

Transcription of

27th Annual General Meeting of

PNB GILTS LIMITED

held on 08.09.2023

Deeba Hasan – A very good morning to all of you. On behalf of the Board of Directors, management, and employees of PNB Gilts Limited, I extend a very warm welcome to all the shareholders to the 27th Annual General Meeting being held at PNB corporate office Dwarka sec-10. For now, I will hand over the proceedings to Ms Monika Kochar, Company Secretary.

Monika Kochar- Thank you so much Deeba. Good morning to all of you. I welcome you all on behalf of your company, PNB Gilts Limited, to the 27th Annual General Meeting which is being held today through video conferencing. Before I hand over the proceeding to the Chairman to declare the meeting open, I would like to highlight certain points here. The joining to this meeting opened 30 minutes prior to the commencement time, i.e., 11:00 a.m. and it will remain open for another 30 minutes hereafter for joining. Members are encouraged to join the meeting through their laptops and headphones for a better experience and use the internet at a good speed to avoid any disturbance during the meeting. Participants connecting through mobile hotspots may experience some audio or video loss due to fluctuations in their respective networks. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of technical glitches. As mentioned in the AGM notice, the facility of participation at the AGM through video conferencing has been made available for 1000 members on a first-come first serve basis, except for the large shareholders, Promoters, Institutional Investors, Directors, Key Management Personnel, the Chairperson of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee as well as the auditors who are allowed to attend this AGM without this restriction on account of first come first serve basis. Pursuant to various circulars issued by the Ministry of Corporate Affairs and SEBI, the facility to appoint a proxy to attend and cast vote for the members is not available for this AGM. However, a body corporate is entitled to appoint an authorized representative to attend the AGM through video conferencing and cast their vote electronically. To

transact the businesses as mentioned in the notice, the members were provided an opportunity to inspect all the documents referred to in the notice in the manner prescribed therein. We have received requests from 16 members for registration as a speaker shareholder in the AGM today. Although shareholders have been provided specific links to log into the meeting, and we shall be allowing them to speak once the Chairman directs the same. We request the speakers to limit their speeches to three minutes for the benefit of other shareholders. At the end of two minutes, you will hear a prompt in the form of a bell, and then you may start concluding your remarks at this sound. After three minutes, another prompt in the form of a bell sound will be released, and the moderator will take up the next question. I would also like to highlight to the speakers that when the moderator takes your name, your mic will be opened, and you will also have to unmute the mic at your end and start giving your views. Non-registered shareholders who are attending this meeting through video conferencing today can also express their views or raise your questions, if you have any, through the communication box provided. The Chairman will be responding to the queries at the end of question-answer session, and if some queries are left unanswered due to paucity of time, then members can post them again or can also mail me at m.kochar@pnbgilts.com for a reply afterwards. I may inform you that in terms of Article 98 (2) of the Articles of Association of your Company, Shri Kalyan Kumar is the Chairman of the Company. With this, I hand over the proceeding to the Chairman. Over to you, Sir.

Kalyan Kumar- Thank you, Monika. Dear members, good morning. On my personal behalf and on behalf of the Board of Directors of the company, I extend a warm welcome to all shareholders and authorized representatives in this 27th Annual General Meeting of your Company, which is being held through video conferencing. Your Company has made all required efforts to enable its members to participate in the meeting through the video conferencing facility and vote electronically. The requisite quorum being present, I call the meeting to order. Before I proceed further, I would like to introduce to you my colleagues on the dais and those who are attending the meeting through video conferencing. I would request each director to acknowledge when I introduced him/her.

Mr. P.P. Pareek, Independent Director and Chairman of the Audit Committee, Stakeholders Relationship Committee and IT Committee.

P.P. Pareek- I am PP Pareek, and I am attending this meeting from here.

Kalyan Kumar- Mr. S.K. Kalra, Independent Director and Chairman of the Risk Management Committee and IT Strategy Committee.

