

Date: _____

Name: _____

DIN: _____

Address: _____

Dear Sir/Madam,

Sub: Appointment as an Independent Director

On behalf of the Board of Directors of PNB Gilts Ltd., I am pleased to inform that the Board of the Directors of the Company has approved your appointment as a Non Executive Independent Director of the Company for a period of 5 consecutive years with effect from _____, subject to shareholders' approval in the forthcoming General Meeting. 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, as may be decided by the Board from time to time for attending each meeting of Board/Committee, in which you are member.

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 provides for criteria for evaluation of Board, its Committees and the individual directors. The company will carry out an evaluation of the performance of the Board as a Whole, its Committees 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. SEBI (Prohibition of Insider Trading), 2015, 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,

(_____)

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) No person shall be appointed or continue as an alternate director for an independent director of a listed entity with effect from October 1, 2018.
- (2) The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.
- (2A) The appointment, re-appointment or removal of an independent director of a listed entity, shall be subject to the approval of shareholders by way of a special resolution
- (3) The independent directors of the listed entity shall hold at least one meeting in financial 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.

(4) 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.

(5) 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.

(6) An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than three months from the date of such vacancy.: Provided that where the listed entity fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.

(7) The listed entity shall familiarise the independent directors through various programmes about the listed entity, including the following:

- (a) nature of the industry in which the listed entity operates;
- (b) business model of the listed entity;
- (c) roles, rights, responsibilities of independent directors; and
- (d) any other relevant information.

(8) Every independent director shall, at the first meeting of the board in which he/she participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

(9) The board of directors of the listed entity shall take on record the declaration and confirmation submitted by the independent director under sub-regulation (8) after undertaking due assessment of the veracity of the same.

(10) With effect from January 1, 2022, the top 1000 listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors.

(11) No independent director, who resigns from a listed entity, shall be appointed as an executive / whole time director on the board of the listed entity, its holding, subsidiary or associate company or on the board of a company belonging to its promoter group, unless a period of one year has elapsed from the date of resignation as an independent director.

(12) A 'high value debt listed entity' shall undertake Directors and Officers insurance (D and O insurance) for all its independent directors for such sum assured and for such risks as may be determined by its board of directors.

B. Obligations with respect to employees including senior management, key managerial persons, directors and promoters– 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, high value debt securities 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) Omitted.

(5) Senior management shall make disclosures to the board of directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

Explanation.- For the purpose of this sub-regulation, conflict of interest relates to dealing in shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

(6) No employee including key managerial personnel 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:

Provided that such agreement, if any, whether subsisting or expired, entered during the preceding three years from the date of coming into force of this sub-regulation, shall be disclosed to the stock exchanges for public dissemination: Provided further that subsisting agreement, if any, as on the date of coming into force of this sub-regulation shall be placed for approval before the Board of Directors in the forthcoming Board meeting:

Provided further that if the Board of Directors approve such agreement, the same shall be placed before the public shareholders for approval by way of an ordinary resolution in the forthcoming general meeting: Provided further that all interested persons involved in the transaction covered under the agreement shall abstain from voting in the general meeting.

Explanation - For the purposes of this sub-regulation, 'interested person' shall mean any person holding voting rights in the listed entity and who is in any manner, whether directly or indirectly, interested in an agreement or proposed agreement, entered into or to be entered into by such a person or by any employee or key managerial personnel or director or promoter of such listed entity with any shareholder or any other third party with respect to compensation or profit sharing in connection with the securities of such listed entity.

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 their 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 3 months 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 financial 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 :

1. Posting of code of conduct on the web-site of the company.
2. 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.
3. 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., Chief Executive Officer (if not director), Chief Financial Officer, Company Secretary and officers in Sr. Executive Vice President cadre.

Purpose

The purpose of this Code of Conduct is :

1. 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.
2. 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.
3. 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/Executive 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:

- Taking for themselves personally, opportunities that are discovered through the use of Company's property, information or position.
- 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.

PNB Gilts Limited

Code of Conduct to Regulate, Monitor and Report Trading by Insiders W.e.f. 01.04.2022

Table of Contents

1. Objective and applicability of the Code of Conduct	3
2. Definitions	3
3. Communication or Procurement of UPSI and Preservation of UPSI	5
4. Trade in securities when in possession of UPSI	7
5. Prevention of misuse of UPSI	8
a. Trading Plan	8
i. Requisites of a Trading Plan	8
ii. Assessment and Approval of the Trading Plan	8
iii. Implementation of the Trading Plan	8
iv. Notification of the Trading Plan	9
b. Trading window and its closure	9
c. Pre-clearance of trades	10
d. Reporting requirements for transactions in securities	10
1. Initial Disclosures	10
2. Continual Disclosures	10
3. Disclosures by other connected persons	11
e. Sensitization of team engaged in transactions involving UPSI	11
f. Leak or suspected leak of UPSI	11
g. Protection to the Informant	12
h. Reporting to the Board of Directors	12
6. Penalty for Contravention of the Code	12
Part B- Dealing in Securities other than of the Company:	13
PART C -Internal Controls	14
Annexure–A: Trading Plan	18
Annexure–B: Application for Pre-Clearance for Purchase/Sale of Securities	19
Annexure–C: Pre-clearance Approval/Disapproval	20
Annexure–D: FORM B – Disclosure on becoming a Director/KMP/Promoter/Member of the Promoter group	21
Annexure–E: FORM C – Continual Disclosure	22

