

PNB GILTS LTD.

ANALYST MEET
APRIL 30th, 2002

PRESENTATION STRUCTURE



- Debt Vs Equity Market
- About PNB Gilts
 - Financials
 - Organization Structure
- Market Share
- Share Price Volume

HOW INVESTMENT AVENUES HAVE FARED IN LAST 10 YEARS



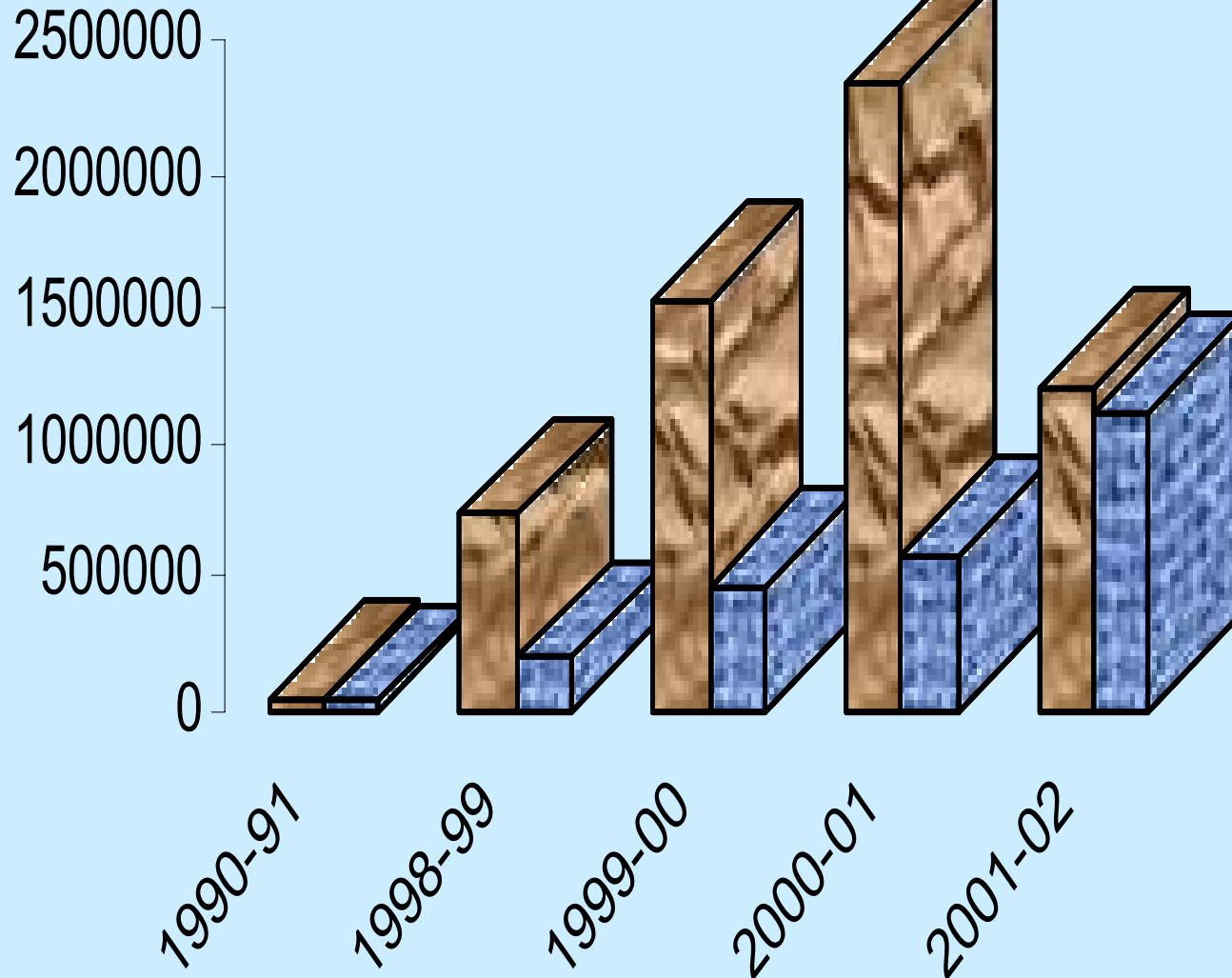
YEAR	EQUITY	DEBT	GOLD	SILVER	FOREX	REAL ESTATE
1992	33.62	12.00	-4.54	-3.46	14.24	NA
1993	27.95	11.00	10.46	-10.31	21.30	NA
1994	17.36	10.00	2.98	5.42	-0.22	71.28
1995	-20.80	11.00	6.24	7.90	3.35	35.83
1996	-0.80	12.00	2.26	-0.78	9.28	-36.73
1997	18.61	12.00	-14.26	2.61	2.51	-21.39
1998	-16.51	11.00	-1.82	6.84	13.63	6.43
1999	6.86	11.00	2.95	2.70	4.34	-14.70
2000	-20.66	9.50	2.82	-2.07	5.69	16.79
2001	-18.61	8.50	0.93	NA	4.94	-4.14
CAGR	5.51	10.84	0.59	0.83	7.73	3.92