Dr. T.M. Bhasin, Independent Director and Chairman of Nomination and Remuneration Committee

Ms Neharika Vohra, Independent Director and Chairperson of CSR Committee. She will be with us for around half an hour, and after that, she will be leaving this meeting to attend her other necessary professional commitments.

Mr. Vikas Goel, Managing Director and CEO of the Company, is present with me on the dais, and Ms. Monika Kochar, Company Secretary.

Apart from them, we also have Mr P. Sunil, Deputy CEO; Mr. Vijay Sharma, Senior EVP, Ms Seema Misra, SEVP; Mr Chandra Prakash; CFO, Mr Neeraj Agarwal, Head of the internal audit.

Representatives of Statutory auditor - Batra Deepak & Associates and Secretarial Auditor- Pranav Kumar & Associates have also joined this meeting through video conferencing.

Before we take up the items as per the notice, I would like to share with you the general outlook for the primary dealer industry and for the performance of the Company during the financial year 2023.

The notice calling the 27th AGM of the company and the audited annual financial statements for the year ended 31st March 2023, together with the Auditors' and Directors' reports thereon, have been with you for quite some time now. There were no qualifications, observations, or adverse comments or remarks in the reports of the Statutory Auditor, the Comptroller and Auditor General of India and the Secretarial Auditor. With your permission, all these are being taken as read. Now, before mentioning the salient features of the Company's performance during the year under review, I would like to apprise you of the key developments in the Indian economy and the general conditions in the money and securities market. In the early months of fiscal year 2023, the

effects of successive pandemic shocks faded, and the war between Russia and Ukraine erupted, leading to global unrest. Despite these strong global headwinds, the domestic economy showed resilience with a sustained recovery in domestic activity and consumer confidence. The real GDP grew by 13.5 percent (y-o-y) in the first quarter on the back of the base effect and a healthy rebound of growth. However, the growth took a downturn owing to increased price pressures and a decrease in exports following recessionary fears.. Consequently, the economy recorded a growth of 6.3% in the second quarter. In the second half of the year, the economy continued to struggle with persistent challenges, such as declining exports and shrinkage of private consumption amidst high inflationary pressures. The growth in the third and fourth quarters was recorded lower at 4.4% and 6.1%, respectively. The financial year 2023 witnessed strong inflationary pressures throughout the year, with the headline inflation remaining above the upper tolerance band of 6% for several months, following a spike in inflation in the early months of 2023, the MPC changed its stance to withdrawal of accommodation in April 2022 and cumulatively raised the policy repo rate by 250 basis points from 4% to 6.5% during the year, in order to curb inflation. However, the fiscal position of the Central Government improved during the year on the back of higher revenue receipts. The gross fiscal deficit for the financial year 2023 stood at 6.45% as against 6.75% for the financial year 2022. The bond markets saw considerable deterioration because of the continued hiking of policy rates by RBI and other global central banks, besides the tightening of liquidity conditions, pushing the overnight money market rates, what's the upper band of the LAF corridor? Under the aforementioned macroeconomic conditions, the 10-year yield touched the high and low of 7.62% and 6.99%, respectively and closed the year at 7.32%.

Now I will talk about the Company's performance. Your company operated in an unprecedented monetary policy environment in the recent past. During the financial year 2022-2023, with RBI raising policy rates successively and maintaining a hawkish guidance. The Company's performance during the year was affected by sharp rise in bond yields, which resulted in mark-to-market losses as well as a rise in borrowing costs due to sharp and quick rise in overnight money market rates resulting in compression of the net interest income. Under the aforementioned circumstances, your company posted a PBT of minus ₹85.06 crore and a PAT of minus ₹77.22 crore as of March 31,

2023. Despite the challenges faced during the financial year 2023, your Company remained adequately capitalized with a capital adequacy ratio of 31.83% as of March 31, 2023, against RBI, minimum stipulation of 15%. Your Company also successfully fulfilled its regulatory mandates as a primary dealer in both primary and secondary markets during the year. I am glad to say that in fulfilling its responsibility towards the social, environmental and other causes, the Company's contributions under CSR initiatives grew to ₹7.73 crore, which has been the highest till date.

