

Date:.....

Name of Director

DIN:

Address

Dear Sir,

Sub: Appointment as an Independent Director

On behalf of the Board of Directors of PNB Gilts Ltd., I am pleased to inform that the shareholders in their Annual General Meeting held on 15.09.2018 have approved your appointment as a Non Executive Independent Director of the Company for a period of 5 consecutive years with effect from 15.09.2018. Terms and conditions of your appointment, in letter or spirit, are as envisaged under the provisions of the Articles of Association of the Company, the Companies Act, 2013, Rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws in India, as may be applicable for the time being and as amended from time to time. The detailed terms and conditions of your appointment are as below:

1. The Board of Directors (the Board) may, as it may deem fit, appoint you on one or more existing Board Committee or any such Committee that is set up in the future. Your appointment on such Committees will be subject to the applicable laws and will be covered in a separate communication setting out the relevant committee's terms of reference and any specific responsibilities.
2. As an Independent Director, you are expected to bring objectivity and independence of view to the Board's discussions and to help and provide the Board with effective leadership in relation to the Company's strategy, performance and risk management as well as ensuring high standards of financial probity and corporate governance. The Board and Audit Committee meet atleast 4 times a year. Besides, there are other Committee meetings like Nomination & Remuneration Committee, Stakeholders' Relationship Committee, CSR Committee etc. which are ordinarily convened in accordance with requirements of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. You will be expected to attend Board, Board Committees to which you may be appointed & Shareholders meetings and the "only independent Directors meeting" and to devote such time to your duties, as appropriate for you to discharge your duties effectively. Ordinarily, all meetings are held in Delhi.
3. As an Independent Director, you will be subject to adherence of Section 166 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to guidelines of professional conduct, role, functions and duties of independent directors. You are also expected to abide by the "Code for Independent Directors" outlined in the Schedule V of the Companies Act, 2013. For your ready reference, the extracts of relevant provisions are attached to this letter at Annexure A.
4. The remuneration of directors is subject to the provisions of Section 197 of the Companies Act, 2013 & Rules made thereof and Articles of Association of the Company.

You will be entitled for a sitting fee of Rs. 25000/- for attending each meeting of the Board and Rs. 10000/- / Rs. 5000/-, as may be applicable and as may be decided by the Board from time to time, for attending various Committee meetings. In addition to sitting fee, the Company will reimburse you all travelling, hotel, and other incidental expenses reasonably incurred by you in performance of duties as a Director in conjunction with the Company rules/ policies/ practices.

5. The Company will ensure compliance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to training of Independent Directors.
6. By accepting this appointment you will be deemed to have confirmed that any other position you hold including your directorships in other organizations, shall not give rise to any conflicts of interest in relation to your appointment as an Independent Director of the Company. Should you become aware of any conflict or potential conflict during your appointment, you are requested to notify the Company Secretary.
7. Your liabilities as an Independent Director shall be in accordance with Section 149 (12) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Relevant extracts of the same are enclosed herewith at Annexure B.
8. The company is having director and officer liability insurance to pay for the personal liability of directors and officers for the claims made against them while serving on the Board and / or as an officer of the company. You will be covered under such policy.
9. In terms of Code of Conduct for Independent Directors and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's policy shall provide for criteria for evaluation of Board and the individual directors. The company will carry out an evaluation of the performance of the Board as a Whole and individual directors on an annual basis. Your appointment on the Board shall be subject to the outcome of the yearly evaluation process.
10. As an independent Director, you are expected to comply with the following -
 - a. Company's Code of Conduct for Board of Directors and Senior Management Personnel (Annexure C).
 - b. Section 194 and 195 of the Companies Act, 2013, SEBI (Prohibition of Insider Trading), 1992, as may be amended from time to time and Company's Code of Conduct for Prevention of Insider Trading (Annexure D).

It is indeed a pleasure to have an expert like you on the Board. I am confident that your continued association, guidance and advice will immensely benefit the Company and the Board. If you are willing to accept these terms of appointment relating to your appointment as a non-executive independent director of PNB Gilts, kindly confirm your acceptance of these terms by signing and returning to us the enclosed copy of this letter.

Best regards,

Yours sincerely,

(Sunil Mehta)
Chairman – Board

DIN - _____

Address: _____

I hereby acknowledge the receipt of and accept the terms and conditions set out in this letter.