Source : Jan '02 Capital Markets

DEBT V/S EQUITY TRADES



(Rs. crs)



Equity
G-Sec

FUTURE OF DEBT MARKETS



- **Products**

 - STRIPS, Repo/Collateralized Lending, Derivatives

- **Players**

 - Mid Segment: Cooperative Banks, RRBs, Provident Funds and other Trusts, Corporates, Pension Funds
Individuals

- **Infrastructure-**

 - NDS, CCIL, RTGS

- **Regulatory Issues**

 - Netting, Short Selling

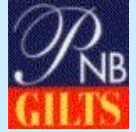
- **Fiscal Incentives**

 - No TDS, 80L benefit

 - Rebate U/S 88 of Income Tax Act



ABOUT PNB GILTS LTD.



KEY FINANCIALS

in Rs Crores

	1999-00	2000-01	2001-02
Turnover	38,675	33,066	1,06,056
Income	236.35	224.64	234.39
Expenditure	130.51	143.95	58.13
PBT	105.84	80.69	176.26
PAT	65.76	47.05	112.59
Net Worth	210.51	335.80	416.29

TURNOVER & TRADING PROFIT

In Rs Crores

	Primary Market	Secondary Market	Total Turnover	Trading Profit
1997-98	7,219	10,109	17,328	53.77
1998-99	6,108	11,505	17,613	16.64
1999-00	7,003	31,672	38,675	53.09
2000-01	6,479	26,587	33,066	21.78
2001-02	6,830	99,222	1,06,056	128.04