Now, forward guidance: The financial year 2023-2024 began on a positive note owing to resilience in economic activity going ahead. The MPC has indicated that inflation may remain stubborn and above the RBI's 4% inflation target. Tight financial conditions, our interest rates and weak external demand could slow economic activity in 2023-2024. In addition, the effects of global financial market volatility, ongoing geopolitical issues, oil prices and the severity of El Niño pose an upside risk to inflation and interest rate volatility. Furthermore, as the effect of the cumulative rate hikes continues to unfold, the MPC is determined to keep a close watch on inflation and growth prospects in the coming months. Your company is well-positioned with a healthy balance sheet and capital base. We intend to continue charting the growth path that we envisage for ourselves and for our stakeholders. With the right blend of a strong team and strategies leveraged with appropriate technological enhancements, I am happy to say that RBI has granted the foreign exchange license to your Company, which will help in increasing our non-core business and diversifying the revenue. We are confident that with the guidance of our Directors, dynamic and proactive management and the trust of our stakeholders, your Company shall continue to deliver value in the years to come. I would like to take this opportunity to extend my sincere gratitude to all the shareholders for their continued patronage and belief in the Company and its initiatives throughout all these years. The interests of shareholders have always been the Company's prime focus, and we will endeavour to maximize value for all our shareholders. I thank the Directors for their invaluable suggestions and continuous guidance. I would also like to thank all valued clients and the parent bank for their wholehearted patronage and incessant support and cooperation. I place on record gratitude to the Reserve Bank of India, FIMMDA and the Primary Dealers Association of India for their continued guidance to the company. I finally acknowledged the dedicated service of all

the employees of the Company and their passionate involvement in building a stronger and more dynamic organization. Thank you.

Before proceeding further, I may inform you that as required under the Companies Act 2013 and SEBI guidelines, the Company has provided you the facility to cast your vote electronically on all the resolutions set-forth in the notice. Members who have not cast their vote electronically and who are participating in this meeting will have an opportunity to cast their votes through e-voting system provided by NSDL. Members may please note that there will be no voting by show of hands. We now take up the resolutions as set-forth in the notice. We will open the floor for any questions from members after all the resolutions are tabled.

Now, following up the items as set out in the notice convening the meeting, objective and rationale of the same are explained in the explanatory statement attached to the notice.

Item number one: To receive, consider and adopt the financial statements of the Company for the year ended March 31, 2023, and the reports of Auditors and the Board of directors thereon. These have already been provided to the members.

Item number two relates to my re-appointment. Therefore, I request Shri Pareek Sir to take up this matter.

P.P Pareek-Thank you, Sir, for giving me this opportunity. Item number two: To appoint a Director in place of Shri Kalyan Kumar Sahab, who retires by rotation and being eligible seeks re-appointment. Now, I request of Shri Kalyan Kumar Sahab, Chairman, to take up the proceeding further.

Kalyan Kumar- Thank you Pareek Sahab.

Item number three: To authorize the Board of Directors to fix the remuneration of statutory auditors of the Company appointed by the Controller and Auditor General of India for the financial year 2023-2024. I may inform you that in terms of section 139(5) of the Companies Act 2013, CAG of India is yet to appoint a statutory auditor for the Company for the financial year 2023-2024. As such, the shareholders may authorize the Board of Directors to fix the remuneration of statutory auditors as and when appointed by CAG of India.

Item number four: To re-appoint Shri Satish Kumar Kalra as an Independent Director for another term of 5 consecutive years with effect from September 15th, 2023.