1. Objective and applicability of the Code of Conduct

The Code of Conduct aims to ensure monitoring, regulating, timely reporting and adequate disclosure of trading by the Insiders and Designated Persons of the Company. The aim is to prevent misuse of Unpublished Price Sensitive Information (UPSI) as trading on insider information is illegal, as well as it also negatively impacts the credibility and reputation of the Organization. Further, it also aims at transparency and fairness in dealing with the stakeholders and also ensuring adherence to all applicable laws and regulations.

The purpose of this policy document is to define the responsibility and duty of the Designated Persons of the organisation in preserving the confidentiality of all unpublished price sensitive information obtained in the course of their day to day operations with the company. No Designated Person may use his or her position to gain personal benefit or to provide benefit to any third party.

The Code will be applicable to Company's Designated Persons, Insiders and Connected Persons and persons deemed to be Connected Persons.

2. Definitions

- a) **'Act'** means Securities and Exchange Board of India Act, 1992.
- b) **"Board"** means Securities and Exchange Board of India.
- c) **'Company'** means PNB Gilts Limited.
- d) **'Compliance Officer'** for the purpose of these regulations means the Company Secretary assisted by Chief Financial Officer 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.
- e) **"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,
 - an immediate relative of connected persons specified in clause (i); or
 - a holding company or associate company or subsidiary company (presently – Punjab National Bank); or
 - 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
 - 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
 - an official of a stock exchange (presently, NSE and BSE) or of clearing house or corporation; or
 - 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
 - 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
 - an official or an employee of a self-regulatory organization recognised or authorized by the Board; or

- a banker of the company (presently, PNB and RBI); or
 - 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);
 - Auditors i.e. Internal, Statutory and Secretarial auditor of the Company, their Audit Team including designated partner(s);
 - Consultant(s) and their Authorised Representatives;
 - Any other Person as the Compliance Officer in consultation with the Managing Director specify in this behalf.
- f) **"Consultants"** means any professional engaged by the Company, in the field relating to the Accounts, Audit, Taxation, Legal, Marketing etc. on a regular basis or on an assignment basis, by whatever name called and who is not an Employee of the Company or in Group Companies.
- g) **"Designated Person"** means the following who shall be governed by this internal Code of Conduct governing dealing in securities –
- Promoter i.e. Punjab National Bank;
 - Directors of the Company;
 - Key Managerial Personnel of the Company;
 - Employees of the Company, Management Trainees in the Company;
 - Whole time director/Managing Director of the holding company, PNB;
 - Secretariat Staff of Directors having access of Unpublished Price Sensitive Information;
 - Any other person as may be defined by the Board of Directors of the Company or Monitoring Committee from time to time;
- h) **"Fiduciaries"** means Professional firms such as auditors, accountancy firms, law firms' analysts, insolvency professional entities, consultants, banks etc., assisting or advising the Company.
- i) **"Generally available information"** means information that is accessible to the public on a non-discriminatory basis.
- j) **"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.
- k) **"Informant"** means an individual(s), who voluntarily submits to SEBI a Voluntary Information Disclosure Form relating to an alleged violation of insider trading laws that has occurred, is occurring or has a reasonable belief that it is about to occur, in a manner provided under these regulations, regardless of whether such individual(s) satisfies the requirements, procedures and conditions to qualify for a reward;
- l) **"Insider"** means any person who is: i) a connected person; or ii) in possession of or having access to unpublished price sensitive information; or iii) with whom unpublished price sensitive information is shared for "Legitimate purpose" in the ordinary course of business by an insider.
- m) **"Promoter"** shall have the same meaning as assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modifications thereof.
- n) **"Promoter Group"** shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any modification thereof.
- o) **"Regulations"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.
- p) **"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.

- q) **“Trading day”** means a day on which the recognized stock exchanges are open for trading.
- r) **“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.
- s) **“Unpublished Price Sensitive Information” (UPSI)** – 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:
- financial results
 - dividends
 - change in capital structure
 - mergers, de-mergers, acquisitions, delisting’s, disposals and expansion of business and such other transactions
 - changes in key managerial personnel
 - any such other information which may materially affect the price of securities
- s) Other terms not specifically defined here shall have the same meaning as assigned under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

