi - 110 020

In case the mailing address mentioned on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.

6. The members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, 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.
7. Under the provisions of Section 109A and 109B of the Companies Act, 1956, every individual member is entitled to nominate in the prescribed manner, a person to whom his/her shares in the Company, shall vest in the event of his/her death. Members who are interested in availing this nomination facility are requested to write to the company.
8. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/reappointment at the Annual General Meeting, is contained in explanatory statement for the items of Special Business and is separately annexed hereto for the items of Ordinary Business.
9. The Company's shares are listed on The Stock Exchange, Mumbai and National Stock Exchange of India Ltd. The listing fees of these Exchanges have been paid on time.

10. 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 centralised processing of instructions and efficiency in handling bulk transactions, is operational only for banks / bank branches leveraging on Core Banking Solution (CBS), which provide ten or more digit bank account numbers to its customers. Shareholders who wish to avail the NECS facility should therefore send the new bank account numbers, allotted by banks post implementation of CBS, to our Share Transfer Agents, MCS 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 appended to this notice. Shareholders are therefore requested to fill the same and submit to MCS Ltd or to their DP, as the case may be.

11. 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 page no. 25 and 26 of 'Report on Corporate Governance' for detailed explanation/procedures.

12. 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 in this regard.
- c) Shareholders are advised to bring their copy of the Annual Report, as the same will not be distributed at the venue of the Annual General Meeting.

ANNEXURE TO NOTICE

I. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

Sh. K. R. Kamath, Chairman & Managing Director of Punjab National Bank, was co-opted as an Additional Director by the Board of Directors in its meeting held on January 21, 2010. Under Section 260 of the Companies Act, 1956 read with Article 101 of the Articles of Association of the company, Sh. K. R. Kamath vacates the office on the forthcoming Annual General Meeting.

A notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Sh. K. R. Kamath as a candidate for the office of Director.

Prior to his appointment as Chairman & Managing Director of Punjab National bank, Sh. K. R. Kamath was Chairman & Managing Director of Allahabad Bank. He is having a rich experience of around 35 years in banking industry. He is also Chairman on the Board of PNB Housing Finance Ltd., PNB Investment Services Ltd., PNB International Ltd. and Director on the Board of Oriental Insurance Co. Ltd. He is not holding any shares of the company.

Sh. K. R. Kamath may be deemed to be interested or concerned in the Resolution at Item No. 6.

ITEM NO. 7

Sh. D.V.S.S.V. Prasad was co-opted as an Additional Director by the Board of Directors in its meeting held on May 3, 2010. Under Section 260 of the Companies Act, 1956 read with Article 101 of the Articles of Association of the company, Sh. D.V.S.S.V. Prasad vacates the office on the forthcoming Annual General Meeting.

A notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Sh. D.V.S.S.V. Prasad as a candidate for the office of Director.

Sh. D.V.S.S.V. Prasad, M.Sc. and Certified Associate of the Indian Institute of Bankers, is General Manager, Punjab National Bank. He is having a rich experience of around 35 years in various senior capacities of PNB group especially in the field of Forex Operations. He has also served on the Board of Everest Bank Ltd., Nepal as an Executive Director for around 2 years. He is also Non-Executive Director of Druk PNB Bank Ltd. He is not holding any shares of the company.

Sh. D.V.S.S.V. Prasad may be deemed to be interested or concerned in the Resolution at Item No. 7.

ITEM NO. 8

The services of Sh. S. Ranganathan have been recalled by the parent bank i.e. Punjab National Bank. Consequently, Sh. S. Ranganathan has tendered his resignation as Director & Managing Director w.e.f. April 3, 2010, which has been accepted by the Board on May 3, 2010. In his place, the Board has appointed Sh. D.V.S.S.V. Prasad as the Managing Director of the Company w.e.f. May 3, 2010.

The terms and conditions of appointment of Managing Director, Sh. D.V.S.S.V. Prasad are given as under :

The Managing Director shall be vested with powers of management of the Company subject to the supervision and control of the Board of Directors and shall also perform such duties and services as shall from time to time be entrusted to him by the Board.

The appointment shall be for a period of 2 years effective from May 3, 2010.

The salary, allowances and other perquisites of Sh. D.V.S.S.V. Prasad shall be governed by the Service Regulations of Punjab National Bank and any modifications, revision therein, including revision on account of promotion in his cadre that may take place from time to time, subject to the limits prescribed under Schedule XIII of the Companies Act, 1956.

Subject to the aforesaid, the present salary, allowances and other perquisites of Sh. D.V.S.S.V. Prasad as advised by Punjab National Bank shall be as under:

Basic Pay	Rs. 29340-680(2)-30700-900(1)-31600-1000(1)-32600/-
Present Pay (Basic)	Rs. 30700/- p.m.
House Rent Allowance	Accommodation will be provided
Fixed Personal Allowance	Rs. 645/- p.m.
Dearness Allowance	As per rates applicable for PNB officers. At present Rs. 22159.26/- p.m.
City Compensatory Allowance	4% Basic Pay, Maximum of Rs. 540/- p.m.
Deputation Allowance	4% Basic Pay, Maximum of Rs. 750/- p.m.