Item number five: To reappoint Dr. Tejendra Mohan Bhasin as an Independent Director for another term of five consecutive years with effect from July 30th, 2024.

Item number six: To waive the recovery of excess managerial remuneration paid to Shri Vikas Goel, Managing Director and CEO of the Company for the financial year ended March 31st, 2023.

Item number seven: To approve the remuneration of Shri Vikas Goel, MD and CEO of the Company for financial year 2023-2024 in excess of the stipulated limits prescribed under Section 197, read with Schedule 5 to the Companies Act 2013. This salary is in partial modification to the resolution passed by the members in January 2023 through postal ballot.

Now I hand back to the Company Secretary to brief you on e-voting and questions and answer session. Over to you, Madam.

Monika Kochar- Thank you, Sir. The e-voting at the AGM on the NSDL platform has already been activated for those members who are participating in this meeting and have not yet voted to remove e-voting. This E-voting facility will remain active till 30 minutes after the meeting. Now, before we commence the question-answer session, I may inform you again that we will begin with those members who have pre-registered themselves as speaker for this meeting. If any member desires to ask any questions pertaining to any item on the notice, he or she may do so now on the communication box. Please note that the Company reserves the right to limit the number of members asking questions depending on the availability of time. Members are once again requested to keep their questions brief and specific. I now request Deeba to commence with the Q&A session. Thank you.

Deeba Hasan- Thank you Monika. I will now be calling out the names of each of our registered shareholders one by one, and will request them to go ahead with their query. So first, we will be having Mr. Raju Verma online with us. Mr. Raju can you hear us?

Kalyan Kumar- Mr Raju is visible. Please unmute yourself and speak.

Raju Verma- *Namaskar Sir, mein Raju Verma shareholder New Delhi se bol raha hoon. Aap sabhi ka aur Secretarial Department ka dhanyavaad karta hoon jinhone mujhe AGM mei bolne ka mauka dia. Mujhe apni management team pe poora bharosa hai, wo jo bhi prasatav laayegi wo Company ke hit mei hoga. Hum samjhte hai ki aane wala samay Company ka kaafi acha rahega. Mai sabhi resolutions ka samarthan karta hoon or sir aapki Chairman speech itni transparent hai ki kaafi questions apne aap clear ho jate hai. Aane wale samay mai AGM/EGM ko VC mode pe hi karein, jisse koi bhi vyakti kahi se bhi judd sakta hai. Mai company ke sukhad bhavishya ki kaamana karta hoon. Dhanyavaad, thank you.*

Deeba Hasan- Thank you so much, Mr. Raju. Now we have Yashvee Kothari with us. Hello, Yashvee Ji, please go ahead with your question.

Yashvee Kothari- Thank you for the opportunity, and good morning to everyone present in the meeting. I have a couple of questions. I wanted to understand the opportunity regarding the permission that you have been granted by the RBI recently, as the authorized dealer category 3. What are the opportunities available for the same? You also talked about the performance of the Company. So excluding the Mark-to-Market losses, if we remove the net losses on securities, the unrealized losses, the performance of the Company has deteriorate. So, wanted to understand your outlook going forward. How can we enhance the performance of the company, if at all we removed the mark to market gains and losses? The third question would be wanted to understand if the investments that we make in Government securities; are those short-term government securities or long-dated G-sec? Then our borrowing has also increased significantly this year. So, any particular reason for the same? You have already highlighted that the borrowing cost has increased. My last question would be if there are any developments regarding the inclusion of India the global bond index, considering that it would be providing a significant opportunity for PNB Gilts. That would be it. And thank you so much again for the opportunity given.

Kalyan Kumar- Thank you, Yashvee. MD and CEO will answer this question.