3. Communication or Procurement of UPSI and Preservation of UPSI

1. Unpublished price sensitive information should be disclosed only to those within the Company who need such information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information. An unpublished price sensitive information may be communicated, provided, allowed access to or procured, in connection with a transaction that would:
 - entail an obligation to make an open offer under the takeover regulations where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the company;
 - not attract the obligation to make an open offer under the takeover regulations but where the Board of Directors of the Company is of informed opinion that sharing of such information is in the best interests of the Company and the information that constitute unpublished price sensitive information is disseminated to be made generally available at least two trading days prior to the proposed transaction being effected in such form as the Board of Directors may determine to be adequate and fair to cover all relevant and material facts.
2. The Insider shall maintain confidentiality of all UPSI. UPSI is to be handled on need to know basis. As such, no Insider shall communicate, provide or allow access, directly or indirectly, to any unpublished price sensitive information relating to the Company or its listed / proposed to be listed securities, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.
3. (i) **“Need-to-know”** basis means that unpublished price sensitive information should be disclosed only to those within the Company who need the information to discharge their duty and whose possession of such information will not give rise to a conflict of interest or appearance of misuse of the information.

(ii) All unpublished price sensitive information directly received by any employee which is not in accordance with clause (i) above should immediately be reported to the head of the department and the Compliance Officer.
4. **“Legitimate purpose”** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partners, collaborators, lenders, customers, suppliers, merchant

bankers, legal advisors, auditors, insolvency professionals or other advisors or consultants, provided that such sharing has not been carried out to evade or circumvent the prohibitions of these regulations.

Following factors must be satisfied while determining what constitutes a Legitimate purpose

- i. Must be shared in the ordinary of course of business or for Corporate Purpose;
 - ii. Required to be done in furtherance of fiduciary duties or in fulfilment of any statutory or contractual obligation;
 - iii. The information shared is in a manner which is considered as fair and transparent;
 - iv. Information shared is in the interest of the Company and doesn't result in any personal gain to the Insider.
 - v. Such sharing has not been carried out to evade or circumvent the prohibitions of the Insider Trading Regulations or of any other Regulations that may be in force for the time being.
5. While sharing unpublished price sensitive information for Legitimate purpose(s), following things should be taken care off:
- The Insider before communicating any UPSI to any person for legitimate purpose shall first approach the "Authorised Person" who shall be responsible for assessing the need to share such information. The Authorised Person shall be Managing Director & CEO or in his absence, the relevant person second in command . The Authorised Person on being satisfied shall give a written confirmation to the Insider upon which the Insider may communicate the UPSI after entering the below details in Structured Database of the Company -
 - (i) Details of UPSI shared.
 - (ii) Details of persons with whom such UPSI is shared (along with their Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available)
 - (iii) Details of persons who have shared the information (along with their Permanent Account Number or any other identifier authorized by law where Permanent Account Number is not available) - This would include the details of both recipient firm/co./organisation and the authorised person with whom the UPSI will be shared,; and
 - (iv) Such other details as may be prescribed under the Regulations.
- For example: The listed company (X) has appointed a Law firm or Merchant Banker (Y) in respect of fund raising activity and (A) from listed company has shared the said UPSI with (B) of Law firm or Merchant Banker. The structured digital database of (X) should capture the nature of UPSI shared, details of (A), (Y) and (B), along with their PAN or other unique identifier (in case PAN is not available).
- Such database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database. The Compliance Officer and Chief Financial Officer shall be responsible for maintaining the said database.
 - The Company shall execute a non-disclosure agreement with the Recipient that the recipient will abide by the Regulations. A copy of said non-disclosure agreement shall be kept in record both by the relevant Department and the Compliance Officer. If the said agreement is not entered, then the Company, while sharing the unpublished price sensitive information with Recipient, shall give due notice to the Recipient to maintain confidentiality of such unpublished price sensitive information in compliance with these Regulations.
 - UPSI shall be shared through secured email or other secured digital medium as approved by the Authorised Person.
6. The Board of Directors required to handle unpublished price sensitive information shall ensure that the structured digital database is preserved for a period of not less than eight years after completion of the relevant transactions and in the event of receipt of any information from the Board regarding any

investigation or enforcement proceedings, the relevant information in the structured digital database shall be preserved till the completion of such proceedings.

7. Chinese Wall - Files containing UPSI or any such related confidential information should be kept secure. Computer files must have adequate security of login and password and physical files should be properly locked etc. If not needed, confidential files should be deleted /destroyed after being used as per Record Disposal Policy of the Company.

4. Trade in securities when in possession of UPSI

- 1) No Insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

**Note: When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.*

Provided that the insider may prove his innocence by demonstrating the circumstances including the following:

- (i) *the transaction is an off-market inter-se transfer between insiders who were in possession of the same unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision, provided that such unpublished price sensitive information was not obtained under sub-regulation (3) of regulation 3 of these regulations.*

Provided further that such off-market trades shall be reported by the insiders to the company within two working days of executing the trade. The Company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information;

- (ii) *the transaction was carried out through the block deal window mechanism between persons who were in possession of the unpublished price sensitive information without being in breach of regulation 3 and both parties had made a conscious and informed trade decision;*

Provided that such unpublished price sensitive information was not obtained by either person under sub-regulation (3) of regulation 3 of these regulations.