TURNOVER

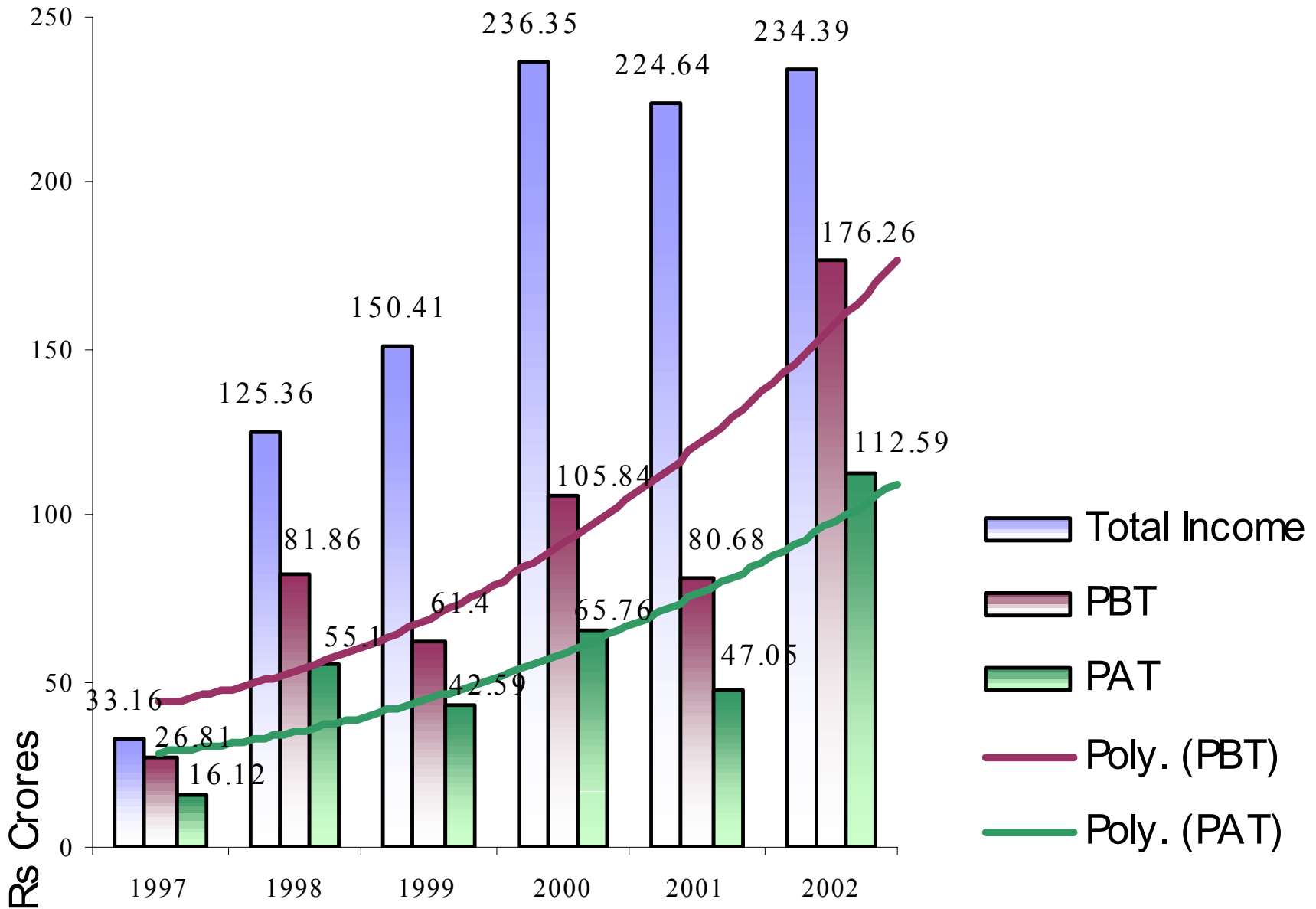


Rs. Crores

YEAR	TOTAL TURNOVER	RELATIONSHIP BASED TURNOVER
1998-99	17,613	761
1999-00	38,675	1271
2000-01	33,066	7000
2001-02	1,06,056	21334

Turnover includes outright sales & purchases. Relationship based turnover has shown consistent growth-provides steady turnover & higher margins

TOTAL INCOME, PBT & PAT



COMPONENTS OF INCOME



In Rs Crores

	Total Income	Trading Profit	Interest Income	U/W Fee	Average Stock
1997-98	125.36	53.77	71.28	0.31 (28.96)	497
1998-99	150.41	16.64	128.99	4.78 (16.32)	885
1999-00	236.35	53.09	180.86	2.37 (7.77)	1489
2000-01	224.64	21.78	200.41	1.00 (5.04)	1695
2001-02	234.39	128.04	104.63	0.86 (2.33)	1019

() total underwriting fee earned during the year

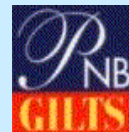
NET WORTH, EPS, BVPS



In Rs Crores

	1997-98	1998-99	1999-00	2000-01	2001-02
Net Profit	55.10	42.59	65.76	47.05	112.59
Equity	50.00	50.00	100.00	135.01	135.01
Net Worth	101.45	131.94	210.51	335.81	416.29
EPS	11.02	8.52	6.58	3.84	8.34
BVPS	20.29	26.39	21.05	24.87	30.83

RONW, DIVIDEND PAYOUT



					%
	1997-98	1998-99	1999-00	2000-01	2001-02
ROA	28.93	14.48	16.77	12.56	22.81
RONW	69.17	36.50	38.41	17.48	30.72
Dividend	21	22	14	18	24
Dividend Pay-out	20.96	28.43	18.54	56.92	29.70

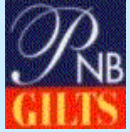
SOURCES OF FUNDS & AVG STOCK



In Rs Crores

	Net Owned Funds	Net Borrowing	Refinance Limit	Average Stock
1997-98	101.45	367	1075.00	497
1998-99	131.94	700	1525.00	885
1999-00	210.51	1229	1075.00	1489
2000-01	335.81	960	631.00	1695
2001-02	416.29	699	597.00	1019

SPREADS



Year	ROA (Intt Yield) %	ROA (Total) %	Cost of Funds %	Average Spread %
1997-98	14.01	28.93	6.69	7.32
1998-99	12.60	14.48	7.67	4.93
1999-00	11.37	16.77	8.68	2.69
2000-01	11.28	12.56	7.31	3.97
2001-02	10.01	22.81	6.98	3.03