Allowances and other perquisites:

- a) Provided with furniture at residence as per prescribed limits on payments of further sum equal to 0.4 % of the pay in the first stage of the scale of pay.
- b) Conveyance Allowance : Use of bank's car for official purpose with the facility of personal use upto 3000 k.m. every half year on payment of Rs. 150/- p.m. for such use. For use beyond 3000 k.m. every half year, he shall be required to pay to the Bank at the end of the half year Re.1/- per k.m. Journeys from residence to office and back is being treated as duty runs.
- c) Provident Fund: Contribution to the recognised Provident Fund Trust 10% of the basic pay with equal contribution by the employer.
- d) Leave Travel Concession:
 - During each block of four years, he shall be eligible for leave travel concession for travel to his home town once in every block of two years. Alternatively, he may travel in one block of two years to his home town and in the other block to any place in India by the shortest route.
 - Once in block of four years, at the time of availing leave travel concession, he may be permitted to surrender and encash privilege leave not exceeding one month at a time. For the purpose of such encashment, all emoluments payable for the month during which the availment of Leave Travel Concession commences shall be admissible.
 - He may travel by train AC 1st Class or by Air (Economy Class).
 - He may travel by car between places not connected by Air or Rail provided that the distance does not exceed 500 kms. However, when the major part of the distance between the two places can be covered by air or rail, only the rest of the distance should normally be covered by car.
 - Alternatively, he may, by exercising an option anytime during a four year block or two year block, as the case may be, surrender and encash his LTC (other than travel to place of domicile) upon which he shall be entitled to receive an amount equivalent to 75% of the eligible fare for the class of travel by train to which he is entitled upon a distance of 5500 kms (one way). If he opts to encash his LTC, he shall prefer the claim for himself and his family members only once during the block / term in which such encashment is availed of. The facility of encashment of privilege leave while availing of LFC is also available while encashing the facility of LFC.
 - Telephone, Entertainment, Medical and other facilities as per service regulations of the company.

The Managing Director shall not be entitled to sitting fees for attending the meetings of the Board of Directors of the company or any Committee or Sub-Committee thereof.

Sh. D.V.S.S.V. Prasad may be deemed to be interested or concerned in the Resolution at Item No. 8.

II. DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN FOURTEENTH ANNUAL GENERAL MEETING

ITEM NO. 3

Name of Director	Dr. Kamal Gupta
Date of Birth	12/02/1946
Date of Appointment/Reappointment	11/04/1996
Expertise in Specific functional area	Former Technical Director of Institute of Chartered Accountants of India
Qualifications	FCA, Ph.D.
List of outside Directorships held	<ul style="list-style-type: none"> • AD Hydro Power Ltd. • Rajasthan Spinning & Weaving Mills Ltd. • HEG Ltd. • Maral Overseas Ltd. • Malana Power Company Ltd. • Cambridge Solutions Ltd
Chairman/Member of the Committee of the Board of Directors of the Company.	<ul style="list-style-type: none"> • Chairman - Audit Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director.	
a) Audit Committee	<ul style="list-style-type: none"> • Chairman - Rajasthan Spinning & Weaving Mills Ltd. • Chairman - Maral Overseas Ltd. • Member - HEG Ltd. • Member - Malana Power Company Ltd. • Member - AD Hydro Power Ltd. • Member - Cambridge Solutions Ltd.
b) Shareholders' Grievance Committee	<ul style="list-style-type: none"> • Chairman - Maral Overseas Ltd. • Member - Rajasthan Spinning & Weaving Mills Ltd. • Member - HEG Ltd.
No. of Shares held in Company	Nil

ITEM NO. 4

Name of Director	Sh. S. K. Soni
Date of Birth	03/12/1936
Date of Appointment/Reappointment	23/01/2002
Expertise in specific functional area	Former Chairman and Managing Director of Oriental Bank of Commerce.
Qualifications	B.Sc., LL.B., CAIIB(I)
List of outside Directorships held	<ul style="list-style-type: none"> • HDIL • A.S.P. Research Service Pvt. Ltd.
Chairman/Member of the Committee of the Board of Directors of the Company	<ul style="list-style-type: none"> • Chairman - Shareholders' Grievance Committee • Member - Audit Committee
Chairman/Member of the Committees of Director of other Companies in which he is a Director	
a) Audit Committee	-
b) Shareholders' Grievance Committee	-
No. of Shares held in Company	Nil

BY ORDER OF THE BOARD

Place : New Delhi
Date : June 8, 2010

(Monika Kochar)
Company Secretary