- (iii) *the transaction in question was carried out pursuant to a statutory or regulatory obligation to carry out a bona fide transaction.*

- (iv) *the transaction in question was undertaken pursuant to the exercise of stock options in respect of which the exercise price was pre-determined in compliance with applicable regulations.*

- (v) in the case of non-individual insiders (company, firm etc.): –

- 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 to trade; and
- appropriate and adequate arrangements were in place to ensure that these regulations are not violated and no unpublished price sensitive information was communicated by the individuals possessing the information to the individuals taking trading decisions and there is no evidence of such arrangements having been breached;

- (vi) the trades were pursuant to a trading plan set up in accordance with clause 5 of the code.

- 2) In the case of connected persons the onus of establishing that they were not in possession of UPSI shall be on such connected persons and in other cases, the onus would be on the SEBI.

- 3) SEBI may specify such standards and requirements, from time to time, as it may deem necessary for the purpose of this code.

5. Prevention of misuse of UPSI

a. Trading Plan

An Insider 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 a Trading Plan

- i. Any trading (as per Trading Plan) on behalf of the insider should not commence earlier than six months from the public disclosure of the plan;
- ii. Trading, as per the Trading Plan, to not take place for the period between the twentieth trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of such financial results;
- iii. A trading plan should be formulated at least for a period of not less than twelve months;
- iv. A trading plan should not entail overlap of any period for which another trading plan is already in existence;
- v. A trading plan should set out either the value of trades to be effected or the number of securities to be traded along with the nature of the trade and the intervals at, or dates on which such trades shall be effected; and
- vi. *Insider shall declare in the trading plan that he/she is not in possession of unpublished price sensitive information or that he/she shall ensure that any unpublished price sensitive information in his possession becomes generally available before he/she commences executing his trades as per the trading plan.*
- vii. 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*.
- viii. Format of Trading Plan is at Annexure A.

ii. Assessment and Approval of the Trading Plan

- i. 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.
- ii. Compliance officer shall review the trading plan.
- iii. Compliance Officer will assess whether the plan would have any potential for violation of the said regulations. In case of the trading plan of the Compliance Officer or his/her immediate relative as an insider, the review, assessment and approval shall be done by the Managing Director.
- iv. For such assessment, the Compliance officer shall consider and rely on declaration received under para 5(a)(i)(vi) above and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

iii. Implementation of the Trading Plan

- i. The trading plan once approved shall be irrevocable and the Insider shall mandatorily have to implement the plan, without being entitled to either deviate from it or to execute any trade in the securities outside the scope of the trading plan.
- ii. 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.

iv. Notification of the Trading Plan

Upon approval of the trading plan, the compliance officer shall notify the plan to the stock exchanges on which the securities are listed.

b. Trading window and its closure

“Trading Window” is defined as the period during which the purchase or sale of securities of the Company is allowed for Designated Persons subject to their satisfying the conditions laid down by the Code.

- 1) Designated Persons are not allowed to trade in the shares of the Company during the period(s) when the *Trading Window* is closed except when the sale or purchase is being undertaken pursuant to the *Trading Plan* submitted to the Company. The trading window shall be closed for a period, as may be finalised by the compliance officer, in consultation with the Managing Director, prior to happening of the following events in general:
 - Declaration of financial results (quarterly, half-yearly and annually)
 - Declaration of dividend (interim/ final/special)
 - 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 undertaking 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.
 - Any transaction or event which may have any material impact on the price of shares of the Company
- 2) 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.
- 3) 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. Any delay or lapse in intimating about statutory trading window closure will not be an excuse for undertaking trade in violation of this Code. The trading in the Company's securities would be permitted only on the expiry of forty eight hours after the information becomes publicly available.
- 4) The Trading Window shall be mandatorily closed from the end of every quarter till 48 hours after the declaration of financial results. The Board of Directors should ensure gap between clearance of accounts by audit committee and board meeting should be as narrow as possible and preferably on the same day to avoid leakage of material information.
- 5) 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.
- 6) The trading window restrictions mentioned above shall not apply in respect of:
 - a. transactions specified in Clause 4(1) (i) to (iv) and (vi) of this Code of Conduct and in respect of a pledge of shares for a bonafide purpose such as raising of funds, subject to pre-clearance by the compliance officer and compliance with the respective regulations made by SEBI.
 - b. transactions which are undertaken in accordance with respective regulations made by SEBI such as acquisition by conversion of warrants or debentures, subscribing to rights issue, further public issue, preferential allotment or tendering of shares in a buy-back offer, open offer, delisting offer or

transactions which are undertaken through such other mechanism as may be specified by the Board from time to time.

c. Pre-clearance of trades

When the trading window is open, all trading by Designated Persons and their immediate relatives, in the securities of the Company, where the per transaction value of the shares intended to be dealt exceeds Rs. 10 Lacs, shall be subject to pre-clearance by the Compliance Officer. 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–B, 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 Designated Persons as per the format annexed herewith as per Annexure–B.