Vikas Goel- Yashvee Ji, let me answer. There are four questions. So, I will start one by one. On the foreign exchange license; it gives us two opportunities. One is essentially, as you are aware, we are a trader and market maker in Government securities. So, it gives us an opportunity to trade and be a market maker in foreign exchange markets and that will be non-core activity in the sense right now, whatever we do is exposed to interest rate movements. As you are aware, Kalyan Kumar Ji also said in his speech just a moment back rates went up, and that is one reason we had the issue of performance last year. So, this business, obviously, is non-core activity, and that is why the Reserve Bank has permitted authorized dealers to enter this business to stabilize the volatility in income. So, that is one aspect of trading and market-making in foreign exchange. Second, obviously, we can look at providing hedging facilities to some institutional clients to a limited extent. Mostly banks cover corporates, but we can look at investors in fixed-income market foreign investors, particularly those who are exposed to currency risk. Apart from selling their investments, we can also consider selling them hedges on their currency risk. So, these are the two opportunities which come out of this license. Will it replace our core business? Of course, not. It will be ancillary to our core business. It will reduce the volatility in the earnings stream of our core business. So, that is the first. In terms of the second question when you said that there has been a deterioration in performance excluding the mark-to-market, you are right. As Kalyan Kumar Ji pointed out, interest rates went up considerably as monetary policy was tightened. As a result, our net interest margin shrank. What was roughly a year before last was 3%, shrank to almost 25-30 basis points, as you can see. As a result, the net interest income suffered. So, we have, generally speaking, two sources of income, primarily mark-to-market or trading income and interest income, and a third minor source is fee from underwriting business, both in corporate bonds as well as in government securities. So that is a minor income stream. The net interest income also suffered because rates went up, squeezing our net interest margin. Third was, do we invest in short dated Government only? No, the issuance curve extends to 40 years presently, and we, as an authorized dealer in Government securities or a primary dealer in Government securities, our mandate is to underwrite the entire issuance program. So, obviously, we trade not only in treasury bills, which are short, dated securities, but we trade up to 40 years. We are obliged to, by the mandate of our license. But generally speaking, activity is in what is called, the bell of the curve or middle of the

curve, which is 10 to 15 years. So, active trading takes place in the market for 10 to 15 years. Investors are there for longer term and shorter term also investors like liquid funds, etc. are there. So, most of the trading is concentrated in 10 to 14 years. Having said that, we are obliged to underwrite auctions up to whatever the issuance, which is up to 40 years, and that is the obligation and mandate of our license. On the issue of participation in the global bond index, as you rightly pointed out, very insightfully, that it will help us if that includes, because a new set of investors will come in, who are not there presently, and that will help in liquidity, etc. The price discovery will be more efficient. There will be more liquidity, and obviously, we will find investors for the assets in which we make market. So, that will be good news for us. It has been blow hot and cold for the last about three years on this index inclusion. Recently, the day before yesterday, it was Economic Times which said that the Reserve Bank is again in consultation with offshore clearing houses like Euroclear and trying to find out whether these bonds can be cleared and settled, Government bonds can be cleared and settled offshore. While that is not something which is necessarily linked to index bond inclusion, but it is a good thing to have for index bond inclusion, and it will pave the way. So, that is as much as we know currently, as and when it comes. Normally, this inclusion is looked at in September. So, this month, we will come to know. We are also looking forward to whether there is a positive development or not. So, let us keep our fingers crossed and hope there is a positive development, and as you rightly pointed out, it will be good news for your Company if bond index inclusion happens.

Yashvee Kothari- Can I just ask one follow-up question?

Vikas Goel- Yes, please.

Yashvee Kothari- You talked about the opportunities we could have for the category 3 license. So, you know, 2-3 years down the line, what percentage of our revenue could it contribute, not talking about the short term, but the long term, if you could guide us?