PERFORMANCE HIGHLIGHTS



- One of the largest debt trader with turnover of over Rs.1,00,000 crore.-growth of 3 times
- Change in strategy which
 - enhanced profitability.
 - reduced risk
- Focus on relationship based turnover-growth of 3 times
- Managing CSGL portfolio of over Rs.1000 crs

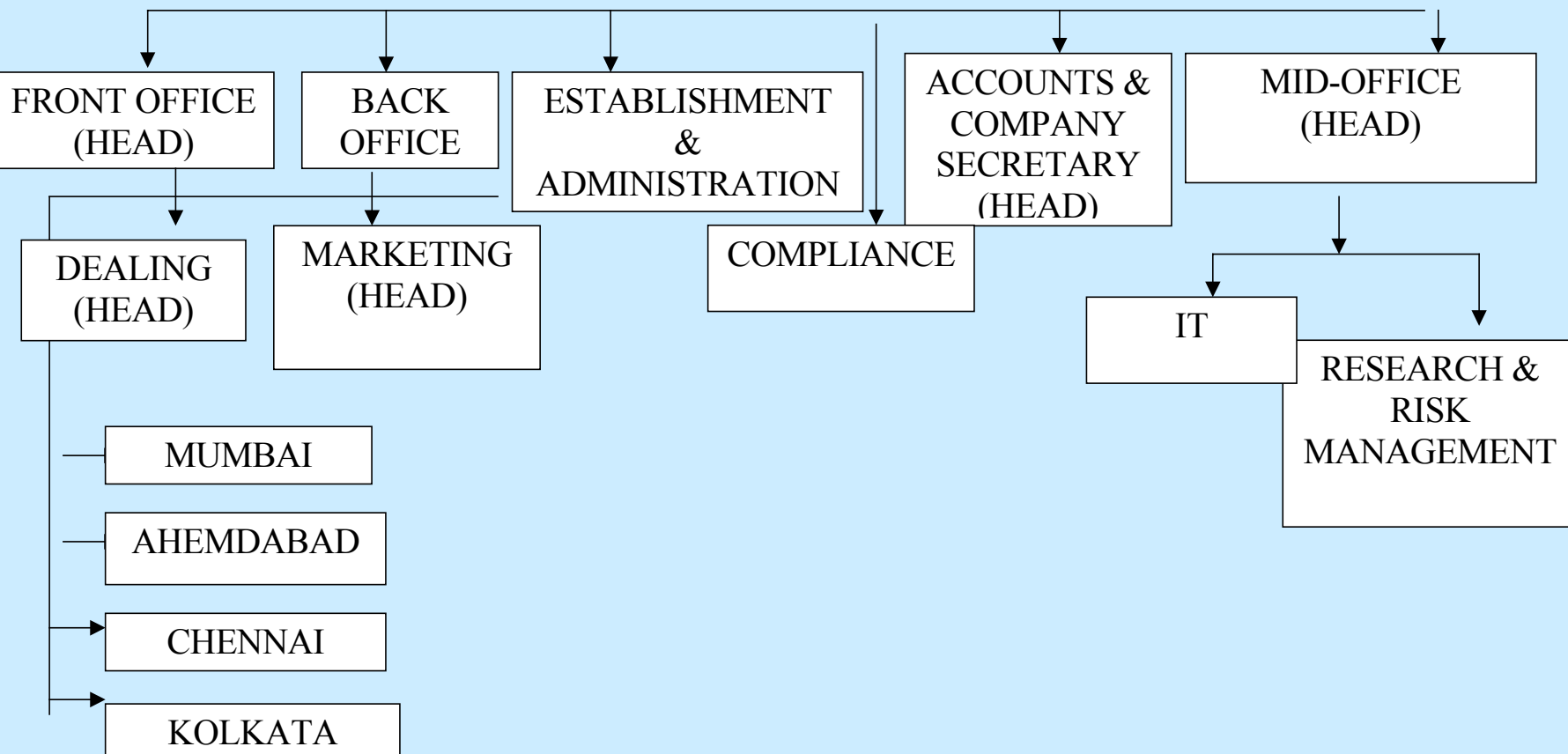
ORGANIZATION STRUCTURE



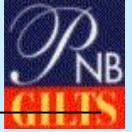
BOARD OF DIRECTORS

MANAGING DIRECTOR

SR.EXECUTIVE VICE PRESIDENT



RESEARCH



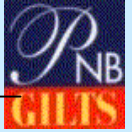
- **Interest Rate Forecasting**
 - Review of macro economic parameters
- **Portfolio Research**
 - Yield Curve Movements, Auction history, Trading Strategy Evaluation, Portfolio Optimization
- **Technical Analysis**
 - Scrip-wise Technical Analysis
- **Publications**
 - Gilt News, Article in Economic Times