The Compliance Officer may approve/ dis-approve any of the pre-clearance requests, as per his analysis & checklist. Annexure–C. In case of pre-clearance request of Compliance Officer and his/her immediate relatives, the Managing Director may approve/disapprove the request, as per his analysis & checklist.

Further, no pre-clearance would be required for dealing in the securities of the Company under the Trading Plan.

d. Reporting requirements for transactions in securities

1. Initial Disclosures

- i. Every person, on appointment as a key managerial personnel or a director of the company or upon becoming a promoter or member of the promoter group shall disclose his holding of securities of the company as on the date of appointment or becoming a promoter, to the Compliance Officer within seven days of such appointment or becoming a promoter as per Annexure– D.
- ii. All the Designated Persons shall be required to disclose names and Permanent Account Number (PAN) or any other identifier authorized by law of the following persons to the Compliance Officer on an annual basis and as and when the information changes:
 - a) immediate relatives
 - b) persons with whom such designated person(s) shares a material financial relationship
 - c) phone, mobile and cell numbers which are used by them

Further, the names of educational institutions from which designated persons have graduated and names of their past employers shall also be disclosed on a one-time basis.

Explanation – The term “material financial relationship” shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift from a designated person during the immediately preceding twelve months, equivalent to at least 25% of the annual income of such designated person but shall exclude relationships in which the payment is based on arm’s length transactions

2. Continual Disclosures

- i. Every Designated Person and member of the promoter group of the Company shall disclose, as required from time to time, as per Annexure E – Form C, to the Compliance Officer within two trading days of such transaction about, the number of such securities acquired or disposed of if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified by the Board;

- ii. Any off-market inter-se trades between two Insiders, who possess UPSI in accordance with Clause (4) as aforesaid shall be reported by the Insiders to the Company within two working days of executing the trade. The Company shall notify the particulars of such trades to the stock exchange on which the securities are listed within two trading days from receipt of the disclosure or from becoming aware of such information.
- iii. The disclosures to be made by any person under para 5(d)(2)(i) and (ii) above shall include those relating to trading by such person's immediate relatives, and by any other person for whom such person takes trading decisions.
- iv. The Compliance Officer shall notify the particulars of such trading to the stock exchanges on which the securities (including derivatives) are listed within two trading days of receipt of the disclosure or from becoming aware of such information.
- v. The above disclosures shall be made in such form and such manner as may be specified by the Board from time to time.

W.e.f. August 13, 2021, the aforesaid disclosure except in case of off market transactions shall be made by the Stock Exchanges as per the System Driven Disclosure mode implemented by the SEBI and manual disclosure by aforementioned persons has been dispensed with.

3. Disclosures by other connected persons

The company may, at its discretion require any other connected person or class of connected persons to make disclosures of holdings and trading in securities of the company in such form and at such frequency as may be determined by the Compliance Officer, in order to monitor compliance with SEBI regulations.

e. Sensitization of team engaged in transactions involving UPSI

In case of any transaction in the Company which is of sensitive nature i.e. it may involve UPSI or may give rise to UPSI, then the respective head of the Department to which the transaction pertains shall ensure the following:

- i. UPSI shall be shared only on need-to-know basis and for Legitimate Purpose
- ii. A brief introduction of the Code shall be given to all the Parties involved in the transaction specifically duties and responsibilities attached to the receipt of UPSI, and the liability that attaches to misuse or unwarranted use of such information,
- iii. In case persons/parties involved have not executed a non-disclosure agreement with the Company, then such agreement should be executed before sharing any UPSI or due notice shall be given to such persons to maintain confidentiality of such unpublished price sensitive information in compliance with these regulations.
- iv. Before communicating any UPSI to any person for legitimate purpose, the procedure as defined in para 3 above has to followed.
- v. Where such UPSI is shared with Fiduciaries or Intermediaries, then such Fiduciaries or Intermediaries shall ensure the compliance of the aforesaid as applicable on their part.

f. Leak or suspected leak of UPSI

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages any person who have genuine concerns about leak or Suspected leak of UPSI without fear of punishment or unfair treatment.

In case any whistle blower reports leak or suspected leak of UPSI, then the procedure as prescribed under the Whistle-Blower policy of the Company shall be followed. In any other case, the following procedure will be adopted -

- i. The Managing Director & Chief Executive Officer shall assist in investigating the matter related to leak or suspected leak of UPSI under the supervision of the Audit Committee, who shall appoint expert investigator(s).
- ii. The Investigator(s) shall have right to call for and examine any information/document of the Company, as may be deemed necessary for the purpose of conducting inquiry/investigation under this policy and can extend the scope of investigation to Fiduciaries and intermediaries, who were also involved in the matter involving UPSI.
- iii. The Designated Persons, Fiduciaries and intermediaries involved in the matter shall provide full cooperation during the course of the investigation.
- iv. The investigation shall be completed normally within 90 days of the receipt of the mandate, which can be reduced or extended by the Audit Committee for such period as it deems fit.
- v. The Managing Director & Chief Executive Officer shall submit a written report of the findings to the Chairman of the Audit Committee.
- vi. Where the results of the inquiry/ investigation highlight wrong doing on the part of the any employee or fiduciaries and intermediaries, then the Audit Committee shall recommend suitable punitive action as provided under these Regulations and Company's HR Policy to the Board of Directors of the Company. The Company on becoming aware of the matter related to leak or suspected leak of UPSI shall immediately report the same to SEBI. Further the result of investigation conducted into the said matter shall also be promptly disclosed to SEBI.