Vikas Goel- As I mentioned Yashvee Ji, it cannot replace our core activity and that is not the intent. It is a non-core activity. So, generally speaking, what we are aiming for from our non-core activities is roughly about 10% of our PBT,

i.e., Profit before tax, to come from non-core activities. So, amongst non-core activities, we already are in DCM in the top 10 arranger ship in the corporate bond segment. We are number 6 presently by one prime league tables. That along with FX and sales activities, we would like to contribute about 10%, is what we are aiming for. So, all three together, generally speaking, we are aiming for about 10% of our profit before tax to come from such activities which are relatively non-correlated with our core interest rate trading activity.

Yashvee Kothari- Great, thank you so much. It was very insightful.

Deeba Hasan- Thank you, Yashvee Ji. Now, we have with us Mr. Surender Kumar. Can you hear us?

Kalyan Kumar- Mr. Surender Kumar, are you there?

Surender Kumar Arora- *Namaskar, Chairman sahab. Main Surender Kumar Arora, Noida se join kar raha hoon. Chairman sahab, sabse pehle toh main mubarakbaad deta hoon, aapki recent very informative Chairman speech ke lie. Baaki Sir mera ek question hai, kya hum log bonus share ke baare mei soch rahe ha? Iske baare mei thoda batae, thank you very much.*

Vikas Goel- Surender Ji, various capital structures are always discussed at the Board level. So, as and when it makes sense for us to issue bonus shares, it will obviously be announced at an appropriate time. I can only say that the Board is very highly focused on capital adequacy and the capital structure. So obviously part of that discussion is on whether bonus shares etc should be issued, and so on so forth. So, this is a discussion which is an ongoing discussion in the Board, Sir.

Deeba Hasan- Thank you Surender Ji.

Neharika Vohra- Monika, I have to leave.

Monika Kochar: Okay Ma'am.

Deeba Hasan- Now, we have Mr. Praveen with us.

Kalyan Kumar- Please unmute yourself.

Praveen Kumar Jain- Good morning, respected Chairperson, well decorated esteem board of Directors and my fellow shareholders, Myself Praveen Kumar Jain from New Delhi. I have few observations which I love to share with the house. First of all, I'm very thankful respected Chairperson for your in-depth address to the shareholders. It was very informative. I'm very thankful to you. And Sir, I'm with the Company for more than a decade and when we used to meet physically it was always a healthy discussion. So, I have deepest respect for the entire management team, and you are so dedicated and devoted to bringing sustainable growth for the long-term investor. So, I'm very thankful. And I have few questions in mind which was said by earlier speakers. So I don't want to repeat them. I just have a brief question. What will be the growth driver for our Company for next one year? And I love to thank our CFO for designing our annual report in a very investor friendly way. I love to thank our Corporate Affairs department and the CFO. It look like a catalogue as well as the rare combination enlisted in title, for which I'm very thankful for both the teams and highest standard of corporate governance maintained by our Company secretary Monika Ji and Yatendra Ji. They are the biggest asset we have, and they promptly reply if you have any query during the year. So, I'm very thankful for part of such an interesting company. I wish you all the luck for the future and I'm very thankful for this opportunity. Thank you, Sir. All the very best.

Kalyan Kumar- Thank you Praveen Ji. I request MD and CEO to answer this.

Vikas Goel- The primary growth driver is our ambition as a country and our desire to become a USD 5 trillion economy to begin with. And obviously that is just the start of the journey to becoming a much larger economy. And as our Hon'ble Prime Minister also has said, we need to get to number three, i.e., third largest economy in the world as quickly as possible. So obviously the government has a large role to play in driving this growth. As you are aware, financing infrastructure, generating employment, so on and so forth. And most of it has to be done not only from revenue but from borrowing in the market. As you are aware, the size of borrowing of Government of India has nearly doubled from earlier ₹ 8 lakh crore to nearly ₹15 lakh crore. And I expect this form of financing to grow further as we try to meet our ambition of becoming to begin with a \$5 trillion economy. So that will be the primary driver because we are integral as a community, i.e., primary dealers and specifically your Company obviously has a central role to play in marketing and making market

in these securities which will continue to be issued. So as the size of issuance increases, the size of opportunity for us increases and that you have seen since you have been associated with us. You have seen in the last 4-5 years that our balance sheet has grown and outpaced the growth in the issuance of Government securities market. As a result, our market share has increased and that our desire remains intact. As the issuance increases, our growth will outpace the growth of issuance. So that is the essential driver and the opportunity.