RISK MANAGEMENT



- **Market Risk**
 - Duration,
 - Value at Risk
 - MTM /Stress Management
 - Cut Loss Policy
- **Operational Risk**
 - MIS
 - Internal Systems, Procedures & Control
- **Regulatory Risk**
 - Functional Segregation
 - Concurrent Audit
 - Internal Compliance
- **Credit Risk**
 - Counter Party Exposure limits
 - Product wise exposure limits

HR INITIATIVES



- The Company is a perfect blend of skill and experienced personnel.
- Implemented all recommendations of Consultant
- Training and development
- The remuneration packages are market related
- Lean organization of 46 employees at 5 offices.
- Motivated staff contributes to profit/employee of Rs 2.44 crs and business/employee of Rs 2300 crs

The skills, commitment and dedication of the human resources is the key to long-term success

BUSINESS DEVELOPMENT

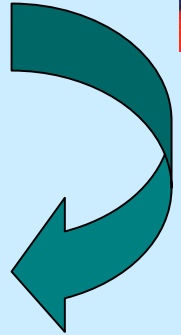
Segments

Wholesale

(Rs 5 cr and above)

Relationship based

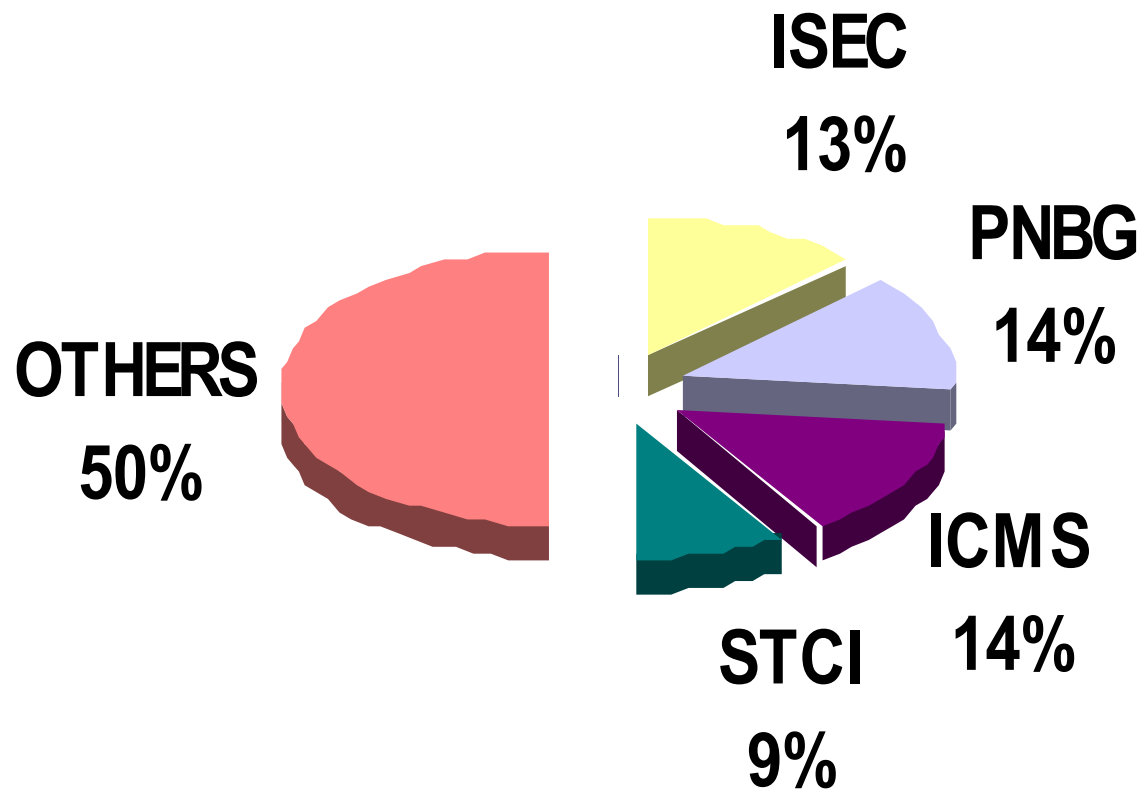
(less than Rs 5 cr)