Signed : _____

Date : _____

Section 166 of the Companies Act, 2013 on duties of a Director -

- (1) Subject to the provisions of this Act, a director of a company shall act in accordance with the articles of the company.
- (2) A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
- (3) A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
- (4) A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
- (5) A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
- (6) A director of a company shall not assign his office and any assignment so made shall be void.
- (7) If a director of the company contravenes the provisions of this section such director shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

Regulation 4 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 deals with responsibilities of the board of directors as under –

The board of directors of the listed entity shall have the following responsibilities:

(i) Disclosure of information:

- 1) Members of board of directors and key managerial personnel shall disclose to the board of directors whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting the listed entity.
- (2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the board of directors-

- (1) Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, and overseeing major capital expenditures, acquisitions and divestments.
- (2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.
- (3) Selecting, compensating, monitoring and, when necessary, replacing key managerial personnel and overseeing succession planning.
- (4) Aligning key managerial personnel and remuneration of board of directors with the longer term interests of the listed entity and its shareholders.
- (5) Ensuring a transparent nomination process to the board of directors with the diversity of thought, experience, knowledge, perspective and gender in the board of directors.
- (6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.
- (7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular,

systems for risk management, financial and operational control, and compliance with the law and relevant standards.

- (8) Overseeing the process of disclosure and communications.
- (9) Monitoring and reviewing board of director's evaluation framework.

(iii) Other responsibilities:

- (1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.
- (2) The board of directors shall set a corporate culture and the values by which executives throughout a group shall behave.
- (3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.
- (4) The board of directors shall encourage continuing directors training to ensure that the members of board of directors are kept up to date.
- (5) Where decisions of the board of directors may affect different shareholder groups differently, the board of directors shall treat all shareholders fairly.
- (6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders.
- (7) The board of directors shall exercise objective independent judgement on corporate affairs.
- (8) The board of directors shall consider assigning a sufficient number of non-executive members of the board of directors capable of exercising independent judgement to tasks where there is a potential for conflict of interest
- (9) The board of directors shall ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognised or exposes the listed entity to excessive risk.
- (10)The board of directors shall have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the listed entity's focus.
- (11)When committees of the board of directors are established, their mandate, composition and working procedures shall be well defined and disclosed by the board of directors.
- (12)Members of the board of directors shall be able to commit themselves effectively to their responsibilities.
- (13)In order to fulfil their responsibilities, members of the board of directors shall have access to accurate, relevant and timely information.
- (14)The board of directors and senior management shall facilitate the independent directors to perform their role effectively as a member of the board of directors and also a member of a committee of board of directors.

Regulation 25 and 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 deals with obligations of directors as under -

A. Obligations with respect to independent directors- Regulation 25

(1) A person shall not serve as an independent director in more than seven listed entities:

Provided that any person who is serving as a whole time director in any listed entity shall serve as an independent director in not more than three listed entities.

(2) The independent directors of the listed entity shall hold at least one meeting in year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.

- (3) The independent directors in the meeting referred in sub-regulation (3) shall, inter alia-
- (a) review the performance of non-independent directors and the board of directors as a whole;
 - (b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

(4) An independent director shall be held liable, only in respect of such acts of omission or commission by the listed entity which had occurred with his knowledge, attributable through processes of board of directors, and with his consent or connivance or where he had not acted diligently with respect to the provisions contained in these regulations.

B. Obligations with respect to directors – Regulation 26

(1) A director shall not be a member in more than ten committees or act as chairperson of more than five committees across all listed entities in which he is a director which shall be determined as follows:

- (a) the limit of the committees on which a director may serve in all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 shall be excluded;
- (b) for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone shall be considered.

(2) Every director shall inform the listed entity about the committee positions he or she occupies in other listed entities and notify changes as and when they take place.

(3) All members of the board of directors and senior management personnel shall affirm compliance with the code of conduct of board of directors and senior management on an annual basis.

(4) Non-executive directors shall disclose their shareholding, held either by them or on a beneficial basis for any other persons in the listed entity in which they are proposed to be appointed as directors, in the notice to the general meeting called for appointment of such director.

SCHEDULE IV of COMPANIES ACT, 2013

[See section 149(8)]

CODE FOR INDEPENDENT DIRECTORS

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

I. Guidelines of professional conduct:

An independent director shall:

- (1) uphold ethical standards of integrity and probity;
- (2) act objectively and constructively while exercising his duties;
- (3) exercise his responsibilities in a bona fide manner in the interest of the company;
- (4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;

- (5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- (6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- (7) refrain from any action that would lead to loss of his independence;
- (8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- (9) assist the company in implementing the best corporate governance practices.