Deeba Hassan- Now Mr. Abhishek is with us. Please go ahead.

Abhishek J- My name is Abhishek, shareholder of the Company. My DP ID 301637 and client ID is 4135155. So first of all, I congratulate the Management on the eve of Annual General Body meeting. Sir, trust all is well with you and your family in this challenging situation. Our Company deserves much more respect than the current market cap after completing more than a decade of successful operations, profitability, dividend history and becoming one of the strongest brands in our respective segment. Sir, I would like to know how our business has been impacted in these past three years of this COVID time. The Corona virus and the subsequent lockdowns have left virtually no industry untouched after the COVID. Sir, as of date, how many employees are there in our Company? I would like to know from you sir? What are the steps being taken by the management to reduce the other expenses, legal, professional charges and the audit fee. Myself and my team are running a legal firm in the name of 7 Wells Associates in Chennai. So, I would request your goods to kindly enroll a firm in the empowerment of the Company and we will be glad to extend our services Sir, and nothing much to us ask Sir. The Company has given a very outstanding performance. We really appreciate the management for their sincere efforts in bringing the Company. To this particular extent and I thank the Company Secretary and our entire team for sending us the link well in advance and making this 27th Annual General Body Meeting a grand success. I wish the company and the Board of Directors a great success and prosperity in the coming future and thank you for giving the opportunity, Sir. Hope to see you in the physical AGM next year Sir. Kindly try to consider hybrid AGMs in the years to come Sir because most of the senior citizens are not able to join this virtual platform because of the digital challenges in this virtual platform. So kindly try to consider hybrid AGM that will convince more number

of participants to join you physically as well as virtually. Thank you very much Sir.

Kalyan Kumar- Thank you, Abhishek. We will actually think over your suggestions and certainly next year we may plan as you are suggesting. I request MD & CEO to answer the question.

Vikas Goel- Abhishek Ji, thank you for your kind compliments. On specific questions with regards to other expenses etc., a detailed response, we will email to you within the week Sir, by next Friday. We will email our detailed responses. Sir, I cannot right now give you detailed responses. So, we will email all the answers to you to your questions by next Friday, Sir.

Deeba Hasan- Now, we have with us Mr. Anil Mehta. Please unmute yourself and go ahead.

Anil Mehta- Good morning to all of you. This is Anil Babubhai Mehta, attending this meeting from Kandivali, Mumbai and my other family members, who are the shareholders of this Company. What are the Company's capex plan and present capacity utilization levels? Sir, our next question is what is the Company doing to improve the shareholders relations? The next question is that Sir, what step has the Board of Directors has taken to monitor the management actions and encourage that the shareholders' interests are protected? The next question is that what are major opportunities and challenges facing the company and how does the management respond? Sir, my last question is that how does the company identify the new Directors? Has the company used outside recruiting services to find the Directors? What fees were paid to these consultants? Does the Company consider nomination from the shareholders? With this, we are supporting all the resolution and thanks to the Secretarial department for their cooperative nature. And all the best for the Company's future. Thank you very much.

Vikas Goel- Sir, on the first question which you said in terms of our capex plans as you are aware, the Company is primarily engaged in financial services industry which is not fixed capital intensive. Having said that, as you are aware, last year we made a major investment in our trading software, i.e., TCS Bank's treasury that was roughly about ₹ 20 crores to be spread over five years. So that has been one major, so to speak, capital expenditure plan. Otherwise, in terms of the second one which we are looking at is, we have been behind in

terms of providing adequate physical facilities in terms of office space to our staff. So, Bombay is in the works now, and Delhi eventually also will go into renovation in the next year or so. These are relatively speaking minor plans. Like I said, primarily we are financial services. We don't require fixed capital expenditure. So other than this, it is essentially investment in people which is what we focus our attention on. So that we have a good team in place to take advantage of any opportunities which come up in the market.

I would actually welcome your suggestions on how to improve or if you feel that we are lacking in communicating with our shareholders rather than asking us a question. Sir, we will be happy to receive any suggestions you may have. We have got some suggestions from some other shareholders which we are now considering. The Board will consider including having a note to each quarterly financial statement in terms of what has transpired in the quarter and so on and so forth. Maybe a better dividend policy, etc. Some suggestions have been made by other shareholders which will always be considered by the Board. So, if you have any suggestions then obviously, please write to Monika and it will be put up to the Board and we will seriously go through all these suggestions which you may have.

There is already a very robust process in place, we are a Board led company. So, Board takes a lot of interest and is intrinsically involved in evaluating performance of the Company and of management. And we follow best practices, including having benchmarking exercises, so on and so forth, with regards to not only performance but also benchmarking in terms of compensation, in terms of reward and pay recognition. So, the Board is involved through NRC and through the Audit Committee in evaluating the performance of the management and company. So, this company is clearly a Board led Company. So there are actually very limited improvements which we can do in this regard. Even then, if you have any suggestions, it will again be most helpful. We will look at all suggestions carefully.

On the Directors, we have not used any external agency up till now. So there is no question of paying compensation etc. There is a lot of interest in our Company, and it is well known, our promoter is very well known. Therefore, we have eminent independent directors on. Our board as you can see, sir. And we don't require really help of an outside agency. We don't need to market PNB Gilts to anybody, including our Independent Directors. So, it is relatively

easy for us to get eminent people to serve on our Board and that is what has happened up till now.

Deeba Hasan- Thank you so much. Now that we do not have any more registered shareholders with us present online. I would like to conclude the question answer session over here. I thank all the shareholders for waiting patiently to express their views and put forth their questions in today's meeting and further clarifications and any unanswered questions if there are, they may be directed to our Company Secretary at her email ID. Thank you so much. We do have one offline question as well, Sir. We have received on the communication box. It is by Mr. Vimal Jain. His question is that what steps have been taken by the management to safeguard the interest of small shareholders?

Vikas Goel- As I mentioned in my earlier answer I gave, we have a very eminent set of Independent Directors on our Board, and they represent the interest of all the shareholders including small minority shareholders. So, by definition, Independent Directors represent all non-promoter shareholders. So, it's a small Company and we have four very eminent Independent Directors. They take care of interest of all the non-promoter shareholders including very small shareholders. And otherwise, we are a very responsive and transparent Company. If any concerns are there, please do write to Monika, our Company Secretary and she will take appropriate steps to communicate it to the Board, including the Independent Directors.

Deeba Hasan: No more questions.

Monika Kochar- Thank you Deeba. Members may please note that the voting on NSDL platform will remain open for next 30 minutes. Therefore, those who have not cast their vote yet are requested to do so. Your Board of Directors have appointed Mr. Ankit Singhi, Practicing Company Secretary bearing CP no.16274 as the Scrutinizer to supervise the e-voting process. The results of e-voting will be declared within prescribed timelines and the same will also be posted on the Company's website and on the websites of NSDL, NSE and BSE. The resolutions as set forth in the notice shall be deemed to be passed today subject to receipt of requisite approval, requisite number of votes. Now I request the Chairman to declare the meeting closed.



(Subsidiary of Punjab National Bank)

Kalyan Kumar- Thank you Monika. I once again thank all the shareholders for attending this meeting and also giving their valuable suggestions to the company for improvement. I also thank my Board colleagues and all the staff members for making this meeting successful. I now declare the proceedings as closed. Thank you very much and see you next year.