g. Protection to the Informant

The Company shall provide suitable protection to the informant, who has provided information to the Board under Chapter IIIA of SEBI (Prohibition of Insider Trading) Regulations, 2015, against any discharge, termination, demotion, suspension, threats, harassment, directly or indirectly or discrimination irrespective of whether the information is considered or rejected by the Board or he/she is eligible for reward under these regulations.

h. Reporting to the Board of Directors

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/preclearance received and action taken on the same and such other details as may be required, in connection with the compliance of the Code and Regulations

6. Penalty for Contravention of the Code

- 1) Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her Immediate Relatives).
- 2) The Company shall promptly inform the Stock Exchanges, where its securities are listed, regarding violations relating to this Code of Conduct in such manner and form as may be prescribed by SEBI from time to time.
- 3) Any Person to whom the Code is applicable and who deals in securities or communicates any unpublished price sensitive information, in violation / contravention of this Code shall be penalized by the Company. It may involve disciplinary action by the Company, which may include wage freeze, suspension for future participation in employee stock option plan, recover, claw back etc. Any amount collected under this clause shall be remitted to the SEBI for credit to the Investor Protection and Education Fund administered by the SEBI under the SEBI Act, 1992.
- 4) 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 months of such trade in securities of the Company except where the trade is being undertaken pursuant to a Trading Plan submitted to the Company or under a stock option plan. 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. For instance: Relaxation may be granted in case of need of funds for bonafide purposes.
- 2) However, exercise of ESOPs shall not be considered to be “trading” except for the purposes of disclosures
- 3) 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.
- 4) No employee including key managerial personnel (KMP) or director or promoter of the Company 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 the Company, unless prior approval for the same has been obtained from the Board of Directors as well as the public shareholders by way of an ordinary resolution.

Amendment to the code

Any new instruction/guidelines/regulations 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 of Directors of the company 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, Designated Persons and Fiduciaries etc.

Part B- Dealing in Securities other than of the Company:

Trade Restrictions

The Company is a primary dealer and is also engaged in trading of securities of other companies on proprietary basis. It is also a member of the currency derivative segment and acts as an Arranger of private placement of debt securities, NCRPS, CPs and CDs of other entities.

Accordingly, the employees are required to comply with the following additional conditions:

1. Employees and their immediate relatives shall maintain the confidentiality of UPSI obtained/procured from the internal /external research reports, the access of which has been provided to him by the Company, till such information becomes public. Such employees and their immediate relatives shall not trade in securities of the other companies, in which the Company is holding any position during the period of holding and 30 days from the date on which the Company's holding is dispensed with or information becomes public, whichever is earlier. . Further, where the trade in securities of the said companies exceeds Rupees 25 lakh, the employee and immediate relative should obtain a pre-clearance for the transactions as per the procedure described in Part A.
2. Employees (and their immediate relatives) of Research Department shall not trade in the securities under their coverage during the preparation of the research report till 30 days after disposal of securities by the company or information becomes public, whichever is earlier and shall not cover securities in which they have traded in last 30 days.

3. Contra Trade means after buying/ selling/ pledging/ borrowing & lending a particular security no opposite trade by way sale/buy/release of pledge/ early repay & early recall respectively, for specified period can be executed in the same security for a period of 6 months.
4. With respect to securities issuances arranged by Company for clients, the relevant employees and their immediate relatives shall not trade in securities of the said issuer, from the time bids are arranged till the time of allotment of securities.
5. Employees in possession of/ having access to UPSI with regard to any particular Company/Security are prohibited from dealing in the particular Security during the UPSI period. Employees holding securities during the UPSI period should ensure holding of minimum 6 months. Further employees are prohibited from borrowing and lending of securities while in possession of UPSI with respect to underlying securities.

Restrictions on Dealers:

1. Dealers undertaking Trade on behalf of the Company shall be seated separately with the other employees of the Company. Access of such Dealers to websites offering emails or chatting services like Gmail, Yahoo etc. other than internal e-mails shall be restricted as mentioned in the IT policy of the Company
2. Mobile phones of Dealers shall not be permitted inside the dealing room.
3. All deals have to be negotiated and concluded only on mediums that are recorded viz recorded landlines, Reuters messenger etc and recording is to be kept as per policy of the company.
4. Off premise dealing is not permitted. All the deals have to be concluded from the premises of the company, unless dealing from home is allowed as per the Company policy and applicable laws. In case of off-premises dealing, the Dealer shall ensure necessary records as required under applicable laws and this Policy are maintained and provided to the Company
5. No trades should be concluded after the close of the trading hours.
6. A proper record of such deals shall have to be maintained by the Dealing Department for a period of atleast one year. This provision is being kept in view of an incident of fire in the building during working hours which created the exigency/exceptional situation

[PART C -Internal Controls](#)

Institutional Mechanism

The Managing Director and Chief Executive Officer of the Company shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in the Regulations and this Code to prevent insider trading.