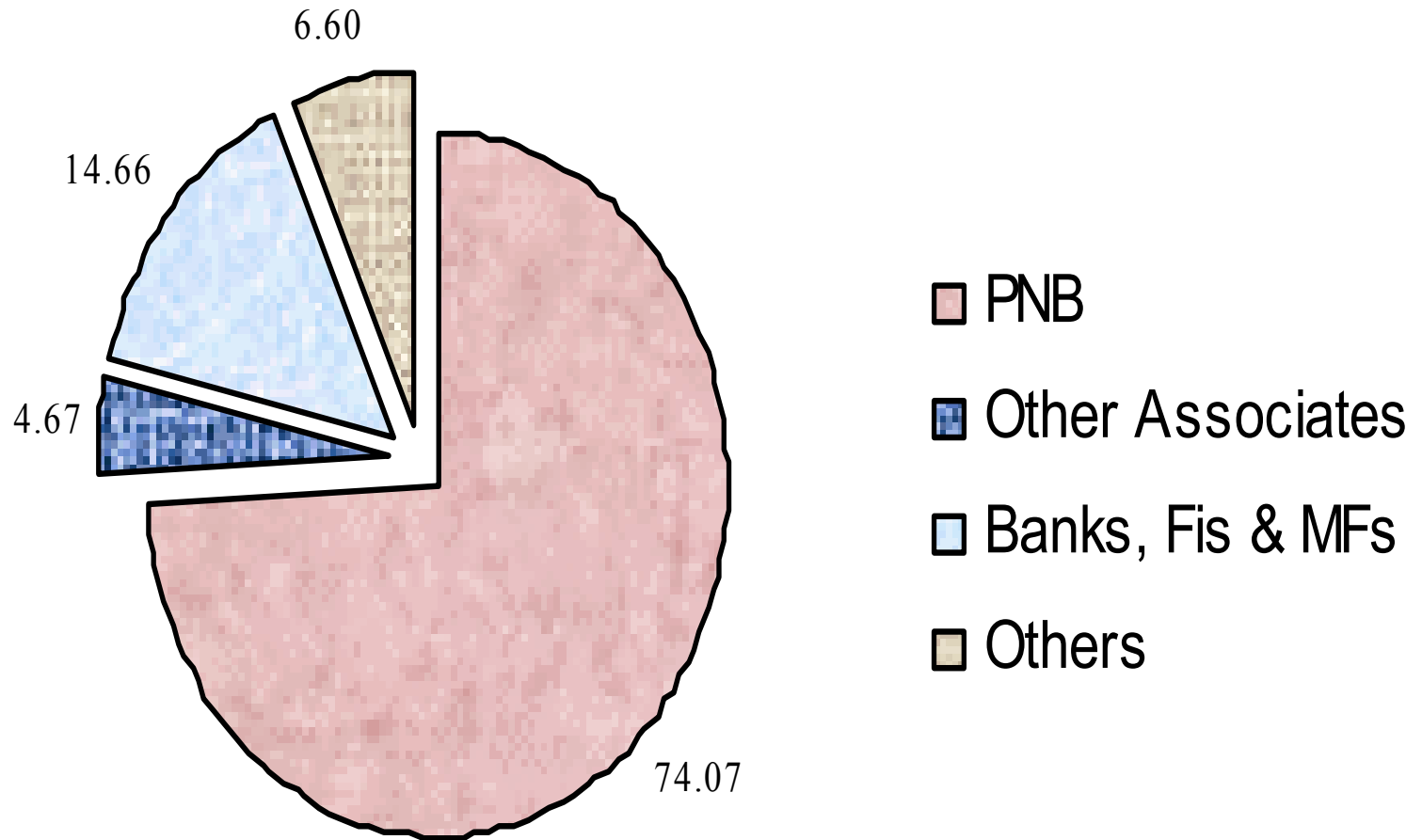
Business development policy of the company:

- Extend **advisory services** to select segments.
- Conduct **awareness programs**.
- **One stop shop** for financial products.
- **Innovation** of new financial products.
- Focus on non-SLR debt for **relationship based clients**.