II. Role and functions:

The independent directors shall:

- (1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- (2) bring an objective view in the evaluation of the performance of board and management;
- (3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- (4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- (5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- (6) balance the conflicting interest of the stakeholders;
- (7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- (8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

III. Duties :

The independent directors shall—

- (1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) strive to attend the general meetings of the company;
- (6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) keep themselves well informed about the company and the external environment in which it operates;
- (8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;

- (12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

IV. Manner of appointment:

- (1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- (2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- (3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfils the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- (4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
 - a. the term of appointment;
 - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
 - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
 - d. provision for Directors and Officers (D and O) insurance, if any;
 - e. the Code of Business Ethics that the company expects its directors and employees to follow;
 - f. the list of actions that a director should not do while functioning as such in the company;
 - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any
- (5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- (6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

V. Re-appointment:

The re-appointment of independent director shall be on the basis of report of performance evaluation.

VI. Resignation or removal:

- (1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- (2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- (3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

VII. Separate meetings:

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;

- (3) The meeting shall:
- a. review the performance of non-independent directors and the Board as a whole;
 - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIII. Evaluation mechanism:

- (1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- (2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

Section 149(12) of the Companies Act, 2013

Notwithstanding anything contained in this Act,—

- (i) an independent director;
- (ii)** a non-executive director not being promoter or key managerial personnel, shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.

Code of Conduct for Directors and Senior Management

INTRODUCTION

Requirement

The Regulation 17 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires that the Board of each listed entity has to lay down a code of conduct for all Board Members and Senior Management of the company. The said clause also requires :

- Posting of code of conduct on the web-site of the company.
- Annual Affirmation by all the Board Members and Senior Management Personnel that the Code has been complied with. The Annual Report of the company shall contain a declaration to this effect signed by the CEO.
- To suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.

Applicability

The Code of Conduct sets code of ethics and standards for all Directors of the Company and Senior Management Personnel i.e., Sr. Executive Vice Presidents and above.

Purpose

The purpose of this Code of Conduct is :

- To provide guidance and help in recognizing and dealing with and ethical issues, provide mechanism to report unethical conduct and to help foster a culture of honesty and accountability.
- To encourage the observance of high standards and to protect and promote the interests of all the stakeholders including shareholders, customers, employees, debtors, and creditors.
- To set out the responsibility of Directors and Senior Management in case of contravention of any of the provisions/regulations of this Code of Conduct.

CODE

Honest and Ethical Conduct : All Directors and Senior Management Personnel shall in relation to the business of the Company act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct.

Conflicts of Interest : The Directors and Senior Management Personnel should be scrupulous in avoiding 'conflicts of interest' with the company. In case there is likely to be a conflict of interest, in the case of a Senior Management Personnel he/she should make full disclosure of all facts and circumstances thereof to the Managing Director and a prior written approval should be obtained. In case there is likely to be a conflict of interest in the case of Managing Director, he should make full disclosure of all facts and circumstances to the Chairman of the Board. The Chairman and any Director of the Board in like circumstances should make full disclosures to the Board.

Confidentiality : The Director and Senior Management shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except when disclosure is authorised or legally mandated. The Confidential information includes all non-public information (including private, proprietary, and other) that might be of use to competitors or disclosure of which

might be harmful to the Company or its associates. The use of confidential information for his/her own advantage or profit is also prohibited.

Corporate Opportunities : The Directors and Senior Management are prohibited from:

1. Taking for themselves personally, opportunities that are discovered through the use of Company's property, information or position.
2. Competing directly with the business of the Company or its proposed diversification plans.

Compliance with Laws, Rules and Regulations : The Directors and Senior Management shall endeavor compliance with all applicable laws, rules, and regulations applicable to the Company. Transactions, directly or indirectly, involving securities of the Company should not be undertaken without complying with Code of Conduct for Prohibition of Insider Trading.

Protection and proper use of Company's Assets : The Directors and Senior Management should protect Company's assets and property. Company's assets should be used only for legitimate business purposes.

Compliance with Code of Conduct : Each Director and Senior Management Personnel shall adhere to this code of conduct and affirm compliance with the code on an annual basis. Violation of this Code will lead to appropriate action.

Duties of Independent Directors : Each Independent Director shall abide with Section 149 (7) and (8) of the Companies Act, 2013 and Code for Independent Directors as defined in Schedule IV of the Act.

Waivers, Interpretation and Amendments of the Code of Conduct : Any waiver of the provisions of this code shall be approved by the Board of Directors of the company. The Board of Directors of the company will handle any question or interpretation under this Code.

The Code shall be reviewed continuously and any amendment to the provisions of this code must be approved by the Board and promptly disclosed on the Company's website and in applicable regulatory filings pursuant to applicable laws and regulations together with details about the nature of amendment.

Section 194 of the Companies Act, 2013- Prohibition on forward dealings in securities of company by director or key managerial personnel.

(1) No director of a company or any of its key managerial personnel shall buy in the company, or in its holding, subsidiary or associate company—

- (a) a right to call for delivery or a right to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures; or
- (b) a right, as he may elect, to call for delivery or to make delivery at a specified price and within a specified time, of a specified number of relevant shares or a specified amount of relevant debentures.

(2) If a director or any key managerial personnel of the company contravenes the provisions of sub-section (1), such director or key managerial personnel shall be punishable with imprisonment for a term which may extend to two years or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both.

(3) Where a director or other key managerial personnel acquires any securities in contravention of sub-section (1), he shall, subject to the provisions contained in sub-section (2), be liable to surrender the same to the company and the company shall not register the securities so acquired in his name in the register, and if they are in dematerialised form, it shall inform the depository not to record such acquisition and such securities, in both the cases, shall continue to remain in the names of the transferors.

Explanation.—For the purposes of this section, “relevant shares” and “relevant debentures” mean shares and debentures of the company in which the concerned person is a whole-time director or other key managerial personnel or shares and debentures of its holding and subsidiary companies.

Section 195 of the Companies Act, 2013 - Prohibition on insider trading of securities.

(1) No person including any director or key managerial personnel of a company shall enter into insider trading:

Provided that nothing contained in this sub-section shall apply to any communication required in the ordinary course of business or profession or employment or under any law.

Explanation.—For the purposes of this section,—

(a) “insider trading” means—

- (i) an act of subscribing, buying, selling, dealing or agreeing to subscribe, buy, sell or deal in any securities by any director or key managerial personnel or any other officer of a company either as principal or agent if such director or key managerial personnel or any other officer of the company is reasonably expected to have access to any non-public price sensitive information in respect of securities of company; or
- (ii) an act of counselling about procuring or communicating directly or indirectly any non-public price-sensitive information to any person;

(b) “price-sensitive information” means any information which relates, directly or indirectly, to a company and which if published is likely to materially affect the price of securities of the company.

(2) If any person contravenes the provisions of this section, he shall be punishable with imprisonment for a term which may extend to five years or with fine which shall not be less than five lakh rupees but which may extend to twenty-five crore rupees or three times the amount of profits made out of insider trading, whichever is higher, or with both.

CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

[under Regulation 9(1) and (2) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015]

Introduction

The Securities and Exchange Board of India (SEBI), in its endeavor to protect the interests of investors in general, had formulated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") under the powers conferred on it under the SEBI Act, 1992 ('the Act'). These regulations come into force with effect from 15th May, 2015 and the same have been made applicable to all companies whose shares were listed on Indian stock exchanges. The Company is required to formulate Code of conduct to regulate, monitor and reporting trading by Insiders ("Code of Conduct").

Objective of the Code of Conduct

The Code of Conduct aims to ensure monitoring, regulating, timely reporting and adequate disclosure of price sensitive information by the promoters, directors, key managerial personnel and connected person of the Company. Further, it also aims to transparency and fairness in dealing with the stakeholders and also ensuring the adherence to all applicable laws and regulations.

Definitions

'Company' means PNB Gilts Ltd.

'Compliance Officer' for the purpose of these regulations means the Company Secretary of the Company. In absence of the Company Secretary, Chief Financial Officer of the Company is authorized by the Board of Directors of the Company to discharge the duties of Compliance Officer under the regulations;

"Connected person" means,-

- (i) any person who is or has during the six months prior to the concerned act been associated with the Company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the Company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
- (ii) Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established, -
 - (a) an immediate relative of connected persons specified in clause (i); or
 - (b) a holding company or associate company or subsidiary company (presently – PNB); or
 - (c) an intermediary as specified in section 12 of the Act or an employee or director thereof (presently, MCS Share Transfer Agent Ltd in the capacity of Share Transfer Agent); or
 - (d) an investment company (presently, this would include any Investor of PNB Gilts Ltd.), trustee company, asset management company or an employee or director thereof; or
 - (e) an official of a stock exchange (presently, NSE and BSE) or of clearing house or corporation; or
 - (f) a member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
 - (g) a member of the board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or

- (h) an official or an employee of a self-regulatory organization recognised or authorized by the Board; or
- (i) a banker of the company (presently, PNB and RBI); or
- (j) a concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent of the holding or interest (Presently, this would include all entities in which director(s) of PNB Gilts Ltd. and/or their immediate relative(s) has more than 10% stake. In addition at present, PNB's other subsidiaries, associates, joint ventures would also be included if PNB is having more than 10% stake in it).

"Designated Person" means the following who shall be governed by the this internal Code of Conduct governing dealing in securities-

- (i) Promoter i.e. PNB
- (ii) Directors of the Company and their immediate relatives
- (iii) Key Managerial Personnel of the Company and their immediate relatives
- (iv) Employees of the Company and their immediate relatives
- (v) All Auditors, including Internal, Statutory and Secretarial auditor of the Company, their Audit Team including designated partner(s) and their immediate relatives
- (vi) Retainers / Consultants including tax consultant and company law consultant etc. of the Company and their team alongwith their immediate relatives
- (vii) Advertising / PR Agency of the Company, if any and their team alongwith their immediate relatives.
- (viii) Connected person as defined above; and
- (ix) Any other person, as may be defined by the Managing Director, in consultation with the Compliance Officer (For this, employees and other connected persons shall inform the Compliance Officer, in writing, for inclusion of any person falling in the definition of 'connected person', who, on receipt of it, will escalate the matter to Managing Director for necessary approval).

"Generally available information" means information that is accessible to the public on a non-discriminatory basis;

"Immediate relative" means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person, or consults such person in taking decisions relating to trading in securities;

"Insider" means any person who is: i) a connected person; or ii) in possession of or having access to unpublished price sensitive information;

"Trading" means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly. Trading also includes trading in derivatives of the securities; ;

"Trading day" means a day on which the recognized stock exchanges are open for trading;

"Trading Window" means the period during which trading may be carried out in Company's Securities by Designated persons. Also, the Company shall use notional trading window, by keeping them informed of the duration of the same, as an instrument of monitoring trading by the designated person possessing unpublished price sensitive information;

"Unpublished Price Sensitive Information" – means any information, relating to the Company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is

likely to materially affect the price of the securities and shall ordinarily including but not restricted to, information relating to the following:

- (i) financial results
- (ii) dividends
- (iii) change in capital structure
- (iv) mergers, de-mergers, acquisitions, delisting's, disposals and expansion of business and such other transactions
- (v) changes in key managerial personnel
- (vi) material events in accordance with the listing agreement or Company's Policy on Determination of Material Event / Information framed under SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015.
- (vii) Any such other information which may affect the price of securities

Minimum Standards for Code

1. Preservation of Unpublished Price Sensitive Information

Insider shall maintain the confidentiality of all Unpublished Price Sensitive Information. He/she should not pass such information to any person including the other Insider, unless the other person needs the same for some legitimate business purposes/ performance of duties.

2. Need to Know

Unpublished Price Sensitive Information is to be handled on a "Need to Know" basis, i.e. such information shall not be shared with any person including the other Insider except where such information is required to be passed for legitimate purposes and for performance of duties or discharge of legal obligation.

3. Limited access to Unpublished Price Sensitive Information

Files containing Unpublished Price Sensitive Information or any such related confidential information shall be kept secure. Computer files must have adequate security of login and password and physical files shall be properly locked etc. Files containing confidential information, if not needed, should be deleted / destroyed after being used as per Record Disposal Policy of the Company.

4. Chinese Wall

The Company shall adopt a Chinese wall policy to prevent the misuse of confidential information, which separates those areas of the Company which routinely have access to confidential information.

5. Trade in securities when in possession of unpublished price sensitive information

No Insider shall trade in securities of the Company whether listed or proposed to be listed when in possession of Unpublished Price Sensitive Information provided that the Insider may prove his innocence by giving valid reasons of the circumstances like

- a. the transaction is an off market transaction inter-se between the promoters who were in possession of the Unpublished Price Sensitive Information without breach of promises of regulation 3 of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, if such transaction is made for legitimate purpose and both parties had made a conscious and informed trade decision.
- b. In case of other non – individual Insiders (company, firm etc),
 - (i) the individuals who were in possession of such Unpublished Price Sensitive Information were different from the individuals taking trading decisions and such decision –making individuals were not in possession of such Unpublished Price sensitive Information when they took the decision of trade and

- (ii) such appropriate and adequate arrangements were in place that the information of the Unpublished Price Sensitive Information is not transferred from the individuals who were in possession of the Unpublished Price Sensitive Information to the individuals who took the decision for trade
- c. Trading is done pursuant to the trading plan submitted to the Company
- d. In cases of trades by Connected Person, the onus of establishing that they were not in possession of Unpublished Price Sensitive Information shall be on such Connected Person
- e. In any other case the onus would be on SEBI.

Trading Plan

An Insider before possessing an Unpublished Price Sensitive Information may formulate a Trading Plan ('TP') and the same shall be approved by the compliance officer after evaluation with regard to the regulations and shall be notified to the stock exchange(s). By virtue of the pre-planned trading plan, an Insider can plan for trades to be executed by him/ her in future. By doing so, the possession of Unpublished Price Sensitive Information when a trade under a trading plan is actually executed would not prohibit the execution of such trades that he had pre-decided even before the Unpublished Price Sensitive Information came into being. There are following stages for the implementation of the Trading Plan:

I. Requisites of Trading Plan

- a. Any trading (as per the Trading Plan) shall only be executed on expiry of six months from the date of public disclosure of the said plan.
- b. Trading, as per the Trading Plan, to take place between 20th trading days prior to the last day of the financial period for which the results are required to be announced by the Company and 2 trading days after the disclosure of such financial results.
- c. Insider can give one Trading Plan at a time and the same should not be for less than 12 months, i.e. there cannot be any overlapping of Trading Plans.
- d. Any Trading Plan should set out either the value of trades or the number of securities to be traded, along with specific dates and time intervals.
- e. Trading on the basis of such a Trading Plan should not lead to market abuse. If any manipulative activity is detected, it would be open to initiate proceedings for alleged breach of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities market) regulations, 2003.

II. Approval of Trading Plan

- a. An insider shall present the Trading Plan to the Compliance Officer for approval and public disclosure, pursuant to which trades may be carried out on his behalf in accordance with such plan.
- b. The Compliance Officer shall review the Trading Plan.
- c. The compliance officer shall assess whether the trading plan made by the Insider is not in violation of the said regulations.
- d. The Insider shall provide the undertaking that he is not in possession of Unpublished Price Sensitive Information or that he would ensure that any Unpublished Price Sensitive Information in his possession becomes generally available before commences executing his trades.

III. Execution of Trading Plan

- a. The Trading Plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan without any deviation.
- b. The Trading Plan shall be deferred if any Unpublished Price Sensitive Information in possession of the Insider at the time of formulation of the plan has not become generally available.

Trading Window

- a. Designated Persons and their immediate relatives are not allowed to trade in the shares of the Company during the period(s) when the Trading Window is closed. The Trading Window shall remain closed for a period, as may be finalised by the Compliance Officer, in consultation with the Managing Director, prior to the happening of any of the following events in general:
- Declaration of financial results (quarterly, half-yearly and annually)
 - Declaration of dividend (interim/ final)
 - Issue of securities by way of public / rights / bonus etc.
 - Any major expansion plans or execution of new projects
 - Amalgamation, mergers, acquisitions, takeovers and buy back of shares
 - Disposal of whole or substantially the whole of the Company.
 - Any changes in policies, plans or operations of the Company
 - Acquisition, de-merger, restructuring, scheme of arrangement, spin-off of divisions etc.
 - Consolidation / splitting of shares
 - Voluntary de-listing of shares by the Company
 - Forfeiture of shares
 - ADR / GDR or any other class of securities to be issued abroad
 - Cancellation of dividend/right/bonus etc.
- b. The Compliance Officer (in consultation with the Board of directors or Managing Director of the Company) may close Trading Window for the other events or matters, as may be deemed fit after taking into account the sensitivity of the event / case.
- c. The Compliance Officer shall take all reasonable steps to inform the designated persons and/or Insiders, in advance, about the date of closing and re-opening of the Trading Window. The trading in the Company's securities would be permitted only on the expiry of forty eight hours after the information becomes publically available.
- d. In case of Employee Stock Option Plans (ESOPs), exercise of option may be allowed during the period when the Trading Window is closed. However, sale of shares allotted on exercise of ESOPs shall not be allowed when the Trading Window is closed.

Pre-clearance of trades

All Designated Persons of the Company who intend to deal, on their behalf and / or on behalf of their dependent family members, in the securities of the Company and where the per transaction value of the shares intended to be dealt exceeds Rs. 10 lac, should obtain a pre-clearance for the transactions as per the pre-dealing procedure as described hereunder. Any pre cleared trade not executed by the Designated Person within 7 trading days of its pre clearance would require fresh clearance for the trades to be executed.

An application may be made in the prescribed format as annexed to the code as Annexure A, to the Compliance Officer indicating the estimated transaction value and the number of securities that the Designated Person, and/ or on behalf of his immediate relative, intends to deal in., the details as to the securities in such depository mode and such other details as may be specified in this behalf.

Along with the request for pre-clearance of transaction, an undertaking shall be executed in favour of the Company by such Designated Person, that he/ his dependent family members are not in possession of Unpublished Price Sensitive Information. An undertaking shall be executed by the director / officer / Designated Employee as per the format annexed herewith as per Annexure – A.

The Compliance Officer may approve/ dis-approve any of the pre- clearance requests, as per his analysis & checklist. Annexure B.

Disclosure of Trading by Insider

Initial Disclosure

1. Every promoter, key managerial personnel and director shall provide the disclosure of his holding of securities of the Company within 30 days of the implementation of these regulations to the Compliance Officer (i.e. by 13th June, 2015) as per Annexure C(i).
2. Every person appointed as key managerial personnel or a director of the company or upon becoming the promoter shall within 7 days of such appointment or becoming a promoter, shall provide disclosure of his securities to the Compliance Officer as per Annexure C (ii).

Other Disclosure

1. Every promoter, employee and director of every Company within 2 trading days, to the Compliance Officer the number of securities acquired or disposed of, whether in one transaction or in series of transaction over any calendar quarter or after the prior disclosure made to the Company crosses the threshold limit i.e. the value of such transactions is in excess of Rs 10 lakhs as per Regulation 7, shall disclose as per Annexure D.
2. Any person/entities getting associated with the company and falling within the ambit of the 'Connected Person' are themselves to make sure that their concerned employees/associates enter into any share trading pertaining to the company during the period they are in possession of Unpublished Price Sensitive Information and/or in contrary to the provisions of the said Regulations. The said Connected Person have to take requisite disclosure from its related employees. Also, the said Connected Person is also required to provide the disclosure in the format as provided in Annexure E to the said Regulations.

Reporting to the Board

The Compliance Officer shall report to the Board of Directors and provide half yearly reports to the Chairman of Board about the disclosures or Trading Plans received and action taken on the same.

Penalty for Contravention of the code

1. Any Designated Person who trades in securities or communicates any information for trading in securities in contravention of the Code of Conduct may be penalized by SEBI as they may deems fit and appropriate action would be taken.
2. Designated Persons of the Company who violate the Code of Conduct shall also be subject to disciplinary action by the Company, which may include wage freeze, suspension for future participation in employee stock option plan etc.
3. The action by the Company shall not preclude SEBI from taking any action in case of violation of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Other Restrictions

1. A Designated Person who is permitted to trade shall not execute a contra trade within 6 month of such trade in securities of the Company. The compliance officer may be empowered to grant

relaxation from strict application of such restriction for reasons to be recorded in writing provided that such relaxation does not violate these regulations.

2. If a contra trade be executed, inadvertently or otherwise, in violation of such a restriction, the profits from such trade shall be liable to be disgorged for remittance to the Board for credit to the Investor Protection and Education Fund administered by the Board under the Act.
3. In case it is observed by the Company/Compliance Officer that there has been a violation of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company shall inform to the SEBI.
4. No employee including key managerial personnel (KMP) or director or promoter of a listed entity shall enter into any agreement for himself or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of such listed entity, unless prior approval for the same has been obtained from the Board of Directors as well as public shareholders by way of an ordinary resolution.

Amendment to the code

Any new instruction/guidelines/regualtions issued by Government /SEBI and similar bodies will become effective as directed in these instructions etc. and accordingly, the provisions of this Code shall stand modified. All such modifications, will be placed before the Board for necessary information.

Publication -

This Code and any subsequent amendment(s) thereto, shall be displayed at the website of the company for information of Insiders and Designated Persons.

APPLICATION FOR PRE-CLEARANCE FOR PURCHASE/SALE OF SECURITIES

Date :

The Compliance Officer,
PNB Gilts Ltd.
5, Sansad Marg, New Delhi

Dear Sir,

Sub: Application for Pre-clearance for purchase/sale of securities

Pursuant to the Company's Code of Conduct for Prevention of Insider Trading I seek approval for Purchase /Sale of securities of the Company as under:

I propose to purchase/sell ____ no. of ____ securities of the Company, during the week ending ____ seek your approval for buying/selling No. of securities.

I. Details of Shareholding of Directors/Officers/Designated Employees Held In Their Own Name.

Name	Types of Securities	No. of securities held (with Folio/DP ID/ Client ID)	Nature of Transaction for which approval is sought	No. of securities to be dealt

II. In this regard I do hereby undertake as under :

- a. I have not received, nor I had any access to any unpublished price sensitive information upto the time of signing this undertaking.
- b. In case I have access or receive unpublished price sensitive information after the signing of this undertaking but before the execution of the transaction I shall inform the Compliance Officer of the same and shall refrain from dealing in the Securities of the Company till the time such information becomes public.
- c. I have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- d. I have made a full and true disclosure in the matter.

Signature:

Designation:

PRE-CLEARANCE Approval/disapproval

Date: _____

Name of person taking pre –clearance and his/her address

Dear Sir,

This is to inform you that your request for sale of ___ shares of the Company as mentioned in your application dated _____ is approved/ disapproved. Please note that the said transaction must be completed on or before _____ i.e. within 7 days from today.

For PNB Gilts Ltd.

Compliance Officer

FORM A**SEBI (Prohibition of Insider Trading) Regulations, 2015****[Regulation 7 (1) (a) read with Regulation 6 (2) – Initial disclosure to the company]**

Name of the company: _____

ISIN of the company: _____

Details of Securities held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Name, PAN, CIN/DIN & address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relative to/others etc)	Securities held as on the date of regulation coming into force		% of Shareholding
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of Open Interest (OI) in derivatives of the company held by Promoter, Key Managerial Personnel (KMP), Director and other such persons as mentioned in Regulation 6(2)

Open Interest of the Future contracts held as on the date of regulation coming into force			Open Interest of the Option Contracts held as on the date of regulation coming into force		
Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract Specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
6	7	8	9	10	11

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature: _____

Designation: _____

Date: _____

Place: _____

FORM B**SEBI (Prohibition of Insider Trading) Regulations, 2015****[Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a director/KMP/Promoter]**

Name of the company: _____

ISIN of the company: _____

Details of Securities held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (Promoters/ KMP / Directors/mediate relative to/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter	Securities held at the time of becoming Promoter/appointment of Director/KMP		% of Shareholding
			Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	
1	2	3	4	5	6

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of Open Interest (OI) in derivatives of the company held on appointment of Key Managerial Personnel (KMP) or Director or upon becoming a Promoter of a listed company and other such persons as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of becoming Promoter/appointment of Director/KMP			Open Interest of the Option Contracts held at the time of becoming Promoter/appointment of Director/KMP		
Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

Note: In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

FORM C**SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (2)
read with Regulation 6(2) – Continual disclosure]**

Name of the company: _____

ISIN of the company: _____

Details of change in holding of Securities of Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN, & address with contact nos.	Category of Person (Promoters/ KMP / Directors/immediate relative to/others etc.)	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/acquisition of shares/ sale of shares specify		Date of intimation to company	Mode of acquisition / disposal (on market/public/ rights/ preferential offer / off market/ Inter-se transfer, ESOPs etc.)
		Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke)	Type of security (For eg. – Shares, Warrants, Convertible Debentures etc.)	No. and % of shareholding	From	To		
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Note: "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of trading in derivatives of the company by Promoter, Employee or Director of a listed company and other such persons as mentioned in Regulation 6(2).

Trading in derivatives (Specify type of contract, Futures or Options etc)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts * lot size)	Notional Value	Number of units (contracts * lot size)	
15	16	17	18	19	20	21

Note: In case of Options, notional value shall be calculated based on Premium plus strike price of options.

Name & Signature:

Designation:

Date:

Place:

Undertaking by the Connected Person

This is to undertake that we Mr./Ms./M/s _____ having registered office address or resident of _____ being the connected person to the PNB Gilts Ltd. will duly inform our concerned Team of the nature of work relationship and shall not undertake any said transaction in violation of the SEBI (Prohibition of Insider Trading) Regulations, 2015

For _____(Details of the Connected Person)

Authorised Person