The internal controls includes the following:

- all employees who have access to unpublished price sensitive information are identified as designated person;
- all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations.
- lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- all other relevant requirements specified under these regulations shall be complied with;

- periodic process review to evaluate effectiveness of such internal controls and enhance the existing controls, wherever required.
- structured digital database is required to be maintained with adequate internal controls and checks, such as time stamping and audit trails to ensure non-tampering of the database, in compliance with the provisions of these Regulations.

Audit Committee shall review the Compliance with the provisions of these regulations atleast once in a financial year and shall verify that the systems for internal control are adequate and operating effectively.

Policies:

The Company shall create a strong control environment for promoting insider trading governance by adopting the following policy and procedures:

1. Employee Orientation:
 - Communicate the Company's policies on integrity and ethical values from time to time to the Employees of the Company.
 - Communicate the behavioral standards to personnel through policy statements and codes of conduct and by examples.
2. Self– Governance:
 - The Company's attitudes and actions toward compliance & reporting as per insider trading laws shall be firm.
 - They shall abide by the Company's Code of Conduct for Regulation, Monitoring and Reporting of Trading by Designated Persons, as may be applicable to them.
 - They shall adopt the principles of conscientiousness and conservatism.
3. Assignment of Authority & Responsibility:
 - The Company shall clearly define and communicate roles & responsibilities of the Employees.
 - The authority of the Employees shall be well established and understood to ensure that information accessed and communicated by them is within their authority and role privilege.
4. Recruitment:
 - The Human Resource Department shall undertake due diligence while recruiting personnel. For recruiting employees in departments which generally have access to UPSI, specific emphasis on past evidence of integrity and ethical behavior shall be made.
 - The management may conduct background check of new recruits to ensure they are not in violation of ethical code of conduct & insider trading laws in their previous employment or appropriate undertaking from the prospective Employees where sufficient background check cannot be undertaken.
5. Training & Awareness:

The Company will regularly conduct Training & awareness programs to sensitize employees on compliance of SEBI PIT Regulations along with need of maintaining high degree of integrity and morality in organization at such intervals and at such times as it may consider necessary.

Roles and Responsibilities:

A. Compliance Officer

The Compliance Officer designated for the purpose of the Regulations will perform the following functions and shall have the following powers:

- Monitor and administer this Code.
- Process the pre-clearance of trade as per approval matrix.
- Maintain, update and preserve records, as per SEBI Regulations.
- Clarify issues regarding the Code.
- notify the 'No-Trading Period' for Designated Persons / select persons or specific departments, as deemed necessary.
- maintain the list of identified Designated Persons on the basis of receipt of information HR Head and decision thereof by the Monitoring Committee
- The Compliance Officer shall send reports to the Chairman of Audit Committee, on regular basis (atleast once in a year), providing details of the trading in the Securities of the Company by the Designated Persons and the accompanying documents such persons had executed under the pre-dealing procedure as envisaged in this Code.

The Compliance Officer can delegate all or any of the above powers to any officer / employee of the Company.

B. Human Resource Department

The Human Resource Team shall ensure the following:

- Provide details of employees who are joining, leaving or being transferred or whose designation are being changed to the Secretarial team from time to time so that list of Designated Persons can be discussed by the Monitoring Committee
- Obtain initial disclosures from Designated Persons
- In coordination with Secretarial team provide training and give comprehensive presentation to designated persons and other employees with regards to their obligation and responsibilities under this Code

C. Monitoring Committee

A committee is constituted under the Code named as Monitoring Committee, comprising of the following officials:

- Managing Director and Chief Executive Officer
- Head of the Human Resource Department
- Chief Financial officer
- Secretarial Team
- Senior Executive Vice President (Front Office)
- Senior Executive Vice President (Support)

The Committee will perform the following functions:

- Review list of Designated Persons on a half yearly basis (this will not preclude the Committee to review the list if change in such list is required)
- Conduct inquiries/investigations regarding alleged violations of the Code or the SEBI Regulations.
- Recommend to the Audit Committee on the penalty/penal consequences to be imposed on Designated Persons for any contravention of the Code.
- Decision on intimation to SEBI on any trading in Securities of the Firm by a Designated Person in contravention of the Code.
- The Committee shall take into account the nature and severity of the contravention while deciding on the intimation.
- Seek any such information / documents from the Designated Persons and their Immediate Relatives, as the case may be, for the purpose of enforcing the provisions of this Code and the SEBI Regulations and it shall be the duty of such persons to provide the same forthwith.
- Appoint external agency or consultant to conduct enquiry or investigation.