MARKET SHARE OF PRIMARY DEALERS



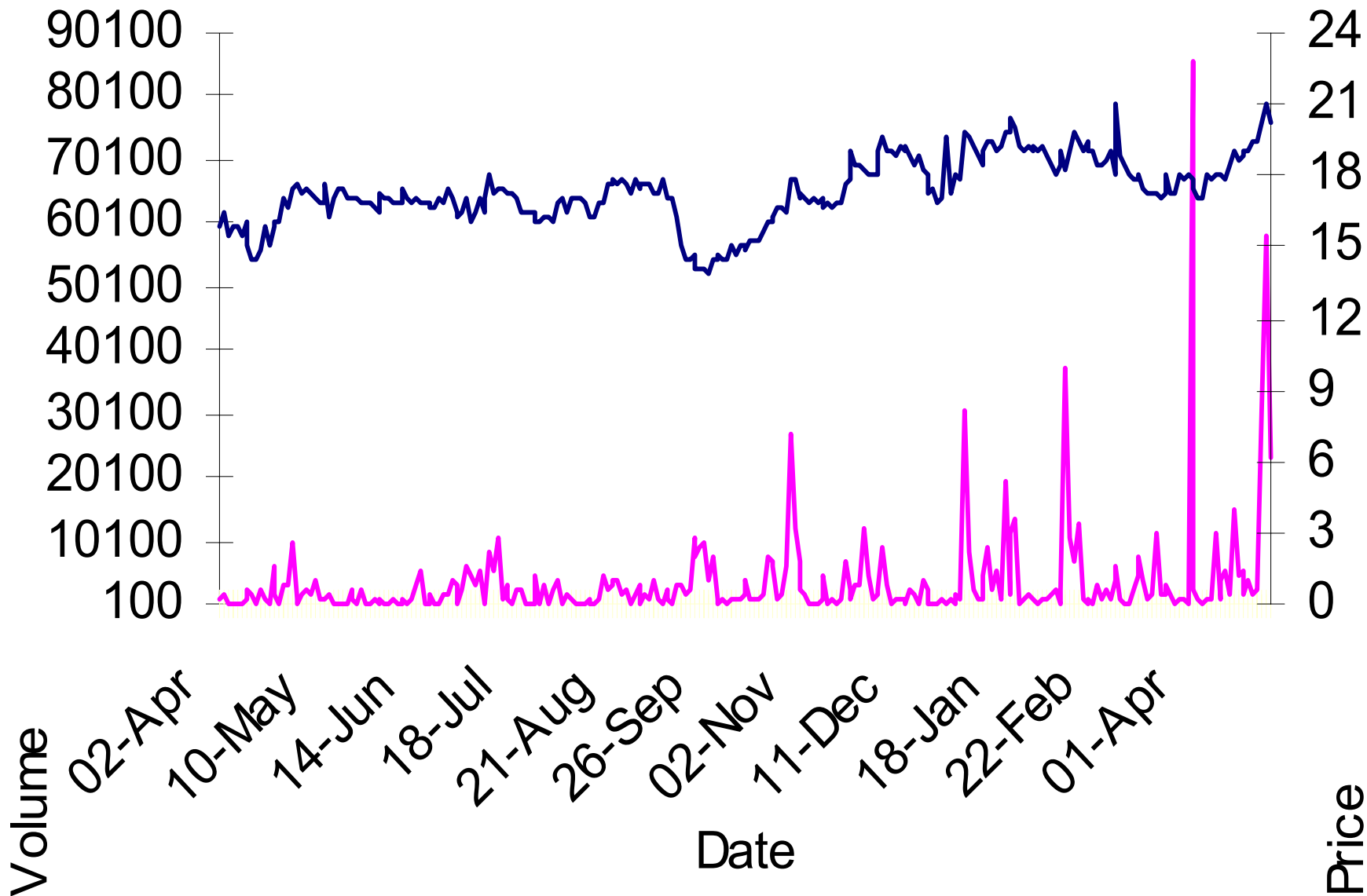
SHAREHOLDING PATTERN



BENCHMARKING

- Sale of 14% stake of RBI in STCI to Infrastructure Development Finance Corp
- Acquisition of 26% stake by LIC of India in Corp Bank Securities.
- Both have been priced with **book value as benchmarks.**
- Since STCI & Corp Bank Securities are Primary Dealers, **book value pricing** should possibly act as a **benchmark** for **valuation of shares** in **Primary Dealer industry**

SHARE PRICE VOLUME CHART





THANK YOU