- Failure or refusal to co-operate in such enquiries/investigation shall be deemed to be a serious violation of the obligations owed to the Company under this Code.

Monitoring & Review of the Internal Control System

1. The Audit Committee may appoint any person including but not limited to internal auditor or external consultant for evaluating the effectiveness of internal controls established by the Company in accordance with the policies and procedures of the Code.
2. The appointed person shall review and prepare a report on existing internal controls established in the Company on an Annual basis and shall present it to the Audit Committee.
3. The Audit Committee based on the above mentioned report shall review the established internal control systems in the Company.

ANNEXURES

- Annexure A
- Annexure B
- Annexure C
- Annexure D
- Annexure E

Annexure–A: Trading Plan

The Compliance Officer
 PNB Gilts Ltd.
 5, Sansad Marg
 New Delhi – 110 001

Sub: Submission of trading plan under Regulation 5 of the SEBI (Prohibition of Insider Trading) Regulations, 2015

Dear Sir/Madam,

In terms of provisions of Regulation 5 of SEBI (Prohibition of Insider Trading) Regulations, 2015 and as per Company’s Code of Conduct to Regulate, Monitor and Report Trading by Insiders, I, [•], PAN: [•], _____ of the Company hereby submit the trading plan with respect to dealing in securities of the Company for a total period of 12 months from _____ to _____.

DP ID/ Client ID / Folio No.	Type of security	No. of Securities held (as on date)	Nature of Trade (Buy/Sell/____)	Proposed Date/time period of trade	No. /total amount of securities proposed to be traded
	Equity		Buy (through stock exchange trading mechanism/____)		

With respect to the above trading plan, I hereby:

- I. undertake that I shall not entail commencement of trading earlier than 6 months from the public disclosure of the plan;
- II. undertake that I shall not entail trading for the period between the 20th trading day prior to the last day of any financial period for which results are required to be announced by the Company and the second trading day after the disclosure of financial results for the said period;
- III. Confirm that I am not in possession of any unpublished price sensitive information at the time of formulation of this trading plan OR I undertake that I shall not commence the trading as per above plan if the Unpublished Price Sensitive Information which is in my possession at present, do not comes into public domain till the time of commencement of trading plan & shall defer the commencement of trading plan till such information becomes generally available;
- IV. Undertake that I shall not tender any other trading plan for the period for which the above trading plan is already in force;
- V. Undertake that I shall not entail trading in securities for market abuse;
- VI. Confirm that I am not in violation of Company's Code of Conduct or SEBI Insider Trading Regulations while formulating the aforesaid trading plan; and
- VII. I also hereby confirm that except me, none of my immediate relatives or any other person for whom I take trading decisions, shall deal in the securities of the Company as per this trading plan.

Date.....
 Place.....

Signature :
 Name :
 Designation :

Annexure–B: 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/We seek approval for Purchase /Sale of securities of the Company as under:

I/We 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/We do hereby undertake as under:

- a. I/We have not received, nor I/We have had any access to any unpublished price sensitive information upto the time of signing this undertaking.
- b. My/ our dependent family members are not in possession of unpublished price sensitive information.
- c. In case I/We have access or receive unpublished price sensitive information after the signing of this undertaking but before the execution of the transaction, I/We 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.
- d. I/We have not contravened the code of conduct for prevention of insider trading as notified by the Company from time to time.
- e. I/We have made a full and true disclosure in the matter.

Signature:

Designation:

Annexure–C: Pre-clearance Approval/Disapproval

Date: _____

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

Dear Sir/Madam,

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]

Annexure–D: FORM B – Disclosure on becoming a Director/KMP/Promoter/Member of the Promoter group

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/members of promoter group KMP /Directors/immediate relative to/others etc.)	Date of appointment of Director /KMP OR Date of becoming Promoter/ member of promoter group	Securities held at the time of becoming Promoter or member of the promoter group/appointment of Director/KMP		% of Shareholding
			Type of security (e.g. 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 or member of the Promoter group of a listed company and immediate relatives of such persons and by other such persons as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of appointment of Director/ KMP or upon become a Promoter or member of the promoter group			Open Interest of the Option Contracts held the time of appointment of Director/ KMP or upon become a Promoter or member of the promoter group		
Contract Specifications	No. of units (contracts * lot size)	Notional value in Rs.	Contract Specifications	No. of units (contracts * lot size)	Notional value in Rs.
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:

Annexure–E: FORM C – Continual Disclosure

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	No. and % of shareholding	Type of Security	No.	Value	Transaction Type (Buy/ Sale/ Pledge / Revoke/ Invoke)	Type of security	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)						
Type of executed contract	Contract specifications	Buy		Sell		Exchange on which the trade was executed
		Notional Value in Rs.	No. of units (contracts * lot size)	Notional Value in Rs.	No. 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:
