



**PNB
GILTS
LTD**

(A subsidiary of Punjab National Bank)



**19th ANNUAL REPORT
2014-15**



Shri Gauri Shankar
Chairman



Shri K. V. Brahmaji Rao
Non-Executive Director



Shri S. K. Dubey
Managing Director



Smt. Sunita Gupta
Executive Director & CFO



Dr. O. P. Chawla
Independent Director



Dr. Kamal Gupta
Independent Director



Shri S. K. Soni
Independent Director



Shri P. P. Pareek
Independent Director

OUR MISSION

**To be a leader in the
Primary Dealer Business
and
to be known a Knowledge Based, Research Oriented
and
Quality Conscious Company maximising wealth for
Shareholders**

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Chairman's Letter to Shareholders

Dear Shareholders,

I extend my greetings to all of you. It is indeed a matter of both pride and pleasure to unveil the Annual Report of your Company for the Financial Year 2014-15. I call it pride because your Company has surpassed the feat that it attained last year to report a profit higher than the last ten years. At the same time, it is a matter of great pleasure for us as your contribution has been instrumental in the growth of your Company.

The year 2014-15 has been a year of transition. While the global pessimism still continues, India has managed to emerge as a favorable economy amidst all the global tensions. The market has witnessed new optimism. The base year has been revised to 2011-12 from the past base of 2004-05 and GDP is now being valued at market prices vis-a-vis the older concept of factor cost. As per the new methodology, the GDP stands at 7.3 per cent, which has transformed India into the fastest growing economy driven largely by services and manufacturing sectors. The Fiscal Deficit has been declining since then and CPI inflation at the end of the financial year was at manageable levels of 5.25 per cent, a sharp decline from the last couple of years. Falling prices of global crude oil which form a substantial part of our imports coupled with pro-active controls and effective fiscal and monetary policies kept the investment climate favorable throughout the year. Since then, the Rupee too has been range-bound between 60-64 INR per USD. In the light of the positive environment, the Reserve Bank of India has displayed a trend of lowering the policy rates to help credit growth in the economy. The ten year Government security yield which hovered above 8 per cent have come down to 7.74 per cent level by the end of the financial year owing to the optimism in the markets with regard to the rate cuts. This in turn has added to the positivity in the macro-economic environment of the country. Since, Government Securities are the main area of our operations; the good news has translated into a positive effect on the earnings as well.

Against the backdrop of the economic recovery in progress, the performance of your Company has been in line with our expectations. The Company maintained a composition mix of securities with an aim to maximize arbitrage income and also to have better trading opportunities with a judicious use of

the sources of borrowings. The Company has well developed systems, practices and policies in place for operational risk too along with market risk and all other categories of risk which have kept the risk profile in check. This agility and efficiency on our part led to a increase in the Profit Before Tax figure to ₹ 133.89 crore in FY 2014-15 vis-à-vis ₹ 90.70 crore in FY 2013-14. The Net Worth of your Company has increased by nearly 8 per cent to ₹ 718.06 crore as on March 31, 2015 as against ₹ 662.53 crore in the previous year. Also, your Company is adequately capitalized at a Capital Adequacy Ratio of 65.07 per cent as on March 31, 2015 against RBI's minimum stipulation of 15 per cent. The HR practices are also kept as per market standards to ensure a motivating environment for the employees.

Our performance over the last couple of years stands as a testimony to our capabilities and strategic orientation, the effectiveness of our risk management systems and the efficiency and dedication of the employees. Incessant support of all our shareholders has been our driving force. We are immensely grateful to you for your cooperation and support which has helped us handle troubles all these years.

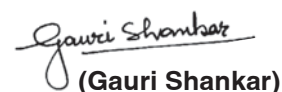
Way forward

With the new fiscal year upon us, the Indian economic scenario as well as the global environment will bring its own challenges and opportunities. The present market scenario globally has been less positive with regard to the Greek crisis and a gradual increase in the oil prices again. The recent policy rate cut to 7.25 per cent has not been able to hold up the positive sentiment in the Indian market due to hawkish expectations in the market. However, the Company is aware of the changes happening in the environment and is in line with its competitors. Having said that, we shall continue to realign our strategies and resources in order to ensure the best returns for our shareholders and sustain those returns in the long term. Your Company's pro-active trading skills, inbuilt efficiencies and robust risk management systems will ensure that the performance is strengthened in the forthcoming year.

We value your partnership as we position the Company to lead into the future and fulfill the mission the Company started with. I take this opportunity to express my gratitude to all the stakeholders for being with us and providing their support. I assure that the Company will continue to remain focused to deliver more value to all the stakeholders.

Date : June 27, 2015

Yours Sincerely,



(Gauri Shankar)

Chairman

DIN:06764026

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Nineteenth Annual Report together with the Company's audited financial statements of the company for the financial year ended March 31, 2015.

1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

The Company's financial performance, for the year ended March 31, 2015 is summarized below:

(₹ in lacs)

	For the year ended 31.3.2015	For the year ended 31.3.2014
Total Income	41001.18	34626.38
Total Expenditure	27611.92	25556.06
Profit/(loss) Before Tax	13389.26	9070.32
Less : Provision for Income Tax (including deferred tax)	4427.85	2932.13
Profit /(loss) After Tax	8961.41	6138.19
Add: Balance in Statement of Profit and Loss brought forward	10103.02	8271.51
Less : Adjustment for depreciation for Fixed Assets as per Schedule II of the Companies Act, 2013	24.95	-
Amount available for Appropriation	19039.48	14409.70
Proposed Appropriations		
Transfer to Statutory Reserve	1792.28	1227.64
General Reserve	-	-
Capital Reserve	1072.52	1183.62
Amount spent on CSR activities	134.71	-
Proposed Dividend	2700.15	1620.09
Dividend Distribution Tax	552.85	275.33
Balance carried forward	12786.97	10103.02

During FY 2014-15, your Company fulfilled all its obligations as a Primary Dealer in both primary and secondary market. With regard to Treasury Bills commitment, the Company exceeded the stipulated success ratio of 40 per cent, achieving 42.92 per cent and 49.60 per cent in H1 and H2 respectively. In G-sec category, Company fulfilled the underwriting commitments, thereby supporting the government borrowing program. Company delivered good performance during the year by astutely deriving advantage from volatile G-sec market condition and judicious deployment of funds in high yielding assets. The total Profit Before Tax for FY 2014-15 stands at ₹ 13389.26 lacs as against ₹ 9070.32 lacs in FY 2013-14. During the year, the net revenue from operations of your Company increased by 45.07 per cent, from ₹ 9990.01 lacs to ₹ 14492.48 lacs. Profit After Tax stood at ₹ 8961.41 lacs vis-à-vis ₹ 6138.19 lacs in the previous fiscal, registering a growth of 45.99 per cent.

The profitability was boosted by trading performance and judiciously taking advantage of arbitrage opportunity by the Company. During FY 2014-15, Company posted trading income of ₹ 7585.27 lacs as against ₹ 3140.78 lacs in last fiscal i.e. registered growth of 141.51 per cent. The Government Securities yields rallied sharply due to sharp fall in crude prices, moderation in inflation, ultra-accommodative monetary easing in the euro zone and Japan, receding fears of imminent normalization of US monetary policy and strong FII demand for Government Securities. Rate cuts by Reserve Bank of India (RBI) in two tranches by 25 basis points each also aided the government bonds market and the yields fell further. Amid these factors the yield on 10 year benchmark paper closed the year at 7.74 per cent as against 8.80 per cent as on March 31, 2014.

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the Company.

Capital Adequacy

Capital adequacy ratio as on March 31, 2015 stood at 65.07 per cent as against the RBI stipulation of 15 per cent.

Dividend

Your Board has recommended a final dividend of ₹ 1.50 (i.e. 15 per cent) per equity share (last year ₹ 0.90 per equity share) for the financial year ended March 31, 2015, subject to approval in the ensuing Annual General Meeting. The total outflow on account of said dividend shall be ₹ 3253 lacs (including Dividend Distribution Tax of ₹ 552.85 lacs).

Transfer to Reserves

Your Company proposes to transfer ₹ 1792.28 lacs in Statutory Reserve as required under the provisions of Section 45-IC of the Reserve Bank of India Act, 1934. ₹ 1072.52 lacs is proposed to be transferred in Capital Reserve in terms of RBI guidelines for Primary Dealers. Further, in terms of the first proviso to Section 123(1) of the Companies Act, 2013, the Company proposes not to transfer any sum in General Reserve.

2. CORPORATE GOVERNANCE

Corporate Governance for your Company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operations. Our workforce is committed towards the protection of the interest of the stakeholders including shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal i.e. maximization of value of all the stakeholders.

We comply with the SEBI and RBI guidelines on corporate governance. We have documented our internal code on Corporate Governance in compliance of SEBI and RBI guidelines. The Corporate Governance practices followed by the Company are given in the Annual Report. A certificate from M/s Kapoor Tandon & Co. (Firm Reg. No. 000952C), Statutory Auditor of the Company regarding compliance of conditions of Corporate Governance stipulated by Stock Exchanges is enclosed with the 'Report on Corporate Governance' forming part of the Board's Report.

Number of meetings of the Board

The Board met seven times during the financial year 2014-15 to review strategic, operational, technological and financial matters besides laying down policies and procedures for operational management of the Company. The details of such meetings are given in the 'Report on Corporate Governance' that forms part of this Annual Report.

Directors and Key Managerial Personnel

During the year 2014-15, the members in their Annual General Meeting held on August 30, 2014 approved the appointment of Dr. O. P. Chawla (DIN: 00026712), Dr. Kamal Gupta (DIN: 00038490), Sh. S. K. Soni (DIN: 00046856) and Sh. P. P. Pareek (DIN: 00615296) as Independent Directors for a term of five years with effect from August 30, 2014.

In the same Annual General Meeting, members also approved the appointment of Smt. Sunita Gupta (DIN: 06902258) as Whole-time Director with designation 'Executive Director and CFO' effective from June 26, 2014 to August 31, 2017.

The members also approved reappointment of Sh. S. K. Dubey (DIN: 01770805) as Managing Director for a period from February 1, 2014 to June 30, 2015. Further, on the recommendation of Nomination and Remuneration

Committee, the Board in its meeting held on April 29, 2015 re-appointed Sh. S. K. Dubey as Managing Director for a period effective from July 1, 2015 to June 30, 2016, subject to the shareholders approval in the ensuing Annual General Meeting.

During the year, Sh. K. R. Kamath (DIN: 01715073), Non-Executive Director and Chairman, upon completion of his term as Chairman and Managing Director of Punjab National Bank, resigned from the Directorship and Chairmanship of the Company with effect from October 29, 2014. The Board appreciate and thank him for his vision, leadership and guidance, enabling your Company to reach another standard of excellence.

Sh. P. K. Mohapatra (DIN: 02660553), who was appointed as a Non-Executive Director in the Annual General Meeting held on August 30, 2014, also demitted office effective from March 24, 2015. The Board places on record its appreciation for the services rendered by him during his tenure in the Company.

During the year, on recommendation of Nomination and Remuneration Committee, the Board has appointed –

- a. Sh. K. V. Brahmaji Rao (DIN: 06861202), Executive Director – Punjab National Bank as Additional (Non-Executive) Director w.e.f. November 1, 2014.
- b. Sh. Gauri Shankar (DIN: 06764026), Managing Director & Chief Executive Officer – Punjab National Bank as Additional (Non-Executive) Director w.e.f. March 25, 2015.

Further, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Smt. Sunita Gupta (DIN: 06902258) shall retire by rotation in the ensuing Annual General Meeting and is eligible for reappointment.

Performance Evaluation

The Company has devised a policy for performance evaluation of Board of its own performance, Independent Directors, Non-Independent/Executive Directors and Board level Committees etc. as required under the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The evaluation of all the Directors, the Board as a whole and its Committees was conducted based on the criteria and framework adopted by the Board. Copy of said policy, inter-alia, containing the process and criteria for evaluation is available at Company's website at the link <http://pnbgilts.com/data/governance/1433237578.pdf>.

Familiarization programme

The details of programme for familiarization of Independent Directors with the company, their roles, rights, responsibilities in the company, nature of industry in which the company operates, business model of the company and related matters are placed at Company's website at the link <http://pnbgilts.com/data/governance/1433236985.pdf>.

Quarterly updates on relevant statutory changes are also circulated to the Directors.

Policy on Directors' appointment and Remuneration etc.

The policies of the Company on Directors' appointment and Remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Sub-section (3) of Section 178 of the Companies Act, 2013 is appended as Annexure A to the Board's Report.

Declaration by Independent Directors

The Company has received declaration pursuant to Section 149(7) of the Companies Act, 2013 from each Independent Director confirming therein the criteria of Independence as prescribed both under the Companies Act, 2013 and Clause 49 of the Listing Agreement.

3. OTHER DISCLOSURES –

Audit Committee

The Audit Committee comprises of the following members –

Name of Director	Position
Dr. Kamal Gupta	Chairman
Dr. O. P. Chawla	Member
Sh. S. K. Soni	Member
Sh. P. P. Pareek	Member
Sh. P. K. Mohapatra ¹	Member

¹ Resigned from the directorship of the company w.e.f. March 24, 2015.

All the recommendations made by the Audit Committee during the year were accepted by the Board.

Corporate Social Responsibility (CSR) Committee

The CSR Committee was constituted by the Board before enactment of the Companies Act, 2013. After enactment, the Board in its first meeting held on April 26, 2014, reconstituted the CSR Committee.

The composition of the Committee is as under -

Name of Director	Position
Sh. K. V. Brahmaji Rao ¹	Chairman
Dr. Kamal Gupta	Member
Sh. S. K. Dubey	Member
Sh. P. K. Mohapatra	Member

¹ Inducted as Chairman on November 1, 2014. Till his induction, Dr. Kamal Gupta acted as Chairman and Sh. P. K. Mohapatra acted as member.

The CSR policy of the Company, duly recommended by the CSR Committee and approved by the Board, is available at our website at the link <http://pnbgilts.com/data/governance/1433236913.pdf>. The CSR activity of the Company is carried out as per the instructions of the Committee and Board. During the year, the Company has spent 2 per cent of its average net profits of the three immediately preceding financial years on CSR activity.

The annual report on our CSR for the financial year 2014-15 in the prescribed format is presented at Annexure B to the Board's Report.

Other details of above said and other Committees of the Board are given in the 'Report on Corporate Governance' forming part of the Board's Report.

Whistle Blower Policy (including Vigil Mechanism)

Your Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Your Company is committed to develop a culture where it is safe for all employees to raise concerns about any wrongful conduct.

The Board of Directors has approved a Whistle Blower Policy (including Vigil Mechanism), which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. The Audit Committee reviews the functioning of this mechanism. No employee / director has been denied access to the Audit Committee. The said policy may be accessed on the Company's website at the link <http://pnbgilts.com/data/governance/1409222609.pdf>

Contracts and Arrangements with Related Parties

All the contracts/ arrangements/transactions entered by the company are in ordinary course of business and generally at arm's length. Further during the year, the company had not entered into any contract/arrangement/ transaction with related parties, which could be considered material in accordance with the Company's Policy/ Standard Operating Procedures (SOP) on Related Party Transactions. The said Policy/SOP can be accessed at the Company's website at the link <http://pnbgilts.com/data/shareholder/1417690793.pdf>

Necessary disclosure in prescribed form AOC-2 is annexed at Annexure C.

Subsidiaries

The Company, being a RBI regulated Primary Dealer, is prohibited to form any subsidiary. As such, the Company has not formulated any policy for determining 'material' subsidiaries under Clause 49 of Listing Agreement.

Further, since the Company is not having any subsidiary or associate or joint venture, it is not required to consolidate the financial statements in terms of Section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014. However, the financial statements of the Company for FY 2014-15 had already been considered by its parent bank i.e. Punjab National Bank for consolidation.

Directors' Responsibility Statement

Pursuant to the requirements of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with the requirements set out under the Schedule III to Companies Act, 2013, have been followed and there are no material departures from the same;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit and loss of the company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Human Resource Management

Your Company treats its human resources as one of its most important assets. To ensure good human resource management in the Company, the Company focuses on all the aspects of employee lifecycle. During their tenure in the Company, employees are motivated through various skill development and volunteering programmes. Recreational programmes are also conducted on regular basis so as to create stress-free environment. All the while, the Company also creates effective dialogues through various communication channels like face to face interactions so as to ensure that feedback reach the relevant teams. In house meetings and training sessions are also arranged to engage and develop the employees and to gather ideas around innovation.

The information required to be disclosed under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2015 be treated as NIL as none of the employees of the Company draws remuneration in excess of ₹ 5 lacs p.m. No employee is related to any Director of the Company.

The information required to be disclosed under Section 197(12) and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2015 is provided at Annexure D.

During the year 2014-15, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Particulars of Loans given, investment made, guarantees given and securities provided

The information required to be disclosed under Section 134(3)(g) of the Companies Act, 2013 may be treated as 'Nil', as the Company is exempted under Section 186(11) of the Companies Act, 2013.

Extract of the Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure E to this Report.

Deposits

During the year ended March 31, 2015, the Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1977 and RBI's notification no. DFC.118DG/(SPT)-98 dated January 31, 1998.

Risk Management

In terms of RBI guidelines for NBFCs, a Risk Management Committee, constituted at management level, has been entrusted with the responsibility by the Board in laying down procedures for risk assessment and minimization. The Committee also reviews these procedures periodically to ensure that executive management is implementing and controlling the risks through means of a properly defined risk framework.

The Audit Committee, on periodic basis, oversees all the risks that a company faces such as strategic, financial, market, liquidity, security, property, IT, legal, regulatory and other identified risks alongwith the implementation of risk management policy. There is an adequate risk management infrastructure in place capable of addressing the possible risks.

Risk Management Policy is reviewed annually by the Audit Committee and on the basis of the Committee's recommendation, the Board approves the same.

Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

Issue of Shares

There was no issue of shares during the year neither with differential rights as to dividend, voting or otherwise nor to employees of the company.

Management Discussion and Analysis

Management Discussion and Analysis comprising an overview of the financial results, operations/performance and future aspects form part of this Annual Report.

4. AUDITORS, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Statutory Auditor

The Comptroller and Auditor General of India had appointed M/s Kapoor Tandon & Co., Chartered Accountants (Firm Reg. No. 000952C) as the Statutory Auditor of the Company for the financial year ended March 31, 2015. The report of the auditor is self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

The Board had appointed M/s Pranav Kumar & Associates, Company Secretaries, to conduct the Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed as Annexure F to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Internal control systems and their adequacy

The Company considers the internal control systems to be a very significant part of its Corporate Governance practices. Your Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds etc. As a part of this control system, your Board appoints Internal Auditor as well. For the year 2014-15, the Board appointed M/s Ernst & Young LLP as the Internal Auditor of the Company. The scope of Internal Audit included audit of treasury transactions on a monthly basis and reporting to the Audit Committee of the Board that the company has operated within the limits of various risk parameters laid down by the Board, Reserve Bank of India and other statutory authorities. Besides, the said firm also audited and reviewed the related party transactions on monthly basis and key business processes, including IT systems of the Company on quarterly basis. All the reports of the Internal Auditors were submitted to the Audit Committee.

5. DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Part A pertaining to the conservation of energy is not applicable to the Company.

With regard to Part B pertaining to technology absorption, the Company has installed the integrated treasury management software and RBI's Negotiated Dealing System with the help of The Institute for Development and Research in Banking Technology (IDRBT) and reputed IT companies. The Company recognizes the growing importance of Information Technology in the emerging business environment. The Company has also implemented Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) with the help of IDRBT (consultants for implementation of BCP and DRP) to identify and reduce risk exposures and proactively manage any contingencies.

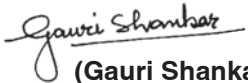
b) Foreign Exchange earnings and outgo:

The Company has neither used nor earned any foreign exchange during the year under review.

Acknowledgements

Your Directors thank the Government of India, Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Ltd., BSE Ltd., Parent Bank, Commercial Banks, Cooperative & Regional Rural Banks, Financial Institutions, PF Trusts, Public Sector Undertakings, Private Sector Corporate Bodies and other valued clients for their whole-hearted support. We acknowledge the sincere and dedicated efforts put in by the employees of the Company at all levels.

On behalf of Board of Directors



(Gauri Shankar)

Chairman

DIN: 06764026

Date : June 27, 2015

Place: New Delhi

REMUNERATION POLICY

The Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Remuneration Policy is applicable to Independent Directors, Non-Independent Directors, Key Managerial Personnel, senior management and other employees. HR Policy including Service Regulations, increment policy etc. of the Company is a part of this Policy.

Purpose and Basic Principles

The Remuneration Policy seeks to ensure adequate remuneration in recognition of their dedication and the responsibility assumed, and in accordance with the remuneration paid in the market by peer group, taking into account the long term interest of all the shareholders.

The guiding principle is to offer remuneration systems that make it possible to attract, retain, and motivate the most outstanding professionals in order to enable the company to attain its strategic objectives within the increasingly competitive environment in which the Company operate.

The Remuneration Policy seeks to:

- Ensure that the remuneration, in terms of structure and total amount, is in line with best practices, as well as competitive vis-à-vis that of comparable entities.
- Establish the remuneration, in accordance with objective standards, based on individual performance and on the achievement of the business objectives of the Company.
- Include a significant annual variable component tied to performance and to the achievement of specific, pre-established, quantifiable objectives in line with the corporate interest and strategic goals of the Company. The foregoing should be understood to be without prejudice to the possibility of considering other objectives, especially in the area of corporate governance and corporate social responsibility.
- Foster and encourage the attainment of the strategic goals of the Company through the inclusion of long-term incentives, strengthening continuity in the competitive development of the company, of its directors, and of its management team, and generating a motivating effect that acts as a driving force to ensure the loyalty and retention of the best professionals.
- Set appropriate limits to any short-term or long-term variable remuneration, and establish suitable mechanisms to reconsider the implementation and payment of any deferred variable remuneration when a reformulation occurs that has a negative effect on the Company's annual accounts, including the potential total or partial cancellation of the payment of deferred variable remuneration if there is a correction of the annual accounts upon which such remuneration was based.

Competent Bodies

The Board of Directors, at the proposal of the Nomination and Remuneration Committee, is the body with authority to determine the remuneration of directors within the overall limit established in the Act.

Limit on Directors' Remuneration

Pursuant to the provisions of the Act and rules made thereunder, the Directors' Remuneration shall be within the overall limits defined under Section 197 and other applicable provisions of the Companies Act, 2013 and Schedule V of the Act and Rules made thereunder. The terms of service, including remuneration matters, of Managing Director, Executive Director, other Key Managerial Personnel, senior management and other employees shall be subject to Service Regulations of the Company, which is being reviewed by Nomination & Remuneration Committee and approved by the Board on annual basis.

Structure of remuneration of Managing Director, Executive Director, Key Managerial Personnel and other employees

The remuneration that Managing Director and Executive Director etc. are entitled to receive for the performance of executive duties at the Company is structured as follows:

a) Fixed Remuneration/CTC –

(i) Fixed Remuneration/CTC of Managing Director and Executive Director -

This portion of the remuneration shall be in line with the remuneration paid in the market by competing companies. Under ordinary circumstances, it includes remuneration by way of salary, perquisites and allowances. The Nomination & Remuneration Committee recommends suitable package to the Board for approval, which is subject to shareholders' approval and limits specified under Schedule V of the Companies Act, 2013.

(ii) Fixed Remuneration/CTC of Key Managerial Personnel, Senior Management and other employees -

Remuneration of employees largely consists of salary, perquisites, and allowances. The detailed components of the fixed remuneration are defined in the service regulations of the company. Annual increments are given each year in line in accordance with the performance parameters defined in the increment policy.

b) Variable Remuneration

In order to strengthen employees' commitment to the Company, to retain and promote a better performance of their duties, the Company gives a performance linked incentive. This variable remuneration shall be tied, for the most part, to the achievement of specific and pre-established profit targets and other objectives as a Primary Dealer that are quantifiable and aligned with the corporate interest and with the strategic objectives of the Company. The Nomination and Remuneration Committee will assess the achievement of Company's objectives vis-à-vis individual performance. The Committee may seek the advice of independent professionals in this regard. The proposal thereof shall be submitted to the Board of Directors for approval on annual basis. While assessing the performance of the employee, the Committee/Board also broadly takes into account the profits earned by the Company for the year.

The recommending authority must ensure appropriate balance between fixed and variable remuneration.

Structure of remuneration of Non-Executive / Independent Directors

Remuneration of Non-Executive/ Independent Directors is subject to the provisions of Section 197 of the Companies Act, 2013 & Rules made thereof and Articles of Association of the Company.

The Board approves the sitting fee payable to Non-executive/Independent Directors. At present, Non-Executive/Independent Directors are entitled to sitting fee of ₹ 10000/- for attending each meeting of the Board and ₹ 5000/- for attending each meeting of Committee or Sub-Committee of the Board. In addition, out of pocket expenses incurred by them in connection with performance of duties as a Director are also reimbursable.

Principle of Full Transparency

The Board of Directors assumes the commitment to enforce the principle of the fullest transparency of all the items of remuneration received by all directors, providing clear and adequate information as much in advance as required and in line with the good governance practices generally recognised in Indian markets in the area of director remuneration.

For such purpose, the Board of Directors establishes the Remuneration Policy and ensures the transparency of director remuneration by including in the Company's report a detailed breakup, according to positions and status, of all remuneration received by the directors, whether as such, in their capacity as executives, if applicable, or in any other capacity. The Company's Remuneration Policy shall be published suitably in the Directors' report or Annual Report.

General

Any or all provisions of this Policy would be subject to revision/amendment in accordance with the guidelines etc. on the subject as may be issued by Government/regulatory bodies etc., from time to time.

ELIGIBILITY CRITERIA OF DIRECTORS AND POLICY ON BOARD DIVERSITY

Introduction

In pursuance of the provisions of Section 178 of the Companies Act, 2013 and Rules made thereunder read with Clause 49 of the Listing Agreement and RBI guidelines for NBFCs, the Nomination and Remuneration Committee of the Board (the "Committee") is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each annual general meeting and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

Director Qualification Review Procedures

The Committee shall evaluate each director and director candidate under the Director Qualification Criteria set forth herein and recommend to the Board for their appointment accordingly.

Director Qualification Criteria

The Committee has not established specific education, and years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.

In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business and social perspective, educational and professional background and personal achievements. Thus, the Committee shall consider whether each director candidate and each director possess the following:-

- High level of personal and professional ethics, reputation, integrity and values;
- An appreciation of the Company's mission and purpose, and loyalty to the interests of the Company and its shareholders;
- The ability to exercise objectivity and independence in making informed decisions;
- The ability to communicate effectively and collaborate with other Board members to contribute effectively to the diversity of perspectives that enhances Board and Committee deliberations, including a willingness to listen and respect the views of others; and
- The skills, knowledge and expertise relevant to the Company's business, with extensive experience at a senior leadership level in a comparable company or organization, including, but not limited to relevant experience in treasury operations, finance, accounting, strategic planning, technology, human resources, legal matters etc.;
- Directors must possess experience/capability at policy-making and operational levels in large/mid-level organizations that will indicate their ability to make meaningful contributions to the Board's discussion and decision making in the array of complex issues facing a financial conglomerate;
- Directors should be able to balance the legitimate interests and concerns of all the Company's stakeholders in arriving at decisions; and
- Directors shall abide with Code of Conduct for Directors and Senior Management

In addition, directors must be willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively. They must have the aptitude to critically evaluate management's working as a part of a team in an environment of collegiality and trust.

The Committee evaluates each individual with the object of having a group that best enables the success of the Company's business.

Qualifications and tenure of Directors as per Companies Act, 2013

The Act has also prescribed certain criteria for qualification of directors, which has since been adopted by the Company i.e.:

Section 196 and Schedule V (Part-I) (for the appointment of Managing Director, Whole Time Director and Manager),

Section 149 (for appointment of Independent Directors) and any other applicable provisions of Companies Act, 2013 and Rules made thereunder.

Further, a Director should not be disqualified in terms of Section 164 of the Act.

What constitutes independence for Directors

For a Director to be considered Independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the company. The Board has adopted guidelines to determine independence, which are in line with the applicable legal requirements as stated in Section 149 of the Companies Act, 2013 and the Rules made thereunder read with Clause 49 of the Listing Agreement.

Apart from the provisions laid down under the Companies Act, 2013 and Listing Agreement, the Board also considers all relevant facts and circumstances, not merely from the standpoint of the Directors but also from that of persons or organizations with which the director has an affiliation in forming an opinion on the independence of the concerned director(s).

The criteria of independence are provided in the Section 149 of the Companies Act, 2013 and Listing Agreement. The Company also obtains an annual declaration from all Independent Directors confirming that they meet the requirements of an Independent Director as per the Listing Agreement and the Companies Act, 2013.

Succession Planning

A planned programme of recruitment and retirement amongst Board members and senior management is of significant importance.

It is an important part of the Board's work to ensure that there is adequate management development and succession planning particularly at the top levels. Succession planning also involves an assessment of the challenges and opportunities facing the company, and an evaluation of the skills and expertise that will be needed in the future.

The Nomination and Remuneration Committee is to provide support on this. Both executive and non-executive requirements shall be considered. The Committee shall satisfy itself that processes and plans are in place for orderly succession for appointments to the Board and to senior management to maintain an appropriate balance of skills on the Board and in the company.

In addition, the annual appraisal assessment process for all the employees including the senior management personnel has succession planning and employee progression as one of the key attributes.

The process is institutionalized in the Company's HR framework and by design, it is the responsibility of the superiors to identify the succession path and suggest the training and development of skill necessary for the company executives or suggest new recruitment wherever gaps exist.

Board Diversity

In accordance with the requirements of Clause 49 of Listing Agreement, atleast half of the Board shall comprise of Independent Directors. Further, atleast one woman director should also be there.

The Committee, along with the Board, reviews on an annual basis, appropriate skills, characteristics and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience in business, government, academics, technology and in the areas that are relevant for the Company's operations.

Thus, the Committee should strive for a diversified Board consisting of executive and non-executive members (more of non-executive). At present, the Board consists of 2 executive members and 6 non-executive members.

The Board of the Company always strives to maintain equilibrium between the Independent Directors and Non-Independent Directors.

General

Any or all provisions of this Policy would be subject to revision/amendment in accordance with the guidelines etc. on the subject as may be issued by Government/regulatory bodies etc., from time to time.

REPORT ON CSR ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

1. A brief outline of the company's CSR policy, including overview of the projects or programmes proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programmes

As a Responsible Corporate Citizen, PNB Gilts Ltd. endeavours to ensure an increased commitment at all levels in the organization to operate its business in an economically and socially sustainable manner, while recognising the interests of all its stakeholders and directly or indirectly taking up programmes that benefit the society at large.

The focus area of CSR activity of the Company is education or research in the field of finance/debt markets and working in the field of education for economically weaker sections.

The Company can also pool funds with the group companies, peer companies in Primary Dealer industry or Fixed Income Money Market and Derivatives Association of India (FIMMDA). It can join the eligible initiatives of CSR by any organ of parent bank and can also make contribution to the Prime Minister's National Relief Fund etc. For more information, please refer CSR policy of the Company at the link <http://pnbgilts.com/data/governance/1433236913.pdf>

2. Composition of the CSR Committee

The CSR Committee was constituted by the Board before enactment of the Companies Act, 2013. After enactment, the Board in its first meeting held on April 26, 2014, reconstituted the CSR Committee.

The composition of the Committee is as under -

Name of Director	Position
Sh. K. V. Brahmaji Rao ¹	Chairman
Dr. Kamal Gupta	Member
Sh. S. K. Dubey	Member
Sh. P. K. Mohapatra	Member

¹ Inducted as Chairman on November 1, 2014. Till his induction, Dr. Kamal Gupta acted as Chairman and Sh. P. K. Mohapatra acted as member.

3. Average Net Profit of the Company for last 3 financial years : ₹ 6735.50 lacs

4. Prescribed CSR expenditure (2 per cent of amount) – ₹ 134.71 lacs

5. Details of CSR spent during the financial year:

a) Total amount to be spent during the financial year – ₹ 134.71 lacs

b) Amount un-spent, if any - Nil

c) Manner in which the amount spent during financial year is detailed below:

Sr. No	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others- 2. Specify the state /district (Name of the District/s, State/s where project/ programme was undertaken)	Amount outlay (budget) project/ programme wise	Amount spent on the project/ programme Sub-heads: 1.Direct expenditure on project/ programme 2. Overheads:	Cumulative spend upto the reporting period	Amount spent: Direct/ through implementing agency
1	Contribution to Prime Minister's National Relief Fund	-	-	₹ 134.71 lacs	₹ 134.71 lacs (Direct)	₹ 134.71 lacs	Direct – ₹ 134.71 lacs

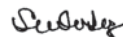
6. In case the company has failed to spend the 2 per cent of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report – Not Applicable.

7. Responsibility Statement by the CSR Committee -

We hereby affirm that CSR policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR projects and activities in compliance with CSR objectives and policy of the Company.

Date : June 27, 2015

Place : New Delhi



(S. K. Dubey)

Managing Director

DIN: 01770805



(K. V. Brahmaji Rao)

Chairman, CSR Committee

DIN: 06861202

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions entered into during the financial year ended March 31, 2015, which were not at arm's length basis

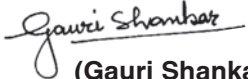
1 Name(s) of the related party and nature of relationship	Punjab National Bank (PNB), parent bank
2 Nature of contracts/arrangements/transactions	Leasing of property (business and residential premises)
3 Duration of the contracts / arrangements/ transactions	<ol style="list-style-type: none"> 1. Business premises from PNB taken on lease / rent sharing arrangement – <ol style="list-style-type: none"> a. Registered Office at Delhi: Presently, the same is under lease for 11 months w.e.f. 20.03.2014 and PNB can extend the tenancy for further period of 11 months each, if requested by the Company until decided by PNB. Even if the Company does not notify its option to PNB, then it shall be presumed that the Company has opted to remain in possession of premises, for said period. b. Mumbai Branch Office: At present, the lease for 5 years is effective from September, 2011, renewable after every five years. c. Chennai Branch Office: The premises has been provided under a mutual rent sharing arrangement by PNB since 15.05.12 on the basis of area occupied. The said premises has been taken by PNB on lease from Tamil Nadu Khadi and Village Industries Board, Tamil Nadu (State Govt. Department) for a period of 5 years (subject to continuation of their office at this place). 2. Residential Flats of the Company to PNB officers as per their entitlement in PNB for a period of 11 months, with two/more extensions.
4 Salient terms of the contracts or arrangements or transactions including the value, if any	<ol style="list-style-type: none"> a. Delhi Branch Office: Rent at present is ₹ 283600/- p.m. plus service tax. b. Mumbai Branch Office: Rent at present is ₹ 218750/- p.m. plus service tax and the same is subject to increase @ 25 per cent at the time of renewal of lease. c. Chennai Branch Office: Rent at present is ₹ 21030/- p.m. plus taxes. The same is subject to enhancement as may be done by above said State Govt Department d. Residential premises: Rent is as per the lease entitlement of PNB officers in PNB.

5	Justification for entering into such contracts or arrangements or transactions	The Company and parent bank are entering into these transactions due to its parent-subsidary relationship. As a matter of policy, the Company does not enter such property related transactions with outside parties. Further, the Company will also be able to get their residential flats vacated at any time they need the same for their officers/sale.
6	Date(s) of approval by the Board	29.01.2015
7	Amount paid as advances, if any	Nil
8	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 of the Act	Not required as the same is below the limit specified under first proviso to Section 188 of the Companies Act, 2013 and Rules made thereunder.

2. Details of material contracts or arrangement or transactions at arm's length basis –

There were no material contracts or arrangement or transactions entered into during the financial year ended March 31, 2015.

On behalf of Board of Directors



(Gauri Shankar)

Chairman

DIN:06764026

Date : June 27, 2015

Place : New Delhi

Particulars of Employees

Pursuant to the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the information is furnished below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014-15

(₹ in Lacs)

Sl. No	Name of Director	Director's Remuneration	Employee Median Remuneration	Ratio (No. of Lines)
1	Sh. K. R. Kamath*	0.30	9.06	0.03
2	Sh. Gauri Shankar*	0.10		0.01
3	Sh. K. V. Brahmaji Rao*	0.65		0.08
4	Dr. O. P. Chawla	1.30		0.15
5	Dr. Kamal Gupta	3.00		0.35
6	Sh. S. K. Soni	3.35		0.39
7	Sh. P. P. Pareek	0.80		0.09
8	Sh. P. K. Mohapatra*	0.80		0.09
9	Sh. S. K. Dubey	29.40		3.25
10	Smt. Sunita Gupta	23.92		2.64

*sitting fee paid for part of the year.

Notes: 1. Directors at Sl. No. 1 to 8 are Non-Executive Directors and only sitting fee has been paid to them or their institution.

2. Out of pocket expenses incurred by them for attending the meetings not taken into account.

- b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No	Name of Director and Key Managerial Personnel	% increase in remuneration
1	Sh. K. R. Kamath	*
2	Sh. Gauri Shankar	*
3	Sh. K. V. Brahmaji Rao	*
4	Dr. O. P. Chawla**	100.00
5	Dr. Kamal Gupta**	9.10
6	Sh. S. K. Soni**	28.80
7	Sh. P. P. Pareek**	14.30
8	Sh. P. K. Mohapatra	*
9	Sh. S. K. Dubey	29.65
10	Smt. Sunita Gupta	18.03
11	Smt. Monika Kochar	14.95

* Details not given, as they were directors only for part of the financial year 2014-15.

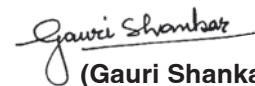
** received only sitting fee during the year.

- c. In the financial year 2014-15, there was an increase of 8.91 per cent in the median remuneration of employees.
- d. Total number of employees of the Company as on March 31, 2015 was 35 (including 4 employees on deputation from parent bank). The Company has maintained peaceful and harmonious relations with all its employees.
- e. The explanation on the relationship between average increase in remuneration and company performance:
The Profit before Tax for the financial year increased by 47.62 per cent, whereas the average increase in remuneration was 16.11 per cent. The average increase in remuneration was in line with the performance of the Company
- f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:
The Total Remuneration of KMPs increased by 22.48 per cent from ₹ 52.58 lacs in 2013-14 to ₹ 64.40 lacs in 2014-15, whereas the Profit Before Tax increased by 47.62 per cent from ₹ 9070.32 lacs in 2013-14 to ₹ 13389.26 lacs in 2014-15.
- g. i. The market capitalization increased by 74.93 per cent to ₹ 54003.04 lacs as of March 31, 2015 from ₹ 30871.74 lacs as at March 31, 2014.
ii. The Price Earnings Ratio was 6.02 as of March 31, 2015, which was an increase of 19.78 per cent, as compared to March 31, 2014.
iii. The Company came out with an initial public offer (IPO) in the year 2000. Post IPO, the company issued Bonus shares in the year 2013 in ratio of 1:3. An amount of ₹ 30 invested in the IPO would be worth ₹ 40 (adjusted for bonus issue) as on March 31, 2015 indicating a compounded growth rate of 2 per cent. This is excluding the dividend paid/accrued thereon.
- h. Average percentile increase already made in the salaries of employees other than the managerial personnel in 2014-15 was 17.59 per cent whereas the increase in managerial remuneration was 20.88 per cent. This was based on the recommendations of Nomination and Remuneration Committee, based on industry benchmarks and the respective employee's performance and contribution. The Company's remuneration philosophy is to ensure that it is competitive in the PD industry in which it operates, for attracting and retaining the best talent
- i. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company-

Name of Key Managerial Personnel	Remuneration (₹ in lacs)	Ratio of remuneration to Profit Before Tax
Sh. S. K. Dubey	29.40	0.002
Smt. Sunita Gupta	23.92	0.002
Smt. Monika Kochar	11.08	0.001

- j. The key parameters for the variable component of remuneration availed by the directors are considered by the Board, based on the recommendation of the Nomination and Remuneration Committee, as per the Remuneration Policy of the Company for Directors, Key Managerial Personnel and other employees.
- k. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Nil.
- l. It is hereby affirmed that the remuneration paid is as per the Remuneration policy of the Company.

On behalf of Board of Directors


(Gauri Shankar)

Chairman

DIN:06764026

Date : June 27, 2015

Place : New Delhi

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2015
of
PNB GILTS LIMITED

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. Registration and other details:

i) Corporate Identity Number (CIN)	L 7 8 9 9 D L 1 9 9 6 P L C 0 7 7 1 2 0
ii) Registration Date	March 13, 1996
iii) Name of the Company	PNB Gilts Limited
iv) Category / Sub-Category of the Company	Public Limited Company
v) Address of the Registered Office and contact details :	5, Sansad Marg, New Delhi, India, PIN – 110001 Tel : 011-23325759, 233257779 Fax : 011-23325751, 23325753 Email: m.kochar@pnbgilts.com website: www.pnbgilts.com
vi) Whether listed company (Yes/No)	Yes
vii) Name, Address and contact details of Registrar & Transfer Agents (RTA)	MCS Limited (Unit: PNB Gilts) F-65, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi, India. PIN-110 020 Tel.: 011- 41406149-52 Fax No.: 011- 41709881 E-mail : helpdeskdelhi@mcsregistrars.com website: www.mcsregistrars.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 per cent or more of the total turnover of the company is as under:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Dealing in Government Securities	66110 - Security dealing activities (as per NIC 2008)	96.48

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and Address of the company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Punjab National Bank	PUNB	Holding	74.07	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (31.03.2014)				No. of Shares held at the end of the year (31.03.2015)				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A PROMOTERS									
(1) Indian									
(a) Individual/HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	0	0	0	0	0	0	0	0	0
(e) Banks / FI	133333333	0	133333333	74.07	133333333	0	133333333	74.07	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	133333333	0	133333333	74.07	133333333	0	133333333	74.07	0
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other- Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corporate	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
TOTAL SHAREHOLDING OF PROMOTER (A) =(A) (1)+(A)(2)	133333333	0	133333333	74.07	133333333	0	133333333	74.07	0
B. PUBLIC SHAREHOLDING									
(1) Institutions									
(a) Mutual Funds	13546	0	13546	0.01	12065	0	12065	0.01	0
(b) Banks / FI	4282465	0	4282465	2.38	897723	0	897723	0.50	1.88
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	2055289	0	2055289	1.14	1108622	0	1108622	0.62	0.52
(g) FIs	743373	0	743373	0.41	1000	0	1000	0	0.41
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	7094673	0	7094673	3.94	2019410	0	2019410	1.12	2.81
(2) Non-Institutions									
(a) Bodies Corporate									
(i) Indian	11078347	174392	11252739	6.25	7910921	174392	8085313	4.49	1.76
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	12488481	348447	12836928	7.13	17666722	338460	18005182	10	-2.87
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13069347	34665	13104012	7.28	15772757	34665	15807422	8.78	-1.5
(c) Others									
(i) Trusts and Foundations	10865	0	10865	0.01	11965	0	11965	0.01	0
(ii) Non-Resident Individuals	2375053	932	2375985	1.32	2745244	932	2746176	1.53	-0.21
(iii) Directors and their relatives	1599	0	1599	0	1333	0	1333	0	0
Sub-total (B)(2):-	39023692	558436	39582128	21.99	44108942	548449	44657391	24.81	-2.82
Total public shareholding (B)=(B)(1)+(B)(2)	46118365	558436	46676801	25.93	46128352	548449	46676801	25.93	0
C. Shares held by custodian for GDR's and ADR's	0	0	0	0	0	0	0	0	0
Grand total (A+B+C)	179451698	558436	180010134	100.00	179461685	548449	180010134	100.00	0

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Punjab National Bank	133333333	74.07	0	133333333	74.07	0	0

(iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	133333333	74.07	133333333	74.07
	Date wise Increase / Decrease in Promoters Share holding during the Year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat equity etc)	-NIL-			
	At the end of the year	133333333	74.07	133333333	74.07

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Details of Top 10 Shareholders (other than Directors, promoters and holders of GDRs and ADRs)								
Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01-04-14 to 31-03-15)	
		No of Shares at the Beginning (01-04-14)/end of the year (31-03-15)	% of total shares of the Company				No of Shares	% of total shares of the Company
1	Girdharilal V Lakhi	1414252	0.79	01/04/2014				
		1414252	0.79	31/03/2015	0	Nil	1414252	0.79
2	Mala Rajan Bharvani	0	0.00	01/04/2014				
		1345208	0.75	27/03/2015	1345208	Transfer	1345208	0.75
3	Kothari Industrial Development Corporation Ltd	1014000	0.56	01/04/2014				
				02/05/2014	(242000)	Transfer	772000	0.43
				23/05/2014	(30000)	Transfer	742000	0.41
				06/06/2014	(135000)	Transfer	607000	0.34
				20/06/2014	(47000)	Transfer	560000	0.31
				23/01/2015	(22000)	Transfer	538000	0.30
				30/01/2015	(38000)	Transfer	500000	0.28
4	Dilipkumar Lakhi	500000	0.28	31/03/2015			500000	0.28
		749689	0.42	01/04/2014				
5	Manish Lakhi	745983	0.41	06/02/2015	(3706)	Transfer	745983	0.41
		767326	0.43	31/03/2015			745983	0.41
6	Chirag Dilipkumar Lakhi	767326	0.43	01/04/2014				
		588438	0.33	31/03/2015	0	Nil	767326	0.43
7	Usha Lala	588438	0.33	01/04/2014				
		402266	0.22	31/03/2015	0	Nil	588438	0.33
7	Usha Lala	402266	0.22	01/04/2014				
		402266	0.22	31/03/2015	0	Nil	402266	0.22

8	The Oriental Insurance Company Limited	690866	0.38	01/04/2014				
				12/12/2014	(25000)	Transfer	665866	0.37
				19/12/2014	(35000)	Transfer	630866	0.35
		630866	0.35	31/03/2015			630866	0.35
9	Canara Bank-Mumbai	853693	0.47	01/04/2014				
		853693	0.47	31/03/2015	0	Nil	853693	0.47
10	Infina Finance Private Ltd	1546043	0.86	01/04/2014				
				06/06/2014	(187433)	Transfer	1358610	0.75
				13/06/2014	(100000)	Transfer	1258610	0.70
				19/12/2014	(190000)	Transfer	1068610	0.59
				31/12/2014	(150000)	Transfer	918610	0.51
				30/01/2015	(100000)	Transfer	818610	0.45
				06/02/2015	(350000)	Transfer	468610	0.26
				13/02/2015	(100000)	Transfer	368610	0.20
		368610	0.20	31/03/2015			368610	0.20
		11	ICICI Lombard General Insurance Company Ltd.*	3476722	1.93	01/04/2014		
06/06/2014	(117737)					Transfer	3358985	1.87
				13/06/2014	(100467)	Transfer	3258518	1.81
				18/07/2014	(81796)	Transfer	3176722	1.76
				25/07/2014	(200000)	Transfer	2976722	1.65
				19/12/2014	(375000)	Transfer	2601722	1.45
				31/12/2014	(250000)	Transfer	2351722	1.31
				09/01/2015	(969318)	Transfer	1382404	0.77
				16/01/2015	(382404)	Transfer	1000000	0.56
				06/02/2015	(838000)	Transfer	162000	0.09
12	IDBI Bank Ltd.*	2128866	1.18	01/04/2014				
				23/05/2014	(50000)	Transfer	2078866	1.15
				30/05/2014	(25000)	Transfer	2053866	1.14
				06/06/2014	(75000)	Transfer	1978866	1.10
				13/06/2014	(100000)	Transfer	1878866	1.04
				30/06/2014	(93998)	Transfer	1784868	0.99
				04/07/2014	(25000)	Transfer	1759868	0.98
				25/07/2014	(149947)	Transfer	1609921	0.89
				01/08/2014	(62843)	Transfer	1547078	0.86
				22/08/2014	(126904)	Transfer	1420174	0.79
				12/09/2014	(120174)	Transfer	1300000	0.72
				19/09/2014	(300000)	Transfer	1000000	0.56
				30/09/2014	(828)	Transfer	999172	0.56
				24/10/2014	(10000)	Transfer	989172	0.55
				31/10/2014	(115093)	Transfer	874079	0.49
				07/11/2014	(94459)	Transfer	779620	0.43
				14/11/2014	(193234)	Transfer	586386	0.33
				21/11/2014	(118918)	Transfer	467468	0.26
				28/11/2014	(66398)	Transfer	401070	0.22
				05/12/2014	(251070)	Transfer	150000	0.08
		12/12/2014	(62969)	Transfer	87031	0.05		
		19/12/2014	(87031)	Transfer	0	0.00		
13	Mala Rajan Bharvani*	1345208	0.7473	01/04/2014				
				27/03/2015	(1345208)	Transfer	0	0.00
14	Oriental Bank of Commerce*	1285893	0.71	01/04/2014				
				30/05/2014	(241000)	Transfer	1044893	0.58
				06/06/2014	(325000)	Transfer	719893	0.40
				13/06/2014	(330000)	Transfer	389893	0.22
				20/06/2014	(25000)	Transfer	364893	0.20
				30/06/2014	(115000)	Transfer	249893	0.14
				01/08/2014	(21300)	Transfer	228593	0.13
				22/08/2014	(140000)	Transfer	88593	0.05
				12/09/2014	(40000)	Transfer	48593	0.03
				19/09/2014	(48593)	Transfer	0	0.00

15	General Insurance Corporation of India*	790801	0.44	01/04/2014				
				12/12/2014	(200000)	Transfer	590801	0.33
				19/12/2014	(90801)	Transfer	500000	0.28
				23/01/2015	(50000)	Transfer	450000	0.25
				30/01/2015	(150000)	Transfer	300000	0.17
				12/12/2014	365866	Transfer	665866	0.37
				19/12/2014	(35000)	Transfer	630866	0.35
		630866	0.35	31/03/2015	0	Transfer	630866	0.35

*Not in the list of top 10 shareholders as on 31/03/2015.

(v). Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative shareholding during the year (01-04-14 to 31-03-15)	
		No. of Shares at the beginning (01-04-14) / end of the year (31-03-15)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Sh. P. P. Pareek, Director	1333	0	01/04/2014		NIL		
		1333	0	31/03/2015	0		1333	0.00
2	Smt. Sunita Gupta, Executive Director and CFO (KMP)	266	0	01/04/2014				
		0	0	31/03/2015	(266)	Transfer	0	0.00

The following Directors and Key Managerial Personnel (KMP) did not hold any shares during the financial year 2014-15 –

- Sh. K. R. Kamath – Chairman¹
- Sh. Gauri Shankar – Director¹
- Sh. K. V. Brahmaji Rao – Director¹
- Dr. O. P. Chawla – Director
- Dr. Kamal Gupta – Director
- Sh. S. K. Soni – Director
- Sh. P. K. Mohapatra – Director¹
- Sh. S. K. Dubey – Managing Director (KMP)
- Smt. Monika Kochar – Company Secretary (KMP)

¹ directorship held for part of year

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	255028.14	121720.43	-	376748.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	199.90	24.25	-	224.15
Total (i+ii+iii)	255228.04	121744.68	-	376972.72
Change in Indebtedness during the financial year				
• Addition	45879915.17	23050564.34	-	68930479.51
• Reduction	45873748.15	23047688.82	-	68921436.97
Net Change	6167.02	2875.52	-	9042.54

(₹ in lacs)

Indebtedness at the end of the financial year					
i)	Principal Amount	261195.16	124595.95	-	385791.11
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	42.17	17.44	-	59.61
Total (i+ii+iii)		261237.33	124613.39	-	385850.72

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Sh. S. K. Dubey, Managing Director	Smt. Sunita Gupta, Executive Director & CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	20.02	16.04	36.06
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	-	0.18	0.18
	(c) Profits in lieu of salary under Section 17 (3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	a) as % of profit	-	-	-
	b) others	-	-	-
5.	Others-			
	a) Company's contribution to Provident Fund	-	1.34	1.34
	b) Medical facilities	0.15	0.15	0.30
	c) Child education allowance	-	0.01	0.01
	d) Variable pay (Performance Linked Incentive)	8.75	5.10	13.85
	e) Leave travel concession	0.48	1.10	1.58
	Total (A)	29.40	23.92	53.32
	Ceiling as per the Act	₹ 1320.29 lacs (being 10 per cent of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		

Note 1: Gratuity not included as the same is subject to the Payment of Gratuity Act, 1972.

Note 2: Leave travel concession is permissible once in two years (within India).

B. Remuneration to other directors:

(₹ in lacs)

Particulars of Remuneration	Name of Director								Total Amount
	Sh. K. R. Kamath ¹	Sh. Gauri Shankar ²	Sh. K. V. Brahmaji Rao ³	Dr. O. P. Chawla	Dr. Kamal Gupta	Sh. S. K. Soni	Sh. P. P. Pareek	Sh. P. K. Mohapatra ⁴	
1. Independent Directors									
• Fee for attending Board/ Committee meetings	-	-	-	1.30	3.00	3.35	0.80	-	8.45
• Commission	-	-	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-	-	-
Total (1)	-	-	-	1.30	3.00	3.35	0.80	-	8.45
2. Other Non-Executive Directors									
• Fee for attending Board / Committee meetings	0.30	0.10	0.65	-	-	-	-	0.80	1.85
• Commission	-	-	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-	-	-
Total (2)	0.30	0.10	0.65	-	-	-	-	0.80	1.85
Total (B)=(1+2)	0.30	0.10	0.65	1.30	3.00	3.35	0.80	0.80	10.30
Total Managerial Remuneration*									63.62
Overall Ceiling as per the Act	₹ 132.03 lacs (being 1% of the net profits of the Companies Act, 2013 calculated as per Section 198 of the Companies Act, 2013)								

*total remuneration to managing Director, Whole-time Director and other Directors (being the total of A and B)

¹ For the period from April 1 to October 29, 2014. Paid to PNB as per instructions received.

² For the period from March 25 to March 31, 2015. Paid to PNB as per instructions received.

³ For the period from November 1, 2014 to March 31, 2015. Paid to PNB as per instructions received.

⁴ For the period from April 1, 2014 to March 24, 2015. Paid to PNB as per instructions received.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER/WTD

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Smt. Monika Kochar, Company Secretary	CFO	Total
1	Gross salary	Not Applicable		Smt. Sunita Gupta, Executive Director is also CFO. Hence, disclosed in A above	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		6.87		6.87
	(b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961		0.62		0.62
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961		-		-
2	Stock Option		-		-
3	Sweat Equity		-		-
4	Commission				
	(a) as % of profit		-		-
	(b) others		-		-

5	Others-			
	a) Company's contribution to Provident Fund		0.58	0.58
	b) Medical facilities		0.15	0.15
	c) Child education allowance		-	-
	d) Variable pay (Performance Linked Incentive)		1.87	1.87
	e) Leave travel concession		0.99	0.99
	Total		11.08	11.08

Note 1: Gratuity not included as the same is subject to the Payment of Gratuity Act, 1972.

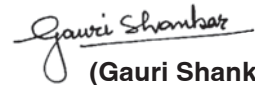
Note 2: Leave travel concession is permissible once in two years (within India).

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

NIL

On behalf of Board of Directors


(Gauri Shankar)

Chairman

DIN:06764026

Date : June 27, 2015

Place : New Delhi

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
PNB Gilts Limited
5. Sansad Marg, New Delhi-110001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PNB Gilts Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015, according to the provisions of:

- (i). The Companies Act, 2013 (the 'Act') and the Rules made thereunder;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv). Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct investment, Overseas Direct investment and External Commercial Borrowings (Not applicable to the Company during the audit period);
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act');
 - (a) The Securities and Exchange Board, of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board, of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period);
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 (Not applicable to the Company during the audit period);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable in the Company during the audit period);

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period).
- (vi). Reserve Bank of India Act, 1934 and guidelines made thereunder
- (vii). RBI Guidelines for Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) and Primary Dealers.

We have also examined compliance with the applicable clauses of the following —

- a The Listing Agreements entered into by the Company with the Stock Exchanges.
- b Secretarial Standards issued by the Institute of Company Secretaries of India (not notified in FY 2014-15. Therefore, not applicable to the Company during the audit period)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee(s) of the Board as the case may be.

We further report that-

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Pranav Kumar & Associates,
Company Secretaries**



Arpita Saxena
(Partner)
M. No: 23822
CP No.: 11962

Place: Ghaziabad (U.P)

Date: May 27, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC REVIEW: 2014-15

Domestic Overview

The Indian economy grew at 7.30 per cent during 2014-15 as economic activity expanded at a faster pace in the March quarter, led largely by services and manufacturing sectors. The industrial sector shrugged off stagnation and grew for the second consecutive year this fiscal. The economy was relieved from the sub 5 per cent growth, persistent inflation, elevated fiscal deficit and oscillating value of the rupee.

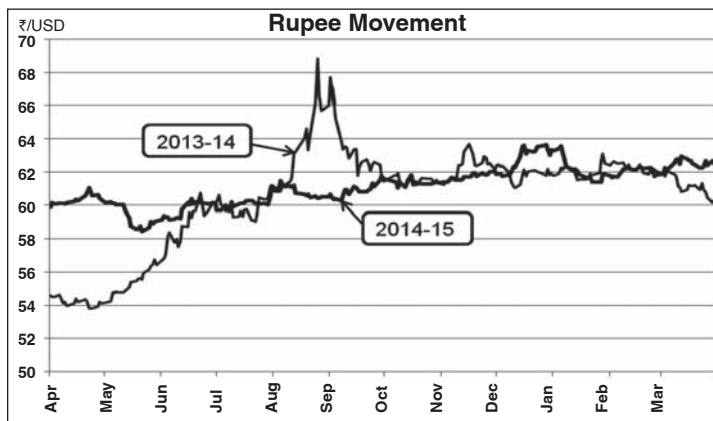
Inflation retreated during the year in an environment of macroeconomic and political stability. Inflation in terms of the All India Consumer Price Index (CPI)-Combined (Rural + Urban) declined to 5.25 per cent in March, 2015 from a high of 8.25 per cent in March, 2014. The average CPI inflation stood at 5.96 per cent during 2014-15 compared to 9.84 per cent in 2013-14. Excluding food and fuel segments, the CPI inflation was around 6 per cent on account of the slump in the international crude oil prices feeding through into domestic prices of petrol and diesel that are included under the category transport and communication.

Forex Market

The Indian Rupee, after being more volatile and weak currency during most of the previous fiscal, managed to lose only 4.35 per cent of its value against dollar this fiscal. The predominant factor for the rupee movement has been robust capital flows that started from March, 2014. The sizeable jump of 24 per cent in foreign exchange reserves of RBI contained the volatility in the rupee.

The rupee which slipped to its yearly low of 63.75 per USD on 2015, due to spillovers from the Russian currency crisis, month end purchases by oil marketing companies, profit booking by Foreign

Portfolio Investors and a weak reading on industrial output, regained its appreciating bias by the second week of January, 2015. For the residual part of the year, the rupee traded in a narrow range with modest gains following the dovish comments from the Fed in March regarding the timeframe for raising its policy rate. Rupee closed the FY 2014-15 at ₹ 62.49 per USD as against previous fiscal close of ₹ 59.89 per USD.



Current Account Balance

India's current account deficit declined from 1.70 per cent of GDP in 2013-14 to 1.30 per cent of GDP in 2014-15 on account of an increase in inward remittances and FDI flows. Weak external demand and the softness in international commodity prices took a heavy toll as India's merchandise export growth weakened steadily since July, 2014 and entered into contraction from January through the end of the fiscal. The fiscal year ended with total exports of USD 310 billion, lower than the USD 340 billion target. Imports on the other hand, contracted by a modest 0.59 per cent during the year, leaving a trade deficit of USD 137 billion, slightly higher than the previous year's figure of USD 135 billion.

Government Borrowings

The Government reduced its market borrowing programme as a squeeze in expenditure limited the Government's requirement for additional funds. The gross borrowing during the year was ₹ 5,92,000 crore as against budgeted estimate of ₹ 6,00,000 crore. In addition to this, State Governments also raised funds to the tune of ₹ 2,40,307 crore through market borrowings as against ₹ 1,96,660 crore during the previous year.

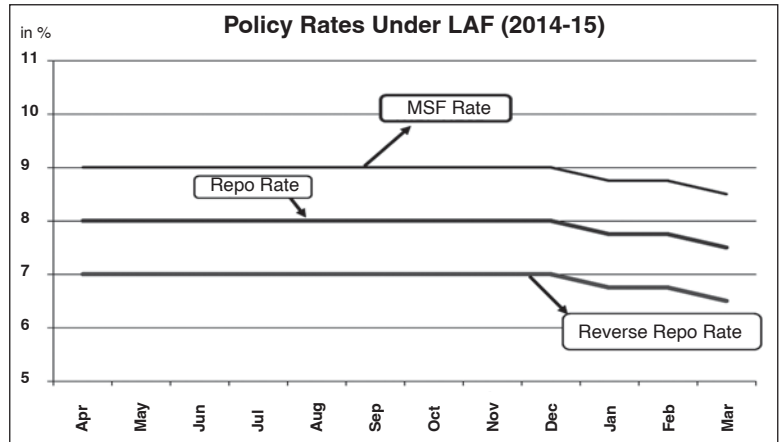
Fiscal Deficit

The fiscal consolidation process, which had resumed in 2012-13 through mid-year course corrective measures, was continued in 2014-15. However the 3 per cent target has now been pushed back by a year to FY18. The government has contained the fiscal deficit at 4 per cent of GDP in 2014-15 against 4.1 percent by cutting down on its planned expenditure as tax revenues were less than budgeted and current expenditures proved too sticky.

Monetary Policy & Liquidity Situation

The Monetary policy stance was focused around achievement of CPI inflation target at or below 8 percent during the year. The RBI reduced the repo rate twice by 25 basis points each in view of significant reduced momentum of the retail inflation, a strong rupee relative to its peers and still-weak indicators of production.

Liquidity was comfortable in all segments; reflected by a pickup in turnover, softening of interest rates and appreciating bias in the exchange rate of the rupee. During the year, an average daily net liquidity injection of ₹ 93,115 crore was seen through LAF, MSF, term repos and refinance facility.



Treasury Bill Market

During FY 2014-15, the borrowings through Treasury bills stood at ₹ 7, 68,000 crore higher than announced in the Annual Budget by ₹ 19, 000 crore. The yields on treasury bills in primary market eased significantly as comfortable liquidity persisted for most of the year. The cut-off yield on 91DTB eased from 8.94 percent in the beginning of the FY to 8.27 per cent in the end, cut-off yield on 182 DTB fell from 8.97 per cent in April beginning to 8.14 per cent in March and the cut-off yield on 364 DTB closed the year at 7.98 per cent against 9.02 per cent as on March 31, 2014.

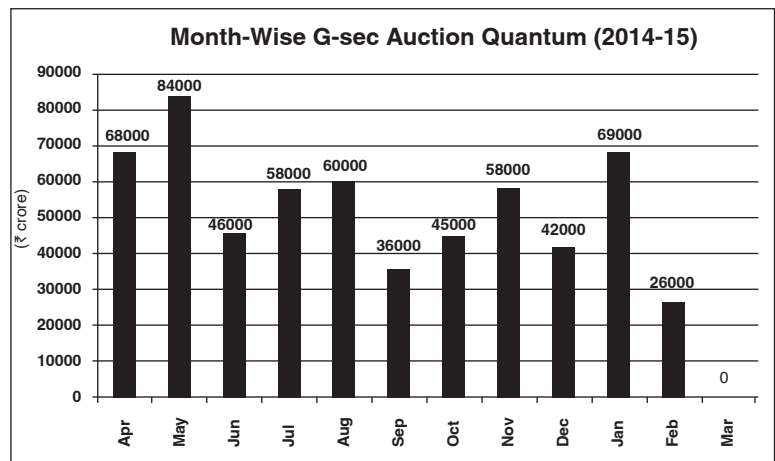
Government Dated Securities

Primary Market

During FY 2014-15, the gross borrowings through dated issuances stood at ₹ 5,92,000 crore, while the net borrowings stood at ₹ 4,53,205 crore. The weighted average maturity of issuances stood at 14.69 years vis-a-vis 14.50 years in the previous year. The weighted average yield of dated securities issued during FY 2014-15 remained the same as compared to FY 2013-14 at 8.51 per cent.

Secondary Market

During the year, amidst global liquidity and risk-on risk-off fluctuations in investor appetite, financial



markets rallied strongly supported by improvement in domestic macroeconomic conditions. The government bond market specifically witnessed an uptrend throughout the year with the yield on ten-year benchmark falling by 106 basis points to close at 7.74 per cent. Buoyant investor sentiment conditioned by the ongoing weakening of inflation on domestic front and expectation of monetary policy easing helped the market to shrug off the impact of the Federal Reserve completely exiting Quantitative Easing in October. Softness in international crude oil prices and a fall in US treasury yields aided the decline in domestic yields.

COMPANY PERFORMANCE

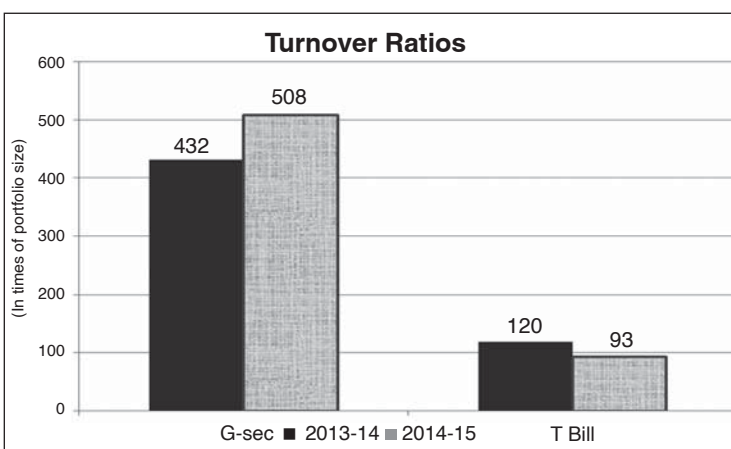
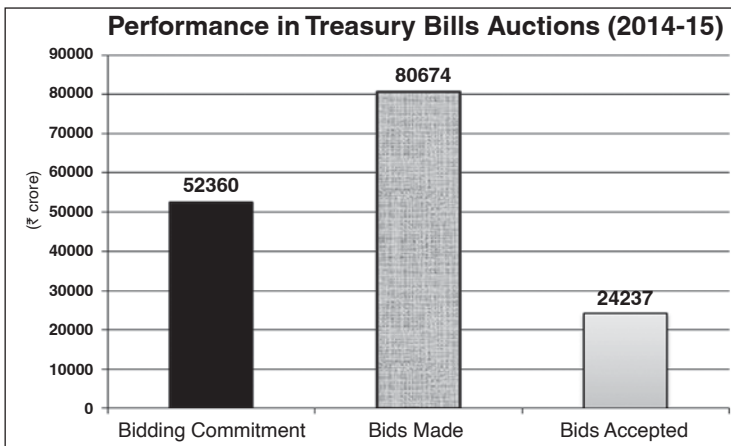
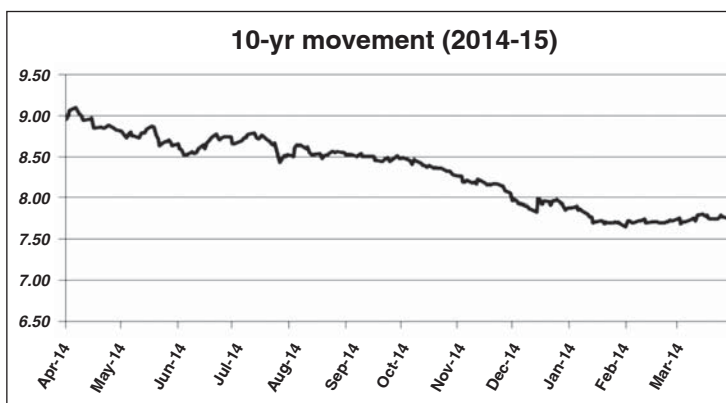
Primary Market

In primary market, the Company continued to comply with all the regulatory requirements of bidding under Minimum Underwriting Commitments (MUC) and Additional Competitive Underwriting (ACU) for Primary Dealers. During the year, due to high demand of the government securities, the Company earned an underwriting commission of ₹ 1.42 crore as against previous year's commission of ₹ 14.51 crore. In treasury bill auctions, during the first half, GOI raised ₹ 3,71,000 crore as against ₹ 3,92,000 crore in the corresponding period of last fiscal. In the second half, GOI raised another ₹ 3,77,000 crore through T-bills as against ₹ 2,99,000 crore raised in corresponding period of last fiscal.

The company submitted bids aggregating to ₹ 80,674 crore against the commitment of ₹ 52,360 crore (being 7 per cent of notified amount). Out of this, bids amounting to ₹ 24,237 crore were accepted. Fulfilling its primary market commitment, Company achieved success ratio of 42.92 per cent and 49.60 per cent in H1 and H2 respectively of FY 2014-15 against RBI stipulation of 40 per cent in each half year.

Secondary Market

During FY 2014-15, total secondary market outright turnover stood at ₹ 4,70,845 crore as against ₹3,08,978 crore in FY 2013-14. The total turnover during the current FY stood at ₹ 5,11,329 crore. The Central Government security segment recorded the maximum turnover of ₹ 4,23,638 crore followed by Treasury bill segment which registered turnover of ₹ 22,056 crore. Company's total turnover ratio (secondary market) stands at 93 times for treasury bills and 508 times for government-dated securities as on March 31, 2015 against the minimum RBI stipulation of 10 times and 5 times respectively.

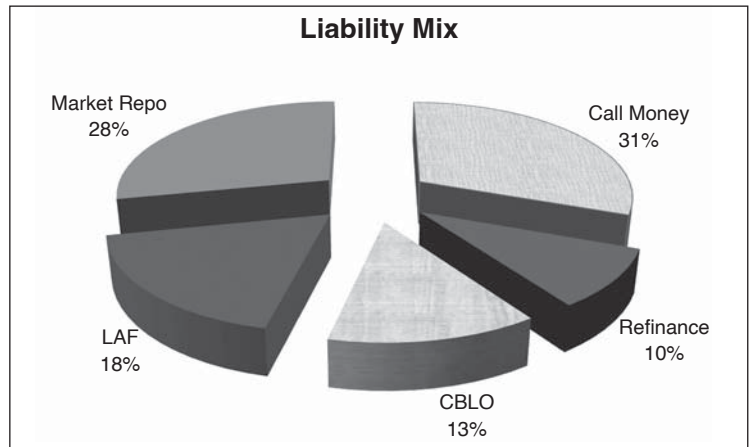


Portfolio Size and Composition

Portfolio size and composition is a function of arbitrage opportunities and tradability. Company maintained high holding of treasury bills in view of positive arbitrage and minimal risk. Daily average holding in Treasury Bills during the year stood at ₹ 1,831 crore whereas the peak holding in T-bills stood at ₹ 2,558 crore. Daily average holding of Central Government Security during FY 2014-15 stood at ₹ 1,132 crore as against ₹ 1,015 crore in FY 2013-14.

Liability Mix

During the year, the Company judiciously utilized different sources of borrowings viz. Call Money, Collateralized Borrowing and Lending Obligation, Repo, LAF, etc. for active fund management. The average borrowings from all sources amounted to ₹ 3,234 crore as against ₹ 2,891 crore in FY 2013-14. The average leverage during the year was 4.60 times against 4.43 times in FY 2013-14, while the maximum leverage for the year stood at 6.11 times the NOF. The average cost of funds during the fiscal through Call, CBLO, etc. stood at 8.04 per cent, lower than 8.16 per cent during the last year and the same was about 9 basis points lower than the average NSE overnight MIBOR of 8.13 per cent during the year.



Trading Stance and Risk Management

During FY 2014-15, the yield on the benchmark ten year security decreased by 106 basis points and the Company posted trading income of ₹ 75.85 crore. Company maintained a balanced composition of securities with an aim to maximize arbitrage income and also to have better trading opportunities. Risk management is a critical element of Company's trading business. The Company's mid-office is primarily responsible for formulating and implementing the risk management policies. Value-at-Risk (VaR), PVBP limits, sensitivity analysis and cut-loss policies form the core of market risk management system. Counterparty exposure limits and instrument-wise exposure limits were the primary tools used for managing the credit risk in the business. Similarly, well-established systems and procedures provide adequate defense against the operational risk.

Financial Performance

During the year, the Company's Profit Before Tax rose to ₹ 133.89 crore as against ₹ 90.70 crore in the previous year. The profitability was improved by judiciously taking advantage of arbitrage opportunities by the Company and improved trading performance. During the year, the Company registered trading income of ₹ 75.85 crore.

The Net Worth of the Company increased by nearly 8 per cent to ₹ 718.06 crore as on March 31, 2015 as against ₹ 662.53 crore in previous year. The Company is adequately capitalized with Capital Adequacy Ratio of 65.07 per cent as on March 31, 2015, against RBI's minimum stipulation of 15 percent. Besides, robust risk management systems kept the Company's risk profile in check throughout the year.

Human Resource Development

Human resource development is given high weightage and company employs the best HR practices to ensure a healthy and motivating work environment for its employees. Employee skills are constantly upgraded by providing training suitable to individual requirements. Besides, In-house lectures and workshops are also conducted on a regular basis to stimulate healthy exchange of ideas.

Internal Control Systems

The Company considers the internal control systems to be a very significant part of its Corporate Governance practices. Your Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds etc. As a part of this control system, your Board appoints Internal Auditor as well. For the year 2014-15, the Board appointed M/s Ernst & Young LLP as the Internal Auditor of the Company. The scope of Internal Audit included audit of treasury transactions on a monthly basis and reporting to the Audit Committee of the Board that the company has operated within the limits of various risk parameters laid down by the Board, Reserve Bank of India and other statutory authorities. Besides, the said firm also audited and reviewed the related party transactions on monthly basis and key business processes, including IT systems of the Company on quarterly basis. All the reports of the Internal Auditors were submitted to the Audit Committee.

SWOT analysis

Strengths and Weaknesses

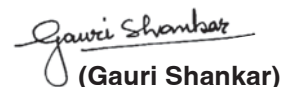
The Company is the only listed Primary Dealer in the country and has consistently displayed strong financial health during previous years. The profit for FY 2014-15 stood at ₹ 133.89 crores as against ₹ 90.70 crore in FY 2013-14 which is 48 per cent higher than the previous year. The Capital Adequacy Ratio of the company is 65.07 per cent, more than the RBI stipulation of 15 per cent which reflects soundness and sustainability of the company over long term. The Company has robust risk management and research department responsible for monitoring, analysis and compliance. A strong compliance culture prevails across the organization, pursuant to its strategic goals of transparency and trust, among all its stakeholders.

The Company is actively involved in trading in government securities, corporate bonds and equity products; although its share of trading in corporate bonds, equity and equity derivatives is relatively lower.

Opportunities and Threats

Looking ahead, the macroeconomic environment in FY 2015-16 is expected to improve with fiscal policy gearing to an investment-led growth strategy and monetary policy using available room for accommodation. Large decline in commodity prices and the benign inflation outlook for the near term should provide a boost to growth. Comfortable liquidity conditions should enable banks to transmit the recent reductions in the policy rate into their lending rates, thereby improving financing conditions for the productive sectors of the economy; These factors shall further provide confidence to private investment and together with the conducive outlook on inflation, deliver real income gains to consumers and lower input cost advantages to corporates. Besides the fiscal outlook, other factors including private credit off-take, capital flows and the interest rate cycle impact the government market borrowing programme. The net market borrowing of the central government for FY 2015-16 has been budgeted at ₹ 4,56,406 crore, as against ₹ 4,53,205 crore during the last fiscal year. RBI's stance and the monetary policy expectations constitute the root of every strategy formulated to trade in bond markets. However, policy easing would be dependent on continuing disinflationary pressures, sustained high quality fiscal consolidation as well as steps taken to overcome supply constraints. The moderation in inflation may be hampered due to unseasonal rains, El Nino expectation, Shortfall in monsoon and increase in commodity prices. At the liquidity front, RBI shall ensure comfortable liquidity conditions through pro-active liquidity management, including fine-tuning operations on week days and access to the MSF. The company proposes to be nimble footed in trading and also look for more stable avenues of revenue to maintain consistency in the returns to the stakeholders.

On behalf of Board of Directors


(Gauri Shankar)

Chairman

DIN:06764026

Date : June 27, 2015

Place: New Delhi

REPORT ON CORPORATE GOVERNANCE

- **Company's Philosophy on Code of Corporate Governance**

Corporate Governance for the Company means achieving high level of accountability, efficiency, responsibility and fairness in all areas of operation. Our workforce is committed towards the protection of the interest of the stakeholders viz. shareholders, creditors, investors, customers, employees, etc. Our policies consistently undergo improvements keeping in mind our goal i.e. maximisation of value of all the stakeholders.

- **The goal is achieved through:**

- Infusion of best expertise in the Board.
- Consistent monitoring and improvement of the human and physical resources.
- Introducing regular checks, audits and continuous improvements in well-defined systems and procedures.
- Board / Committee meetings at regular intervals to keep the Board informed of the recent happenings.

I Board of Directors

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long term interests are being served. The Board has constituted five Committees at Board level, namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Share Transfer & Issue of Duplicate Share Certificates Committee. The Board is authorized to constitute additional functional Committees, from time to time, depending on business needs. The Company's internal guidelines for Board and its Committee meetings facilitate the decision making process at its meetings in an informed and efficient manner.

1. Composition of the Board

The composition of the Board of Directors is an optimum combination of executive and non- executive directors which fulfills the requirement as stipulated by the Clause 49 of the Listing Agreement i.e. Corporate Governance. The Board of Directors has total eight directors out of which two are Executive Directors and six non-Executive Directors (including four Independent Directors).

The members of the Board are from diverse background with requisite skills and experience in critical areas like finance, treasury, human resource, legal, general management etc. The Board reviews its strength and composition from time to time to ensure that it remains aligned with the statutory as well as business requirements.

As on March 31, 2015, the composition of the Board was as follows -

Sh. Gauri Shankar (DIN: 06764026), Managing Director & Chief Executive Officer – Punjab National Bank (PNB), is the Non-Executive Director of the Company. Earlier, he was General Manager with Bank of India. He has 38 years of rich experience in Banking Industry. His forte has been finance, strategy & planning and HR development. He has also worked in the capacity of CFO of Bank of India. He is also Chairman of PNB Housing Finance Ltd. and PNB Investment Services Ltd. and Director on the Board of PNB Met Life India Insurance Co. Ltd. and JSC SB PNB Kazakhstan.

Sh. K. V. Brahmaji Rao¹ (DIN: 06861202), Executive Director – PNB is Non-Executive Director of the Company. Prior to his assignment in PNB, he was the General Manager of Vijaya Bank. He is having 33 years experience in the banking industry with specialization in Integrated Risk Management, Management Advisory Services, Treasury, Finance etc. He is Director on the Board of PNB Investment Services Ltd.

¹also known as Sh. K.V. Brahmajee Rao

Dr. O. P. Chawla (DIN: 00026712), Independent Director, is an academican. He was earlier Director of National Institute of Bank Management, Pune. He is Director on the Board of Shree Ram Urban Infrastructure Ltd.

Dr. Kamal Gupta (DIN: 00038490), Independent Director, is a qualified Chartered Accountant. He was earlier Technical Director of the Institute of Chartered Accountants of India. Besides, he is also holding the position as a Director in Rajasthan Spinning & Weaving Mills Ltd., H.E.G. Ltd., Maral Overseas Ltd., Malana Power Company Ltd., AD Hydro Power Ltd. and Bhilwara Energy Ltd.

Sh. S. K. Soni (DIN: 00046856), Independent Director, is having rich experience of 32 years in banking industry. He retired from Oriental Bank of Commerce as Chairman and Managing Director. He is Director on the Board of Uttam Value Steels Ltd.

Sh. P. P. Pareek (DIN: 00615296), Independent Director, is a practising Chartered Accountant. He is a senior partner of M/s S. Bhandari & Co. for the last 32 years. He was member of Central Council and Standing Committees like Executive Committee and Examination Committee of the Institute of Chartered Accountants of India. Presently, he is Director of Jamuna Dream Estates Pvt. Ltd., and Rajasthan State Mines & Minerals Ltd.

Sh. S. K. Dubey (DIN: 01770805) is the Managing Director of Company since February 2012. Prior to this assignment, he headed the Treasury Division and International Banking Division of Punjab National Bank. He is having a rich experience of around 37 years in various senior capacities in the PNB group. He is Director on the Board of Primary Dealers' Association of India.

Smt. Sunita Gupta (DIN: 06902258) is the Executive Director and CFO of the Company. She is having vast experience in treasury operations. She served as an Economist in PNB for around 17 years and is having an experience of 16 years in the Company in various senior capacities.

Other information regarding the Board as on March 31, 2015 is given below:

Name of the Directors	Category	No. of other Directorships and Committee Memberships/ Chairmanships ¹		
		Directorships	Committee Memberships	Committee Chairmanships
Sh. Gauri Shankar	Non-Executive/ Non-Independent	5	1	-
Sh. K. V. Brahmaji Rao	Non-Executive/ Non-Independent	2	1	-
Dr. O. P. Chawla	Non-Executive/ Independent	1	-	1
Dr. Kamal Gupta	Non-Executive/ Independent	6	4	5
Sh. S. K. Soni	Non-Executive/ Independent	1	-	-
Sh. P. P. Pareek	Non-Executive/ Independent	2	1	-
Sh. S. K. Dubey	Executive	1	-	-
Smt. Sunita Gupta	Executive	-	-	-

¹In terms of Clause 49 of the listing agreement, only two committees viz. the Audit Committee and the Shareholders' Grievance Committee of public limited companies are considered for this purpose.

As on March 31, 2015, none of the Directors (except Sh. P. P. Pareek, who holds 1,333 shares of the Company) holds any shares / convertible instruments of the Company.

There are no inter-se relationships between the Directors.

2. Meetings of the Board

During the year 2014-15, seven Board Meetings were held on April 26, 2014, June 26, 2014, July 26, 2014, November 1, 2014, January 29, 2015, February 24, 2015 and March 25, 2015.

Attendance record of the Directors in the above meetings and last AGM is as under:

Names of Directors	No. of Board Meetings attended	Attended last AGM held on August 30, 2014
Sh. K. R. Kamath ¹	3	Y
Sh. Gauri Shankar ²	1	NA
Sh. K. V. Brahmaji Rao ³	4	NA
Dr. O. P. Chawla	6	Y
Dr. Kamal Gupta	6	Y
Sh. S. K. Soni	7	Y
Sh. P. P. Pareek	5	Y
Sh. P. K. Mohapatra ⁴	3	Y
Sh. S. K. Dubey	7	Y
Smt. Sunita Gupta ⁵	6	Y

¹ Resigned from the Directorship and Chairmanship of the Company with effect from October 29, 2014.

² Appointed as an Additional Director on March 25, 2015.

³ Appointed as an Additional Director on November 1, 2014.

⁴ Resigned from the Directorship of the Company with effect from March 24, 2015.

⁵ Appointed as Whole-time Director with designation as Executive Director & CFO on June 26, 2014.

3. Committees of the Board

(A) Audit Committee

The Audit Committee formed in pursuance of Clause 49 of the Listing Agreement, and Section 177 of the Companies Act, 2013 and RBI guidelines is instrumental in overseeing the financial reporting besides reviewing the quarterly, half-yearly, annual financial results of the Company. The terms of reference of the Committee are as per Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 and Rules made thereunder. Pursuant to the terms of reference the Audit Committee shall review Company's financial and risk management policies and the internal control systems, internal audit systems, etc. through discussions with internal/external auditors and management.

During the year 2014-15, six meetings of the Committee were held. The composition and attendance of Members is as under:

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Dr. Kamal Gupta	Chairman	6
Dr. O. P. Chawla	Member	5
Sh. S. K. Soni	Member	6
Sh. P. P. Pareek	Member	5
Sh. P. K. Mohapatra ¹	Member	3

¹ Ceased to be member on March 24, 2015.

Ms. Monika Kochar, Company Secretary acts as the Secretary to the Committee.

(B) Share Transfer and Issue of Duplicate Share Certificates Committee

During the year 2014-15, twenty seven meetings of the said Committee were held.

The composition of Share Transfer and Issue of Duplicate Share Certificates Committee and the attendance record of the Members is as under:

Names of the Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Soni	Chairman	26
Dr. Kamal Gupta	Member	27
Sh. S. K. Dubey	Member	25

The Compliance Officer for the said Committee is Ms. Monika Kochar, Company Secretary.

(C) Stakeholders' Relationship Committee

During the year 2014-15, twelve meetings of the Committee were held.

The composition of Stakeholders' Relationship Committee and the attendance records of the Members is as under:

Names of the Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Soni	Chairman	11
Dr. Kamal Gupta	Member	12
Sh. S. K. Dubey	Member	11

The Company attends to investor grievances/correspondence expeditiously and usually reply is sent within a period of 5 to 7 days of receipt, except in the cases that are constrained by disputes or legal impediments.

During the year, the Company had received 24 complaints (mostly in the nature of 'query') from the shareholders / investors. All the complaints have been redressed to the satisfaction of the complainants. No shareholder / investor complaint was pending as on March 31, 2015.

The Compliance Officer for the said Committee is Ms. Monika Kochar, Company Secretary.

(D) Nomination and Remuneration Committee

The Nomination Committee was constituted by the Board before enactment of the Companies Act, 2013. After enactment, the Board in its first meeting held on April 26, 2014 changed the nomenclature of said Committee to Nomination and Remuneration Committee in accordance with the said Act. The Committee was also reconstituted in the same meeting.

The Committee is instrumental in identifying persons qualified to become Directors or part of senior management in accordance with the criteria laid down by the Board, to carry out evaluation of every Director's performance, to recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees and Board Diversity etc. The terms of reference of the Committee are as per the provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and RBI guidelines. Pursuant to the terms of reference, the said Committee deals with matter of the appointment / reappointment of Directors and their remuneration etc and submits its recommendations to the Board for approval. The appointment of such directors is subsequently approved by the shareholders at the Annual General Meeting.

During the year 2014-15, seven Committee meetings were held. The composition of Committee and attendance of the Members is as under:

Names of the Directors	Position held in the Committee	No. of Committee Meetings attended
Dr. O. P. Chawla	Chairman	6
Sh. K. V. Brahmaji Rao ¹	Member	3
Sh. S. K. Soni	Member	7
Sh. P. K. Mohapatra ²	Member	3

¹ Inducted as a member on November 1, 2014.

² Ceased to become member on March 24, 2015

Ms. Monika Kochar, Company Secretary acts as the Secretary to the Committee.

The details relating to remuneration of Directors and disclosure regarding Remuneration Policy, as required under Clause 49 of the Listing Agreement, have been given under a separate section, viz. 'Directors' Remuneration' in this report.

(E) Corporate Social Responsibility (CSR) Committee

The CSR Committee was constituted by the Board before enactment of the Companies Act, 2013. After enactment, the Board in its first meeting held on April 26, 2014 reconstituted the CSR Committee.

During the year 2014-15, four CSR Committee meetings were held. The composition of the Committee and attendance of the Members is as under:

Names of the Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. K. V. Brahmaji Rao ¹	Chairman	2
Dr. Kamal Gupta	Member	3
Sh. S. K. Dubey	Member	4
Sh. P. K. Mohapatra	Member	1

¹ Inducted as Chairman on November 1, 2014. Till his induction, Dr. Kamal Gupta acted as Chairman and Sh. P. K. Mohapatra acted as member.

The terms of reference of the CSR Committee are as per the provisions of the Companies Act, 2013.

Ms. Monika Kochar, Company Secretary acts as the Secretary to the Committee.

II Directors' Remuneration

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as Annexure A to the Board's Report. Further, the Company has devised a policy for performance evaluation of directors, Board and Committees.

The Company's remuneration policy is directed towards rewarding performance based on achievement of results and attracting and retaining the best talent

Matters of remuneration of Managing Director and Executive Director are considered by the Board of Directors of the Company, with the Interested Directors not participating. The terms of remuneration of these Directors are approved by the shareholders at the general body meeting. The details of remuneration paid to the Managing Director and Executive Director in the financial year 2014-15 are as under:

	Sh. S. K. Dubey Managing Director**	Smt. Sunita Gupta Executive Director & CFO
Salary	20.02	16.04
Perquisites and allowances	0.63	1.44
Company's Contribution to PF	Nil	1.34
Performance Linked Incentive*	8.75	5.10

*paid, as per the performance evaluation criteria laid down, on the recommendation of the Nomination and Remuneration Committee and approved by the Board.

** Being an ex-employee of PNB, he also receives pension from PNB.

The tenure of office of Managing Director was upto June 30, 2015 and the same has been extended upto June 30, 2016 by the Board in its meeting held on April 29, 2015. The said extension is subject to approval of the shareholders at the ensuing Annual General Meeting.

The tenure of office of Executive Director and CFO is upto August 31, 2017.

Service conditions of both these Directors are governed by the service regulations of the Company. As per Regulation 15(iii) of the service regulations, their services can be terminated by a notice period of 3 months. No other severance fees is payable.

The Company pays sitting fees to its Non-Executive Directors for attending the Board/ Committee and other Meetings. Sitting fee payable for attending the meetings of Board and its Committee is ₹ 10000/- per Board meeting and ₹ 5000/- per Committee/other meeting respectively. The same is fixed by the Board and is within the limits prescribed under the Companies Act, 2013 and Rules made thereunder. In addition, the Company also pays out of pocket expenses incurred by them for attending such meetings.

The details of sitting fees paid to Non-Executive Directors during the financial year 2014-15 is as under:

(in ₹)

Names of the Directors	Sitting Fees**
Sh. K. R. Kamath*	30000/-
Sh. Gauri Shankar*	10000/-
Sh. K. V. Brahmaji Rao*	65000/-
Dr. O.P. Chawla	130000/-
Dr. Kamal Gupta	300000/-
Sh. S.K.Soni	335000/-
Sh. P. P. Pareek	80000/-
Sh. P. K. Mohapatra*	80000/-

*Sitting fee payable to these promoter directors has been paid to Punjab National Bank, who is the promoter of the Company, as per the instructions received from said bank/directors.

** Applicable service tax paid extra

No other remuneration or stock option is in place.

III Resume of Directors Proposed to be Appointed / Re-Appointed

The brief resume of Directors to be appointed or re-appointed is given in the explanatory statement/annexure to the notice conveying the Annual General Meeting.

IV Code of Conduct for Directors and Senior Management

The Code of Conduct for Directors and Senior Management of the Company has been posted at the Company's website (www.pnbgilts.com). All the Board Members and Senior Management Personnel have affirmed the compliance of the said Code during the year 2014-15. A declaration of MD/CEO to this effect is also appended to this report.

V CEO/CFO Certification

The MD and CFO of the Company had submitted required certification to the Board along with the annual financial statements as per the provisions of Clause 49 of Listing Agreement.

VI General Body Meetings

Location and time of last three Annual General Meetings (AGM) are as under:

Financial year	Venue	Date and time
2013-14	Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi -110054	August 30, 2014 at 1100 hrs.
2012-13	Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi -110054	June 22, 2013 at 1100 hrs.
2011-12	Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi -110054	July 28, 2012 at 1230 hrs.

During last year, no special resolution was passed through postal ballot.

No special resolution was passed during last three AGMs, except the one which was passed in the last AGM held on August 30, 2014 regarding borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013 and Rules made thereunder.

VII Management Discussion and Analysis

Management Discussion and Analysis has been given separately in the Annual Report.

VIII Disclosures

During 2014-15, the Company did not have any 'materially significant related party transactions', which is considered to have potential conflict with the interests of the Company at large. None of Director is related to each other.

There has not been any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the last three years.

The Company has put in place the Whistle Blower Policy (including Vigil Mechanism). The Audit Committee on time-to time basis reviews the functioning of the same and no employee / director has been denied access to the Audit Committee.

The Company is complying with all the mandatory requirements as given under Clause 49 of Listing Agreement. Compliance with respect to non-mandatory requirement(s) under the said clause is also given in this report.

IX Means of communication

Print

The Company publishes unaudited quarterly financial results and half-yearly financial results reviewed by Statutory Auditor and audited annual financial results in one national newspaper and one regional language

newspaper. Generally, these are published in Financial Express and Jansatta. Besides, notice of the Board Meetings for approval of the aforesaid results and other notices / communications are also published in the same newspapers.

Internet

For the financial results and other information, shareholders may log on to the website of the Company www.pnbgilts.com.

X General Shareholder Information

1. Annual General Meeting

Date and time	: September 19, 2015 at 11:00 a.m.
Venue	: Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi-110054.
Financial Year	: April 1, 2014 to March 31, 2015
Date of Book Closure	: September 12, 2015 to September 19, 2015 (both days inclusive)
Dividend Payment Date	: October 14, 2015

2. Listing on Stock Exchanges

Listed in September, 2000

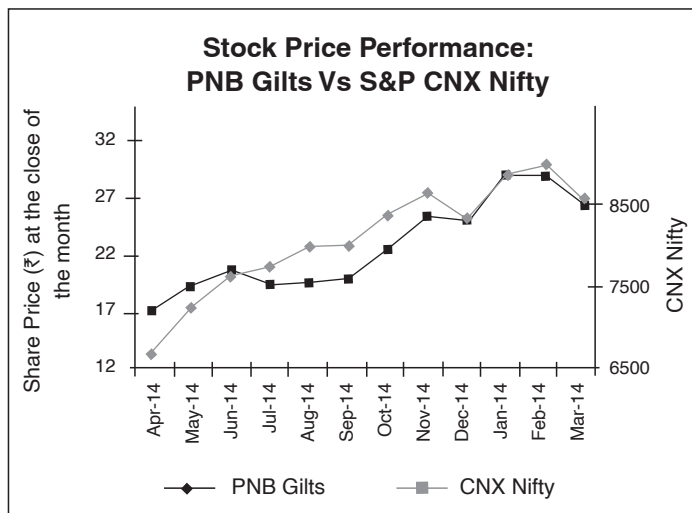
BSE Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001.

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No. C/1,
G - Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400 051.

Annual listing fee of the above-mentioned Stock Exchanges has been paid in time.

3. Market Price Data: High/low share price data in each month during 2014-15 on National Stock Exchange is given as under :

Month	High (₹)	Low (₹)
Apr-14	21.40	17.00
May-14	23.40	17.80
Jun-14	24.65	21.05
July-14	23.20	20.55
Aug-14	23.60	20.75
Sep-14	24.00	21.00
Oct-14	25.65	20.80
Nov-14	29.80	23.65
Dec-14	31.80	27.40
Jan-15	35.00	27.60
Feb-15	36.00	31.30
Mar-15	34.20	28.40



Source : NSE website

Information on the daily share prices: The quotes can be known from any financial daily like Economic Times, Financial Express, Business Standard, etc. The Company has been marked under group B1 by BSE.

The Stock Code at BSE and NSE is as under:

BSE: 532366

NSE: PNBGILTS

4. Registrar and Share Transfer Agents:

MCS Share Transfer Agent Limited

F-65, 1st Floor

Okhla Industrial Area

Phase - I, New Delhi-110 020

Tel No.: (011) 41406149-52

Fax No.: (011) 41709881

E-mail : helpdeskdelhi@mcsregistrars.com

- 5. For the shareholders holding shares in physical form:** Investors' queries/requests for change in address/ bank details, transfer, transmission, issue of duplicate share certificates, registration of e-mail IDs etc. may please be sent directly to MCS Share Transfer Agent Limited at the above address.
- 6. For the shareholders holding shares in dematerialised form:** Shareholders holding shares in electronic/dematerialised mode should address all their correspondence like change of address/bank details, registration of e-mail IDs etc. to their respective depository participants (DPs). The updation of particulars in the records of the DP shall result in automatic updation of records of the Company.
- 7. Share Transfer / Dematerialisation System:** The shares of the Company are traded compulsorily in demat mode. Hence, most of the transfers are executed electronically. However, a few cases of transfer/transmission are received by the Company/Registrar in physical mode. For transfer of shares in physical mode, the Share Transfer and Issue of Duplicate Share Certificates Committee meet every fortnight. Further, in pursuance of SEBI's circular, Reconciliation of Share Capital Audit is also being conducted regularly on a quarterly basis. During the course of secretarial audit, no discrepancy in updation / maintenance of the Register of Members or processing of the demat requests was found and the capital held in physical mode and demat mode tallied with the issued capital.

• **Distribution of Shareholding as on March 31, 2015**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 500	25868	73.77	3730225	2.07
501-1000	4332	12.35	3356012	1.86
1001-2000	2362	6.74	3556303	1.98
2001-3000	717	2.04	1886621	1.05
3001-4000	358	1.02	1320331	0.73
4001-5000	327	0.93	1558107	0.87
5001-10000	557	1.59	4101725	2.28
10001 and above	543	1.56	160500810	89.16
Total	35064	100.00	180010134	100.00

- **Shareholding pattern as on March 31, 2015**

Particulars	No. of shares held	% of Shareholding
Promoter (PNB)	133333333	74.07
Financial Institutions, Other Banks, Mutual Funds/UTI and Insurance Companies	2018410	11.21
Bodies Corporates, Trust & Foundations	8097278	4.50
Indian Public and Directors	33813937	18.78
NRIs and FIIs	2747176	1.53
Total	180010134	100.00

- **Glance at Equity History of the Company**

Date	Particulars of Issue	Number of Shares	Total Number of shares	Nominal value of Shares (₹ lacs)
July, 1996	Initial Equity Base	50000000	50000000	5000.00
August, 1999	Issue of Bonus shares in the ratio of 1:2	25000000	75000000	7500.00
September, 1999	Issue of Right shares in the ratio of 1:3	25000000	100000000	10000.00
July, 2000	Initial Public Offer	35007600	135007600	13500.76
June, 2013	Issue of Bonus shares in the ratio of 1:3	44992534	180000134	18000.01

- **Dematerialisation of shares**

The shares of the Company are traded compulsorily in demat mode. At present (as on March 31, 2015) 99.70 per cent of the shareholding is held in demat mode.

There are no outstanding GDRs/ADRs/warrants or any convertible instruments.

- **Unclaimed/unpaid dividend**

Under Section 205A(5) of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years from the date of transfer of dividend to the Unpaid Dividend Account shall be transferred to the Investor Education and Protection Fund (IEPF). No claim shall lie against the Company or the said Fund in respect of dividend amounts that remain unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account. In pursuance of above, unpaid/unclaimed final dividend for the year 2000-01, interim and final dividend for the year 2001-02, interim and final dividend for the year 2002-03, interim and final dividend for the year 2003-04 and interim dividend for the year 2005-06 have already been transferred by the Company to the Investor Education & Protection Fund.

The shareholders, who have not received or claimed the below mentioned dividends till now, are requested to make the claim at the earliest. The following dividend amount remain unclaimed as at March 31, 2015:

Financial Year	Amt of dividend (₹ Lacs)	Unclaimed Dividend as on 31.03.2015 (₹ Lacs)	Unclaimed dividend Percentage	Last date for making claim*	Last date for making transfer to IEPF
2007-08 (Final Dividend)	2025.11	7.87	0.39	1 st Nov 2015	1 st Dec 2015
2008-09 (Final Dividend)	1080.06	4.94	0.46	20 th Sep 2016	20 th Oct 2016
2009-10 (Final Dividend)	1350.07	4.78	0.35	5 th Sep 2017	5 th Oct 2017
2010-11 (Final Dividend)	1620.09	5.96	0.37	31 st Jul 2018	30 th Aug 2018
2011-12 (Final Dividend)	1350.07	4.95	0.37	30 th Aug 2019	29 th Sep 2019
2012-13 (Final Dividend)	1350.08	5.28	0.39	23 rd Jul, 2020	22 nd Aug 2020
2013-14 (Final Dividend)	1620.09	7.14	0.44	1 st Oct, 2021	31 st Oct, 2021

*The Company is regularly sending individual advice letters (along with format of indemnity bond) to shareholders for claiming their dividend(s) not claimed by them. It is hereby once again requested to shareholders who have not yet claimed the said dividend(s), to lodge their claim with the Company by submitting an application and an indemnity bond on or before the last date for making claim. A format of indemnity bond in this respect is also available at the Company's website (www.pnbgilts.com). Kindly note that no claim shall lie against the Company or the IEPF after the aforementioned last date for making claim.

Shareholders holding shares under more than one Folio/ Client ID: This is in the interest of the shareholders who are holding shares under more than one Folio/Client ID that they get their holding consolidated under a single Folio/Client ID. This leads to a better follow-up on their grievances. Further, this will also help in avoiding multiple mailing of the Annual Reports, dividend instruments and other communication(s) to single person. Consolidation also provides convenience in maintaining the track of shares in best and easiest manner.

• **Non-Mandatory Requirements under the Listing Agreement: -**

1. The Board

Chairman of the Board does not maintain his office at the expense of the Company.

2. Shareholder Rights

The financial results are available on the website of the Company (www.pnbgilts.com). Further, the results had also been published in Financial Express and Jansatta.

3. Audit Qualifications

The Company's financial statements are subject to Statutory and CAG Audit and both the audit reports are unqualified.

4. Separate post of Chairman and Managing Director / CEO

The Company appoints separate persons to post of (a) Chairman; and (b) Managing Director.

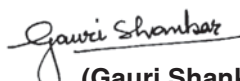
5. Reporting of Internal Auditor

The Internal Auditor reports to Audit Committee through top management of the Company. The Internal Auditors participate and discuss freely in each meeting of the Audit Committee and the reports submitted by them, are discussed by the Audit Committee.

- **Compliance Officer and contact address**

Ms. Monika Kochar,
Company Secretary and Asso. Vice President
PNB Gilts Ltd.
5, Sansad Marg
New Delhi 110 001
Tel : 011-23325759/ 23325779
Fax : 011-23325751
Email : pnbgilts@pnbgilts.com, m.kochar@pnbgilts.com

On behalf of the Board of Directors

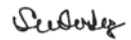

(**Gauri Shankar**)
Chairman
DIN: 06764026

Date : June 27, 2015
Place : New Delhi

DECLARATION

To
The Members of
PNB Gilts Ltd.
5, Sansad Marg
New Delhi – 110 001
Dear Member,
It is hereby certified that as per Clause 49 of Listing Agreement, the Code of Conduct for Directors and Senior Management Personnel has already been laid down and also posted on company's website (www.pnbgilts.com).
Based on the affirmations received from Directors and Senior Management Personnel as covered under the said Code, I, S. K. Dubey, hereby declare that all the Directors and Senior Management Personnel of the company have complied with the Company's "Code of Conduct for Directors and Senior Management" during the year 2014-15.

For and on behalf of Board



(S. K. Dubey)

Managing Director

DIN: 01770805

Dated : April 22, 2015
Place : New Delhi

AUDITOR'S CERTIFICATE

The Members of PNB Gilts Ltd.,
5, Sansad Marg,
New Delhi-110001

We have examined the compliance of conditions of Corporate Governance by PNB Gilts Ltd., for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s).
The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

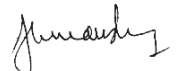
In our opinion and to the best of our information and according to the explanations given to us we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) is pending for a period exceeding one month against the company as per the records maintained by the Stakeholders Relationship Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the company.

Dated : April 29, 2015
Place : New Delhi

For Kapoor Tandon & Co.,
Chartered Accountants
FRN: 000952C

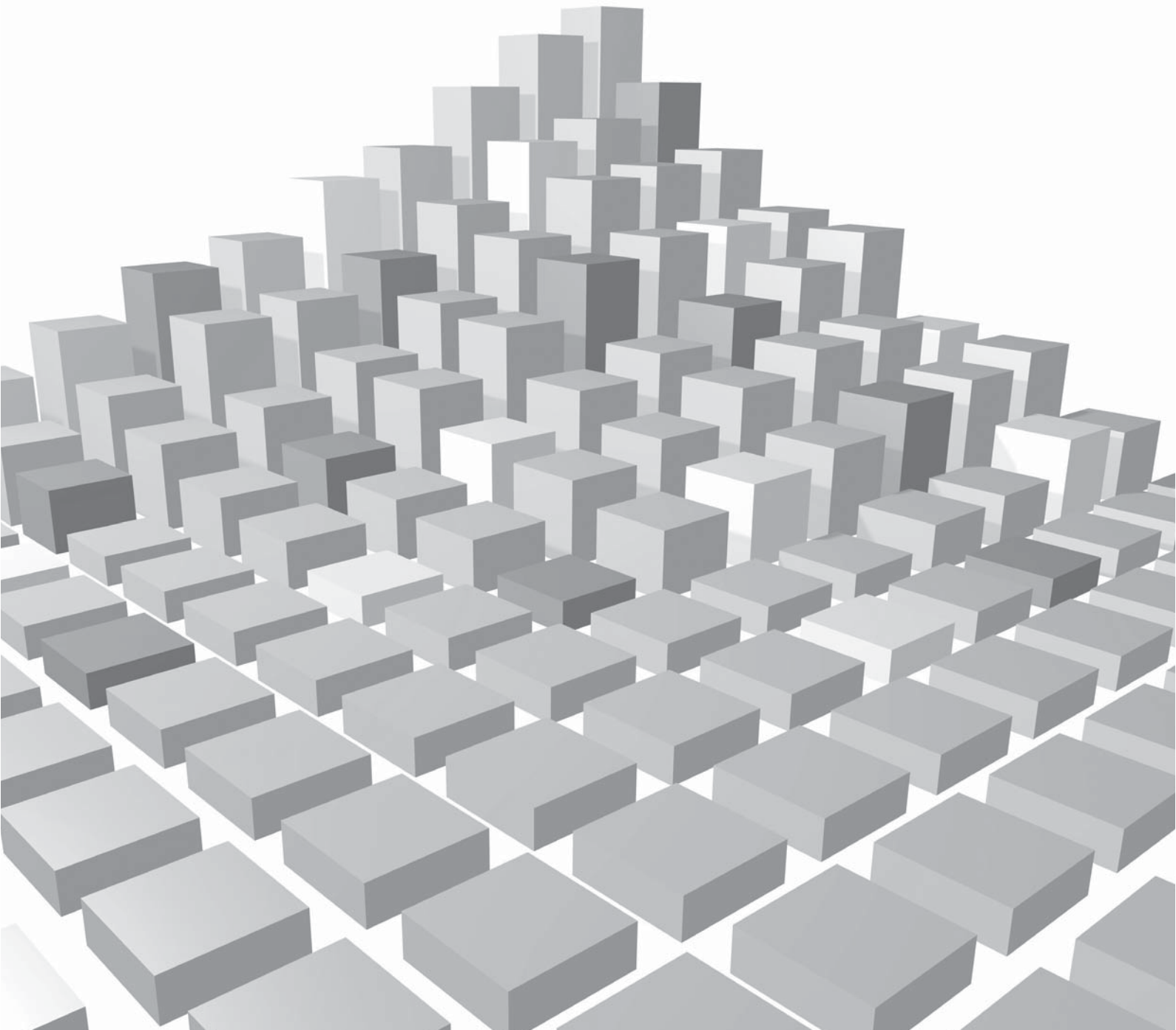


(Himanshu Kapoor)

Partner

Membership No. 078180

FINANCIAL REVIEW



INDEPENDENT AUDITORS' REPORT

To

The Members of the PNB Gilts Ltd.,

Report on the Financial Statements

We have audited the accompanying financial statements of M/s.PNB Gilts Ltd. ("the Company") which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 133 of the Companies Act, 2013 ("the Act"). This responsibility includes the design, maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India.

- (a) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2015.
- (b) In the case of the Statement of Profit & Loss of the profit of the Company for the year ended on that date and
- (c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts and returns.
 - (d) In our opinion, the Financial Statements comply with the Accounting Standards referred to in Section 133 of the Act.
 - (e) On the basis of the written representation received from the Directors as on March 31, 2015 and taken on record by the Board of Directors in meeting held on April 29, 2015, none of the Directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Sub-Section(2) of Section 164 of the Act.
 - (f) In our opinion, the Company has adequate internal financial controls system in place and also there is operating effectiveness of such controls.
 - (g) In accordance with Para 11 of Rule 11 of Companies (Audit and Auditors) Rules, 2014 relating to such matters as may be prescribed:
 - a. In our opinion, the Company has disclosed the impact of pending litigations in the financial statements.
 - b. In our opinion, no amount has been transferred by the company in the Investor Education & Protection Fund during the year and also there has been no default in transferring any amounts to the Investor Education and Protection Fund.
 - c. In our opinion, the Company does not have any material foreseeable losses on long term contracts.
3. In accordance with provisions of Section 143(5) of Companies Act, 2013 and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of PNB Gilts Limited, we report that:
 - a. The Company has not been selected for disinvestment, thereby there is no status report on valuation of assets and liabilities which needs to be examined.
 - b. The Company has not waived/written off any debt/loan or interest during the year under consideration.
 - c. The Company does not have any inventories lying with the third parties excepting for the securities pledged with RBI/CCIL for availing secured loans for which proper records have been maintained by the company. Similarly, the Company has not received any asset as a gift from the Central Government or other authorities.

- d. As informed to us, there are no pending legal cases or arbitrations pending against the company except the following Income Tax assessments which are given below:

(₹ in lacs)

Assessment Year	Amount involved	Forum where dispute is pending	Reason for pendency
2006–2007	198.97	Income Tax Appellate Tribunal, New Delhi (ITAT)	Pending for Fixation of hearing at the ITAT
2010–2011	46.39	Income Tax Appellate Tribunal, New Delhi (ITAT)	Pending for Fixation of hearing at the ITAT
2012–2013	356.58	CIT Appeals	Pending for Fixation of hearing at the CIT–Appeals

Out of the above the Income Tax Department has retained and not given refunds of ₹ 118.60 lacs towards the above outstanding demands. As per the information and explanations given to us, the Company has engaged an income tax consultant for carrying out of the day to day tax compliances, appearances before the Income Tax authorities and arguing cases at various appellate levels. The Income tax consultant is being paid a retainership fees of ₹ 20,000 (plus service tax) per month towards carrying out all the above works.


Dated : April 29, 2015

Place : New Delhi

For **Kapoor Tandon & Co.**

Chartered Accountants

FRN: 000952C



(Himanshu Kapoor)

Partner

Membership No.078180

Annexure to the Auditors' Report

(Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date)

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has conducted physical verification of its fixed assets during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of the assets. No material discrepancies were observed during the physical verification of assets.
- (ii) (a) The Company's inventory comprising of Treasury Bills and Dated Government Securities are held in the form of Subsidiary General Ledger (SGL) account maintained with the Reserve Bank of India and the said stock is verified with the confirmation certificate received from Reserve Bank of India. The stock of other securities are held by the company in de-materialized form with NSDL/SHCIL, and the same is verified

with the confirmation certificates received from them at the year end. In our opinion, the frequency of such verification is reasonable.

- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of the business.
- (c) The Company is maintaining proper records of inventory. No discrepancy is noticed on physical verification of inventory as compared to book records.
- (iii) In accordance with the legal opinion obtained by the company, the Directors of the Company who are nominees of Punjab National Bank are not to be regarded as concerned or interested. Hence the transactions with Punjab National Bank are not required to be listed in the register to be maintained under Section 189 of the Companies Act, 2013. The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained u/s 189 of the Act. The company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained u/s 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of the business for the purchase of inventories and fixed assets and for the sale of goods and services. We have not observed any continuing failure to correct major weakness in internal control system during the course of the audit.
- (v) To the best of our knowledge, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 of the Act and Rules framed thereunder.
- (vi) To the best of our knowledge and according to the information/explanations given to us, maintenance of the cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) To the best of our knowledge and according to information/explanations given to us, the Company is regular in depositing undisputed statutory dues including Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.

However, under the Income Tax Act, the following amounts are under dispute, the details of which are as under:

(₹ in lacs)

Assessment Year	Amount involved	Forum where dispute is pending
2006–2007	198.97	ITAT
2010–2011	46.39	ITAT
2012–2013	356.58	CIT Appeals

Out of the above the Income Tax Department has retained and not given refunds of Rs 118.60 lacs towards the above outstanding demands.

All the amounts which are required to be transferred to Investor Education & Protection Fund have been transferred within time.

- (viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders as applicable.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) The Company has not raised any term loan during the year under audit.
- (xii) According to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year nor have we been informed of such case by the management during the course of our audit.

Dated : April 29, 2015
Place : New Delhi

For **Kapoor Tandon & Co.**
Chartered Accountants
FRN: 000952C

(Himanshu Kapoor)
Partner
Membership No.078180

PNB Gilts Limited

In terms of Reserve Bank of India, Department of Financial Companies Notification No.DNBS(PD)CC No.393/03.02.001/2014-15 dated July 1, 2014, we report that –

- (i) The Company is engaged in the business of Non-Banking Financial Institution. The Company has received Registration Certificate, as provided in Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) from Reserve Bank of India on February 10, 1998.
- (ii) The Company is entitled to continue to hold Certificate of Registration in terms of its asset/Income pattern as on March 31, 2015.
- (iii) A resolution for non-acceptance of any public deposits was passed in the meeting of the Board held on April 26, 2014.
- (iv) The Company has not accepted any public deposits during the year ended March 31, 2015.
- (v) The Company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it.
- (vi) The Company has correctly arrived at the Capital Adequacy Ratio as disclosed in the return submitted to Reserve Bank of India Form NBS-7 and this ratio is in compliance with the minimum CRAR prescribed.
- (vii) The Company has furnished the annual statement of Capital Fund, Risk Assets/Exposure and Risk Asset Ratio (NBS-7) within stipulated period to Reserve Bank of India.
- (viii) The Profit & Loss account for the year ended March 31, 2015 of the company alongwith Note 1 and 2 has disclosed the problem exposures and also the effect of valuation of portfolio as per instructions issued by Reserve Bank of India from time to time.

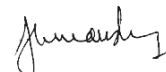
Dated : April 29, 2015

Place : New Delhi

For **Kapoor Tandon & Co.**

Chartered Accountants

FRN: 000952C



(Himanshu Kapoor)

Partner

Membership No.078180

Comments of the Comptroller and Auditor General of India

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PNB GILTS LIMITED FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of PNB Gilts Ltd for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the Management of the Company. The Statutory Auditor appointed by Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with Standards on Auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 April 2015.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of PNB Gilts Ltd for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

For and on behalf of the
Comptroller and Auditor General of India



(Tanuja S. Mittal)

Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board-III,
New Delhi

Place: New Delhi

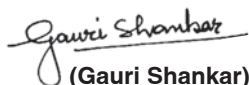
Dated: 25 June 2015

BALANCE SHEET AS AT MARCH 31, 2015

(₹ in lacs)

	Note	As at 31.03.2015		As at 31.03.2014	
I. EQUITY & LIABILITIES					
1. Shareholders' Funds					
(a) Share Capital	2.1	18001.01		18001.01	
(b) Reserves & Surplus	2.2	54100.08	72101.09	48551.33	66552.34
2. Non-Current Liabilities					
(a) Long Term Provisions	2.3	80.47	80.47	48.05	48.05
3. Current Liabilities					
(a) Short Term Borrowings	2.4	385791.11		376748.57	
(b) Trade Payables	2.5	46.34		49.85	
(c) Other Current Liabilities	2.6	111.27		278.84	
(d) Short Term Provisions	2.7	17867.56	403816.28	11985.87	389063.13
TOTAL			475997.84		455663.52
II. ASSETS					
1. Non-Current Assets					
(a) Fixed Assets	2.8	296.41		410.08	
– Tangible Assets		293.94		363.29	
– Intangible Assets		2.47		46.79	
(b) Non Current Investments	2.9	32760.61		69537.94	
(c) Deferred Tax Assets (Net)	2.10	292.79		252.37	
(d) Long Term Loans & Advances	2.11	894.33	34244.14	685.13	70885.52
2. Current Assets					
(a) Inventories	2.12	383553.79		338719.42	
(b) Cash & Bank Balances	2.13	39167.10		31809.70	
(c) Short Term Loans & Advances	2.14	51.08		11.68	
(d) Other Current Assets	2.15	18981.73	441753.70	14237.20	384778.00
TOTAL			475997.84		455663.52


NOTE 1 – Significant Accounting Policies and NOTE 2 – Notes to Accounts (Both are forming part of Balance Sheet and Statement of Profit and Loss)


(Gauri Shankar)

Director
DIN:06764026


(K.V. Brahmaji Rao)

Director
DIN:06861202


(O.P. Chawla)


Director
DIN:00026712

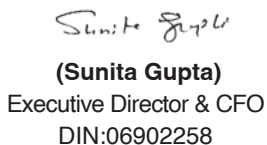

(S.K. Soni)

Director
DIN:00046856


(P.P. Pareek)


Director
DIN:00615296


(S.K. Dubey)
Managing Director
DIN:01770805


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For **Kapoor Tandon & Co.**
Chartered Accountants


(Himanshu Kapoor)

Partner

Membership No.078180 FRN:000952C.

Date : April 29, 2015
Place : New Delhi

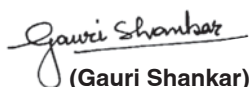
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2015

(₹ in lacs)

	Note	As at 31.03.2015	As at 31.03.2014
I. Revenue From Operations			
(a) Discount Income	2.16	16385.16	16188.31
(b) Interest Income	2.17	16905.82	14224.26
(c) Trading Income	2.18	7585.27	3140.78
(d) Other Operational Income	2.19	103.26	40979.51
		1024.33	34577.68
II Other Income	2.19A	21.67	21.67
		48.70	48.70
III. Total Revenue (I+II)		41001.18	34626.38
IV. Expenses			
(a) Interest Expenses	2.20	26050.96	24266.65
(b) Operating Costs	2.21	457.74	369.72
(c) Employees Benefits Expenses	2.22	502.33	397.44
(d) Depreciation & Amortization on Fixed Assets	2.8	92.59	55.26
(e) Other Expenses	2.23	508.30	27611.92
		466.99	25556.06
V. Profit Before Exceptional & Extraordinary Items & Tax (III-IV)		13389.26	9070.32
VI. Exceptional Items		-	-
VII. Profit Before Extraordinary Items & Tax (V-VI)		13389.26	9070.32
VIII. Extraordinary Items		-	-
IX. Profit Before Tax – (PBT) (VII-VIII)		13389.26	9070.32
X. Tax Expenses			
(a) Current Tax		4468.26	2935.98
(b) Deferred Tax Adjustment		(40.41)	(3.85)
(c) Adjustment for earlier years		-	4427.85
		-	2932.13
XI. Profit (Loss) for the period from Continuing Operations (IX-X)		8961.41	6138.19
XII. Profit (Loss) from Discontinuing Operations		-	-
XIII. Tax Expenses for Discontinuing Operations		-	-
XIV. Profit (Loss) for the period from Discontinuing Operations (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI+XIV)		8961.41	6138.19
XVI. Earning per Equity (in ₹)			
(a) Basic	2.33	4.98	3.41
(b) Diluted	2.33	4.98	3.41

There are no potential equity shares outstanding. Hence there is no dilution.


NOTE 1 – Significant Accounting Policies and NOTE 2 – Notes to Accounts (Both are forming part of Balance Sheet and Statement of Profit and Loss)


(Gauri Shankar)

Director
DIN:06764026


(K.V. Brahmaji Rao)

Director
DIN:06861202


(O.P. Chawla)

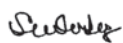
Director
DIN:00026712


(S.K. Soni)

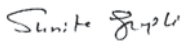
Director
DIN:00046856


(P.P. Pareek)

Director
DIN:00615296



(S.K. Dubey)
Managing Director
DIN:01770805




(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For **Kapoor Tandon & Co.**
Chartered Accountants


(Himanshu Kapoor)

Partner

Membership No.078180 FRN:000952C.

Date : April 29, 2015
Place : New Delhi

NOTE – 1

SIGNIFICANT ACCOUNTING POLICIES

1.1. Method of Accounting

The Company follows accrual system of accounting and the financial statements are prepared on historical cost basis, in accordance with generally accepted accounting principles and Reserve Bank of India guidelines as applicable to the Primary Dealers.

1.2. Sales / Purchases of Treasury Bills (including Cash Management Bills) and Government Dated Securities, as disclosed in Statement of Profit and Loss do not include Repo transactions in accordance with revised RBI guidelines.

1.3. Revenue Recognition

- i) The difference between the acquisition cost and maturity value of Certificates of Deposit, Commercial Papers, Bills Re-discounted, Treasury Bills (including Cash Management Bills) and Zero Coupon Bonds is apportioned on time basis. The above is recognised as accrued income and included in the carrying cost of the securities.
- ii) Interest accrued on Government Dated Securities, Fixed Deposits and Corporate Bonds and Debentures is recognised at its coupon rate and that of Floating Rate Bonds is recognised on the yield of instruments to which these are linked.
- iii) Purchase and sale price of Fixed Income Securities is bifurcated into cost and accrued interest paid or realised. Accrued interest paid on purchase and received on sale is netted and reckoned as expense/income.
- iv) Profit/loss on sale of securities is accounted on weighted average cost method and is recognised on settlement date. Profit on sale of securities is netted with loss on sale of securities.
- v) Brokerage and front-end fee received on subscription of securities is deducted in arriving at the cost of relevant securities. Underwriting fee earned is reduced from the cost of securities devolved/allotted and the remaining amount is directly recognised as income.
- vi) For continuing or long term duration activities (e.g. Mutual Fund Distribution), the fee is accrued proportionately as per performance (Proportionate Completion Method). The revenue is recognized only if there is no significant uncertainty regarding the amount of consideration.
- vii) For Mutual Fund (MF) Investment, in case of Daily Dividend Reinvestment Plan the income (dividend) is accounted based on the dividend declaration by the Mutual Fund. In case of growth plan, the income is accounted daily on the basis of closing NAV declared by Mutual Fund.

1.4. Expenses Recognition

The brokerage paid in connection with acquisition of securities is added to the cost of acquisition and on sale of securities it is charged to Statement of Profit and Loss. Interest and other expenses are accounted on accrual basis.

1.5. Valuation of Inventories / Investment

a. Inventories

- i) All securities (except securities under HTM category classified as Non-Current Investment) in which the Company deals are regarded as Inventory (Stock-in-Trade) and grouped as hedged and non-hedged portfolio.
- ii) The stock of Central Government Securities, Treasury Bills (including Cash Management Bills), State Development Loans and PSU/Corporate Bonds, Debentures and Equity Shares are valued at

weighted average cost or market value, whichever is lower (except securities under HTM category as per RBI circular). Market Value is determined by the prices declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA) as on March 31, 2015, except for Equity Shares. Market value of Equity Shares is determined by the closing rates provided by the stock exchanges as on March 31, 2015. For this purpose, the securities in each category are considered scrip-wise and the cost and market value aggregated for all securities in each category. Net diminution, if any, for each category of securities is provided for and charged to Statement of Profit and Loss. Net appreciation, if any, is ignored. The diminution in one category of securities is not set off against appreciation in another category.

- iii) Certificates of Deposit, Commercial Papers, Bills Re-discounted and Zero Coupon Bonds held on the Balance Sheet date are valued at carrying cost.
- iv) In case of units of Mutual Fund, valuation is done on the basis of closing NAV declared by the Mutual Fund.
- v) In case of Hedging Contracts, the diminution/appreciation of hedged assets will be netted with diminution/ appreciation of hedging swaps and net diminution if any, is charged to Statement of Profit and Loss and net appreciation if any, is ignored.

b. Non-Current Investments

The securities under HTM category shall be valued as per the guidelines issued by RBI from time to time, and important provisions are under:

- Securities classified under HTM category need not be Marked-to-Market and will be carried out at the value at which they were transferred to HTM portfolio.
- Transfer to/from HTM category shall be done at the acquisition cost/book value/market value on the date of transfer, whichever is the least, and the depreciation if any, on such transfer shall be fully provided for.
- Investments classified under HTM will be carried at acquisition cost, unless it is more than the face value, in which case the premium should be amortized over the remaining period to maturity. The book value of the security should continue to be reduced to the extent of the amount amortized during the relevant accounting period.
- The profit on sale of securities, if any from HTM category shall first be taken to the Statement of Profit and Loss and thereafter be appropriated to the Capital Reserve Account (net of tax). Loss on sale shall be recognized in the Statement of Profit and Loss. The balance in the reserve account shall be utilized strictly as per the regulatory guidelines.

1.6 Accounting for Repo Transactions

In conformity with RBI guidelines, securities sold under Repo transactions are not excluded from stock-in-trade and the securities purchased under Reverse Repo are not included in the stock-in-trade. Contra heads are used to reflect the transfer of securities.

Repo seller continues to accrue coupon/ discount on securities as the case may be, even during the repo period while the repo buyer shall not accrue the same.

1.7 Interest Rate Swaps (IRS)

Assets and Liabilities in respect of notional principal amount of IRS are nullified. The related interest is recognized on accrual basis.

i) Trading Swaps

Trading Interest rate swaps outstanding at balance sheet date are Marked-to-Market and the resultant

loss, if any, is recorded in Statement of Profit and Loss. Any other charges relating to Trading Interest Rate Swaps are charged to Statement of Profit and Loss.

ii) Hedge Swaps

Hedge Swaps are accounted for on accrual basis. A hedge swap designated to an asset/liability is carried at market value. The resulting Marked-to-Market loss/gain on swap is recorded as an adjustment to the market value of designated Asset/Liability. Gains or losses on the termination / redesignation of hedge swaps is recognized against the offsetting gain or loss recognized on the designated Asset or Liability.

On redesignation of a hedge swap from one item of asset/liability to another item of Asset/Liability, the Marked-to-Market profit/loss of the hedge swap on the day of redesignation is amortized over the shorter of the remaining life of the swap or the remaining life of the Asset/Liability.

1.8. Accounting for Future and Options Transactions

- i. Initial Margin payable at the time of entering into Future Contract/sale of Option is adjusted against the deposits with the exchanges in the form of fixed deposits, cash deposits and securities.
- ii. Transactions in Future Contracts are accounted as Purchases and Sales at the notional trade value of the contract. The open interest in futures as at the Balance Sheet date is netted by its notional value.
- iii. The difference in the settlement price or exchange closing price of the previous day and exchange closing price of the subsequent day, paid to or received from the exchange is treated as Marked-to-Market Margin. The balance in the Marked-to-Market Margin Account represents the net amount paid or received on the basis of movement in the prices of open interest in Futures Contracts till the Balance Sheet date. Net debit balance in the Marked-to-Market Margin Account is charged off to revenue, whereas net credit balance is shown under Current Liabilities.
- iv. Premium paid or received on purchase and sale of Options and the difference paid or received on exercise of Options is accounted as Purchases or Sales. In case of open interest in Options sold as on the Balance Sheet date, provision is made for the amount by which premium prevailing on the Balance Sheet date exceeds the premium received for those Options. The excess of premium received over the premium prevailing on the Balance Sheet date is not recognized. Similarly, in case of Options bought, provision is made for the amount by which the premium paid for the Option exceeds the premium prevailing on the Balance Sheet date and the excess of premium prevailing on the Balance Sheet date over the premium paid is ignored. In case of multiple open positions, provision is made or excess premiums are ignored after netting off the balance in buy as well as sell positions.

1.9. Investment

Long Term Investment in debt is valued at carrying cost. However, provision for diminution is made, when there is a decline other than temporary in the value of long-term investment.

1.10. Deferred Tax

Deferred tax is recognized in accordance with the provisions of Accounting Standard 22 issued by Institute of Chartered Accountants of India on "Accounting for Taxes on Income".

1.11 Depreciation

Depreciation on Fixed Assets is charged as per the useful life prescribed in Schedule II of the Companies Act 2013 on Written Down Value (WDV) basis. Residual value of Land & Building and Vehicles is taken as 5 percent of the original cost, whereas for assets other than those specified above the residual value is taken as Re.1/-.

1.12 Preliminary Expenses

Preliminary expenses are written off in the year in which these are incurred.

1.13 Share Issue Expenses

Share issue expenditure is charged to Statement of Profit and Loss in the year of occurrence.

1.14 Tax on Dividend

Dividend Distribution Tax payable on dividend declared in terms of Section 115–O of the Income Tax Act, 1961, is accounted for in the year to which the dividend relates.

1.15 Retirement Benefits – Provident Fund, Gratuity & Leave Liability (As per Accounting Standard 15)

- i. Gratuity contribution made under the Employee Group Gratuity cum life insurance scheme of LIC is charged to revenue.
- ii. Leave Liability is accounted for on actuarial valuation carried at year–end.
- iii. Contribution to recognised provident fund is charged to revenue.

1.16 Operating Cycle

As the Company is a trader in Government and Fixed Income Securities, the Company buys and sells securities depending upon the market condition. There is no normal fixed period for sale of stock. However, for the purpose of preparing Balance Sheet and Statement of Profit and Loss (as per the revised guidelines), the Company assumes, one year is the operating cycle period.

1.17 Fixed Assets

Tangible Fixed Assets are stated at their cost of acquisition or construction alongwith the other directly related costs incurred in acquiring the tangible fixed assets and making it ready for its intended use less depreciation and impairment. Intangible assets are amortized over a useful life of the asset. The useful life of intangible asset has been taken as 3 years. Intangible assets are stated at cost of acquisition or construction alongwith the other directly related costs incurred in acquiring the intangible fixed assets less depreciation and impairment.

1.18 Impairment of Assets

The management periodically assesses whether there is any indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of the asset exceeds its recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

NOTE : 2
NOTES TO ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2015

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
NOTE – 2.1		
SHARE CAPITAL		
Authorised :		
50,00,00,000 Equity Shares of ₹ 10/- each (Prev. Year: 50,00,00,000 Equity Shares of ₹10/- each)	50000.00	50000.00
Issued, Subscribed and Paid Up:		
18,00,10,134 Equity Shares of ₹ 10/- each fully paid up (Prev. Year: 18,00,10,134 Equity Shares of ₹10/- each)	18001.01	18001.01
To know the Equity history, please see Report on Corporate Governance in previous pages.		
Promoter (Holding Company)		
Punjab National Bank –13,33,33,333 shares of ₹ 10/- each. (Prev. Year: 13,33,33,333 shares of ₹10/-each)	13333.33	13333.33
(Share holding %)	74.07%	74.07%
Shareholding more than 5% details		
Punjab National Bank –13,33,33,333 shares of ₹ 10/- each. (Prev. Year: 13,33,33,333 shares of ₹10/-each)	13333.33	13333.33
(Shareholding %)	74.07%	74.07%
Reconciliation of the Number of Shares:		
Opening Number of shares (Face Value ₹ 10 paid up)	180010134	135007600
Add: Additions During the Year	Nil	45002534
Less: Reduction During the Year	Nil	Nil
Closing Number of shares (Face Value ₹ 10 paid up)	180010134	180010134
<ul style="list-style-type: none"> • Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital: The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. • Shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts: Nil (Prev. Year: Nil) • For the period of five years immediately preceding the date as at which the Balance Sheet is prepared: <ul style="list-style-type: none"> (a) Aggregate number and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash: Nil (Prev. Year: Nil) (b) Aggregate number and class of shares allotted as fully paid-up by way of bonus shares: Nil (Prev. Year: 45002534 equity shares of ₹ 10 each) (c) Aggregate number and class of shares bought back : Nil (Prev. Year: Nil) • Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date : Nil (Prev. Year: Nil) • Calls unpaid (showing aggregate value of calls unpaid by Directors and Officers): Nil (Prev. Year: Nil) • Forfeited shares: Nil (Prev. Year: Nil) 		

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
NOTE – 2.2				
RESERVES AND SURPLUS				
General Reserves				
Opening Balance	9776.54		9776.54	
Transfer from Statement of Profit and Loss	–	9776.54	–	9776.54
Statutory Reserves (Created pursuant to Section 45IC of Reserve Bank of India Act, 1934)				
Opening Balance	17540.33		16312.69	
Transfer from Statement of Profit and Loss	1792.28	19332.61	1227.64	17540.33
Share Premium Account				
Opening Balance	2501.27		7001.52	
Less: Amount Capitalized (Bonus Shares issued)	–	2501.27	4500.25	2501.27
Market Fluctuation Reserve Account (Created pursuant to Board Resolution dated 9th January 2003)		6300.00		6300.00
Capital Reserve Account				
Opening Balance	2330.17		1146.55	
Transfer from Statement of Profit and Loss	1072.52	3402.69	1183.62	2330.17
Surplus				
Opening Balance	10103.02		8271.51	
Less: Adjustment for Depreciation of Fixed Assets as per Schedule II of the Companies Act, 2013 (Kindly refer Note No. 2.8)	24.95		–	
Add: Current Year Profit	8961.41		6138.19	
Amount Available for Appropriation	19039.48		14409.70	
Appropriations:				
– Capital Reserve	1072.52		1183.62	
– Statutory Reserve Fund	1792.28		1227.64	
– General Reserve	–		–	
– Amount spent on CSR Activities	134.71		–	
– Proposed Dividend	2700.15		1620.09	
– Dividend Distribution Tax	552.85		275.33	
Balance Carried Forward to next year		12786.97		10103.02
TOTAL		54100.08		48551.33

- A sum of ₹ 1792.28 lacs (20 per cent of Profit After Tax) has been transferred to Statutory Reserve Fund as per RBI Guidelines.
- Net Profit (after tax) through sale of securities from HTM category amounting ₹ 1072.52 lacs has been transferred to Capital Reserve Account as per RBI guidelines. The same will be utilized as per the provisions of the Companies Act, 2013.
- The Board of Directors, in its meeting held on January 9, 2003, had decided to build up Market Fluctuation Reserve over a period of time with the cap equal to paid up capital of the company. At the time of adoption of annual accounts each year, the Board may decide the quantum of amount to be transferred to this Reserve, if necessary. For the financial year 2014–15, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on March 31, 2015 in this reserve is ₹ 6300 lacs.

- Company has donated ₹ 134.71 lacs to Prime Minister's National Relief Fund under Corporate Social Responsibility activities.
- The Company has proposed a final dividend of ₹ 1.50 per share for FY 2014–15, subject to the approval of shareholders in Annual General Meeting, amounting to ₹ 2700.15 lacs. Accordingly, a provision of Dividend Distribution Tax of ₹ 552.85 lacs has been made.
- Net owned Funds (after deducting Deferred Tax and Intangible Assets) of the Company stands at ₹ 71805.84 lacs as against the minimum stipulated capital of ₹ 25000.00 lacs. Return on Net Worth for the year 2014–15 stands at 12.98 per cent.
- Capital Adequacy Ratios as on June 30, 2014, September 30, 2014, December 31, 2014 and March 31, 2015 were 36.21 per cent, 39.36 per cent, 54.72 per cent and 65.07 per cent respectively as against RBI stipulation of 15 per cent.

	(₹ in lacs)	
	As at 31.03.2015	As at 31.03.2014
NOTE – 2.3		
LONG TERM PROVISIONS		
Provision for Employee Benefits	80.47	48.05
(Details of provision for employee benefits are given in note 2.31)		

	(₹ in lacs)			
NOTE – 2.4				
SHORT TERM BORROWINGS				
LOAN REPAYABLE ON DEMAND				
• From Banks				
(a) Secured Loans (Secured by Govt. Securities)				
Borrowings from RBI				
– LAF Borrowing	66200.00		62000.00	
– Term Repo Borrowing				
Face Value ₹ 97025.10 lacs and Book Value ₹ 94443.60 lacs (Prev. Year Face Value ₹ 90480.00 lacs and Book Value ₹ 89661.82 lacs)	27000.00		25000.00	
Refinance from RBI				
Face Value ₹ 36499.00 lacs and Book Value ₹ 35739.56 lacs (Prev. Year Face Value ₹ 33007.00 lacs and Book Value ₹ 32604.43 lacs)	33900.00	127100.00	30151.00	117151.00
(b) Unsecured Loans				
Call and Notice Money Borrowing		67060.00		19425.00
• From Others				
(a) Secured Loans (Secured by Govt. Securities)				
CBLO Borrowings from CCIL				
Face Value ₹ 70900.00 lacs and Book Value ₹ 69420.43 lacs (Prev. Year Face Value ₹ 54900.00 lacs and Book Value ₹ 54369.66 lacs)	27515.74		49931.13	
Repo Borrowing				
Face Value ₹ 67227.00 lacs and Book Value ₹ 66339.80 lacs (Prev. Year. Face Value ₹ 59769.00 lacs and Book Value ₹ 59219.64 lacs)	70479.95	97995.69	59299.96	109231.09

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
LOANS AND ADVANCES FROM RELATED PARTIES		
(a) Secured Loans (Secured by Pledge of Fixed Deposits)		
From Punjab National Bank	36099.47	28646.05
(b) Unsecured Loans (Line of Credit)		
From Punjab National Bank	57535.95	102295.43
TOTAL LOANS REPAYABLE ON DEMAND	385791.11	376748.57
TOTAL SECURED LOAN	261195.16	255028.14
TOTAL UNSECURED LOAN	124595.95	121720.43

During the year, Net Average and Peak borrowings in Call money amounted to ₹97957.96 lacs and ₹190996.00 lacs respectively. (Previous Year Net Average and Peak borrowings – ₹ 84573.97 lacs and ₹179914.00 lacs respectively)

For the year, average and peak leverage ratio stands at 4.60 and 6.11 times respectively (Previous Year average and peak stands at 2.60 and 6.54 times respectively)

(₹ in lacs)

NOTE – 2.5			
TRADE PAYABLES			
Stale Cheques	3.73		24.55
Brokerage Payable	1.67		0.90
Settlement Charges Payable	40.94	46.34	24.40
(There are no dues outstanding to organizations covered under MSME)			
TOTAL		46.34	49.85

(₹ in lacs)

NOTE – 2.6			
OTHER CURRENT LIABILITES			
Sundry Establishment – (There are no dues outstanding to organizations covered under MSME)	–		13.02
Unclaimed Dividend	40.89		34.30
TDS Payable	10.19		6.65
Interest Accrued but not due on Short Term Borrowing	59.61		224.15
Stale Cheques	0.26		0.40
Unclaimed Bonus Fractional Entitlement Payable	0.32	111.27	0.32
TOTAL		111.27	278.84

(₹ in lacs)

NOTE – 2.7			
SHORT TERM PROVISIONS			
Proposed Dividend (including Dividend Distribution Tax)	3253.00		1895.42
Provisions – For Employee Benefits	8.94		3.67
– Other Provisions for expenses	148.68		98.10
Provisions for Income Tax	14456.94	17867.56	9988.68
TOTAL		17867.56	11985.87

Details of provision for employee benefits (leave liability) are given in the note 2.31

(₹ in lacs)

Note – 2.8 FIXED ASSETS AND DEPRECIATION

S.No	Description	Gross Block				Depreciation				Net Block		
		As at 01-04-14	Addition during the year	Adjustments Deductions during the year	As at 31-03-15	As at 01-04-14	Dep. during the year	Amt. charged to Retained Earning	Accumulated Dep. On deductions	As at 31-03-15	As at 31-03-15	As at 31-03-14
Tangible Assets												
1	Buildings	589.44	–	–	589.44	297.77	14.16	–	–	311.93	277.51	291.67
2	Office Equipments	72.40	4.49	5.61	71.28	52.05	11.00	8.91	4.00	67.96	3.32	20.35
3	Computers	127.51	1.52	0.40	128.63	113.54	6.44	7.54	0.39	127.13	1.50	13.97
4	Furniture & Fixtures	143.95	0.11	5.03	139.03	125.00	8.05	8.02	4.80	136.27	2.76	18.95
5	Vehicles	41.12	–	5.43	35.69	22.77	8.70	–	4.63	26.84	8.85	18.35
Intangible Assets												
6	Intangibles (Software)	272.66	0.40	–	273.06	225.87	44.24	0.48	–	270.59	2.47	46.79
Total		1247.08	6.52	16.47	1237.13	837.00	92.59	@24.95	13.82	940.72	296.41	410.08
Previous Year		1240.22	41.80	34.94	1247.08	803.57	55.26	–	21.83	837.00	410.08	436.65

@ During the year, the Company in line with the Schedule II of Companies Act, 2013 has re-calculated the depreciation for all the fixed assets. As a result, the Company has provided for excess depreciation of ₹ 24.95 lacs on the assets whose useful lives have already elapsed as on March 31, 2014. The excess depreciation provided has been adjusted from Retained Earnings in accordance with the provisions of Schedule II.

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
NOTE – 2.9				
NON – CURRENT INVESTMENTS (at Book Value)				
a) Quoted Investments				
Government Securities– Held To Maturity(HTM) category	32760.61		69537.94	
• Market value of the above stock as on March 31, 2015 was ₹ 33204.34 lacs (Prev. Year ₹ 64620.08 Lacs). For basis of valuation, refer to note 1.5b. The transactions during the year are given below:				
	(₹ in lacs)			
	2014-15		2013-14	
	Face Value	Book Value	Face Value	Book Value
Opening Stock	69362.42	69537.94	17755.62	18229.58
Add: Subscription	251547.90	250904.44	190821.00	186379.24
Transfer to HTM	0.00	0.00	0.00	0.00
	320910.32	320442.38	208576.62	204608.82
Less: Sale and amortization	278379.00	277236.56	110714.20	107062.28
Transfer from HTM	10072.32	10445.21	28500.00	28008.60
Closing Stock	32459.00	32760.61	69362.42	69537.94
• Securities amounting to Face Value ₹ 278379.00 lacs were sold directly from the HTM category (Prev. Year ₹ 110714.20 lacs) and the company earned a gross profit of ₹ 1624.78 lacs (Prev. Year ₹ 1793.09 lacs). Balance profit after tax amounting to ₹ 1072.52 lacs has been transferred to Capital Reserve Account in accordance with RBI guidelines (Prev. Year ₹ 1183.62 lacs).				
• Amortization of ₹ 99.48 lacs on the HTM category as on March 31, 2015 has been separately provided in note no 2.23 relating to other expenses (Prev. Year figures of amortization in HTM category as on March 31, 2014 is ₹ 114.85 lacs).				

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
b) Unquoted Investments		
Call Lending to MMCBL converted into Fixed Deposit	761.88	761.88
Less: Provision for Diminution in Investment	(761.88) –	(761.88) –
TOTAL (A + B)	32760.61	69537.94

An amount of ₹ 1000 lacs was lent in Call Money to Madhavpura Mercantile Co-operative Bank Ltd. (MMCBL) in March 2001, which became overdue as on March 31, 2001. The Company was informed by MMCBL that the Government of India (Ministry of Agriculture, Department of Agriculture and Co-operation, New Delhi), in consultation with RBI, has formed Reconstruction Scheme and the amount would be paid accordingly. However, the repayment was not done by them as per the scheme and vide Government's notifications instructed that all payments by bank including installment of repayment due in August 2007, August 2008 and August 2009 (totaling to ₹ 761.88 lacs against which ₹ 761.88 lacs provision was outstanding) and payments of interest and the deposit amount were deferred till August 2011. RBI cancelled the license of MMCBL to carry on banking business in India and Liquidator was appointed. The Company has already lodged the claim with the Liquidator as per the format advertised by them in the news papers, and awaiting response from them.

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Annexure to Note 2.9 – Details of Government Securities – HTM Category		
S. No. Nomenclature	(Book Value)	(Book Value)
A . State Government Securities		
1. 8.44% PUNJAB 12.11.2019	2500.92	–
2. 9.39% BIHAR 09.10.2023	–	1503.19
3. 9.38% HIMACHAL PRADESH 30.01.2024	72.80	72.80
4. 9.40% ANDHRA PRADESH 31.01.2024	500.27	500.30
5. 9.41% KARNATAKA 30.01.2024	1001.41	1001.57
6. 9.41% KERALA 30.01.2024	1001.41	1001.57
7. 9.63% ANDHRA PRADESH 12.02.2024	–	1500.71
8. 8.46% NAGALAND 26.1.2014	604.70	–
Sub Total – (A)	5681.51	5580.14
B . Central Government Securities		
1. 7.83% GOI 11.04.2018	2505.28	2507.02
2. 8.12% GOI 10.12.2020	–	9880.70
3. 8.15% GOI 11.06.2022	–	6172.22
4. 8.27% GOI 09.06.2020	16959.00	–
5. 8.08% GOI 02.08.2022	7614.82	–
6. 7.16% GOI 20.05.2023	–	16302.56
7. 8.33% GOI 09.07.2026	–	8011.45
8. 8.97% GOI 05.12.2030	–	4945.17
9. 7.40% GOI 09.09.2035	–	2394.41
10. 8.83% GOI 12.12.2041	–	1551.42
11. 8.30% GOI 31.12.2042	–	12192.85
Sub Total – (B)	27079.10	63957.80
TOTAL (A + B)	32760.61	69537.94

(₹ in lacs)

NOTE – 2.10				
DEFERRED TAX ASSETS				
For Provision against Investments	258.96		258.96	
For Provision against Leave Liability	30.40		17.58	
For Provision against Fixed Assets	3.43		0.00	
	292.79		276.54	
Less : Deferred Tax Liabilities				
For Fixed Assets	0.00	292.79	24.17	252.37
NET DEFERRED TAX ASSETS				
Deferred Tax Adjustment	40.41		3.85	

(₹ in lacs)

NOTE – 2.11				
I. LONG TERM LOANS & ADVANCES				
a) Secured and considered good				
Loans to Staff				
Consumer Loan to staff	1.25		1.65	
Housing Loan to Staff # # includes loan to Exec. Director & CFO ₹10.32 lacs (Prev. year ₹15.42 lacs)	20.46		26.97	
Vehicle Loan to Staff * * includes loan to Company Secretary ₹0.23 lacs (Prev. Year ₹ 0.52 lacs)	16.21	37.92	11.27	39.89
b) Unsecured and considered good				
Security Deposit				
Security Deposit with CCIL	601.00		601.00	
F&O Margin Money Deposit	40.30		19.00	
IRF Margin Money Deposit	210.00		20.00	
Security Deposit with others	5.11	856.41	5.24	645.24
TOTAL		894.33		685.13

(₹ in lacs)

NOTE – 2.12				
INVENTORIES				
STOCK-IN-TRADE (Book Value)				
Quoted – Non – Hedged				
Government Securities				
Treasury Bills – 91 days	57291.13		120021.71	
Treasury Bills – 182 days	101893.99		22312.39	
Treasury Bills – 364 days	52773.27		48224.58	
Government Securities	75611.20		39762.41	
Certificate of Deposits and Commercial Papers	22040.51		79814.21	
Corporate Bonds & Debentures	53517.43		21398.01	
Equity Shares Investment	176.86	363304.39	107.09	331640.40

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Quoted – Hedged		
Government Securities	20324.03	7403.94
	383628.42	339044.34
Less: Provision for Diminution of Stocks	(74.63)	(324.92)
	383553.79	338719.42
Constituent Invest Account	2357891.54	2029192.31
Less: Constituent Securities Account	(2357891.54)	(2029192.31)
	–	–
TOTAL	383553.79	338719.42

- For basis of valuation, please refer accounting policy (note 1.5a). Details of securities are given in Annex–2.
- Stock-in-Trade includes hedged securities (Book value – ₹ 20324.03 lacs and the market value of the same is ₹ 20462.80 lacs (Previous year Book value ₹ 7403.94 lacs and Market value ₹7220.07 lacs) and there is a net provision of ₹ 74.63 lacs for diminution after adjusting the depreciation in Swaps of ₹ 213.41 lacs (Previous Year net provision was ₹ 96.82 lacs).

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
Annexure to Note 2.12 – Details of Stock-in-Trade		
S. No. Nomenclature	Book Value	Book Value
I. TREASURY BILLS		
A. 91 Days (maturing on)		
1. 03–Apr–2014	–	12494.18
2. 10–Apr–2014	–	14.97
3. 17–Apr–2014	–	3984.97
4. 24–Apr–2014	–	11459.56
5. 01–May–2014	–	9518.37
6. 08–May–2014	–	34966.72
7. 15–May–2014	–	25906.23
8. 22–May–2014	–	21398.71
9. 30–May–2014	–	84.52
10. 05–Jun–2014	–	127.92
11. 12–Jun–2014	–	65.56
12. 09–Apr–2015	144.24	–
13. 16–Apr–2015	5962.16	–
14. 07–May–2015	12712.07	–
15. 14–May–2015	24766.58	–
16. 04–Jun–2015	2337.54	–
17. 25–Jun–2015	11368.54	–
TOTAL (A)	57291.13	120021.71
B. 182 Days (maturing on)		
1. 24–Apr–2014	–	1591.63
2. 08–May–2014	–	17278.56
3. 05–Jun–2014	–	753.25

(₹ in lacs)

S. No. Nomenclature	As at	As at
	31.03.2015	31.03.2014
	Book Value	Book Value
4. 19-Jun-2014	–	2688.95
5. 21-May-2015	9891.32	–
6. 04-Jun-2015	10400.66	–
7. 02-Jul-2015	93.33	–
8. 16-Jul-2015	1719.82	–
9. 30-Jul-2015	30498.70	–
10. 13-Aug-2015	37380.85	–
11. 27-Aug-2015	11909.31	–
TOTAL (B)	101893.99	22312.39
C. 364 Days (maturing on)		
1. 03-Apr-2014	–	1199.53
2. 17-Apr-2014	–	6376.98
3. 29-May-2014	–	22232.59
4. 26-Jun-2014	–	13872.18
5. 07-Aug-2014	–	715.96
6. 30-Oct-2014	–	1940.40
7. 11-Dec-2014	–	1886.94
8. 16-Apr-2015	14.95	–
9. 14-May-2015	11191.48	–
10. 09-Jul-2015	978.56	–
11. 03-Sep-2015	4786.50	–
12. 17-Sep-2015	96.79	–
13. 06-Oct-2015	11508.76	–
14. 29-Oct-2015	6686.34	–
15. 12-Nov-2015	2721.97	–
16. 07-Jan-2016	14787.92	–
TOTAL (C)	52773.27	48224.58
TOTAL (A + B + C)	211958.39	190558.68
II. MONEY MARKET INSTRUMENTS		
A . CERTIFICATE OF DEPOSITS		
1. Dena Bank CD – 02-06-2014	–	9845.50
2. IDBI Bank CD – 02-06-2014	–	4918.24
3. Syndicate Bank CD – 02-06-2014	–	9836.88
4. Allahabad Bank CD – 03-06-2014	–	9828.47
5. IDBI Bank CD – 10-06-2014	–	4907.88
6. Union Bank of India CD – 10-06-2014	–	9819.96
7. Andhra Bank CD – 13-06-2014	–	9816.62
8. State Bank of Hyderabad CD– 09-09-2014	–	2394.26
9.. Oriental Bank of Commerce CD –22-09-2014	–	2393.68
10. Vijaya Bank CD –25-02-2015	–	2298.30

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
S. No. Nomenclature	Book Value	Book Value
11. Oriental bank of Commerce CD 26-02-2015	-	2302.85
12. Central Bank of India CD-09-03-2015	-	2290.05
13. Oriental Bank of Commerce CD- 09-03-2015	-	2289.18
14. Vijaya Bank CD - 09-03-2015	-	2287.53
15. Bank of Baroda CD - 19-03-2015	-	4584.81
16. Corporation Bank CD 12-06-2015	7374.23	-
17. Punjab & Sind Bank CD 15-06-2015	2455.67	-
18. Syndicate Bank CD 15-06-2015	9824.85	-
19. Corporation Bank CD 27-10-2015	2385.76	-
TOTAL (A)	22040.51	79814.21
B . COMMERCIAL PAPERS	0.00	0.00
TOTAL (B)	0.00	0.00
TOTAL (A + B)	22040.51	79814.21
III. GOVERNMENT DATED SECURITIES		
A . CENTRAL GOVERNMENT SECURITIES		
1. 7.49% GOI 16-04-2017	0.78	0.78
2. 8.24% GOI 22-04-2018	0.30	0.30
3. 7.28% GOI 06-06-2019	-	160.99
4. 10.03% GOI 09-08-2019	0.27	0.27
5. 8.19% GOI 16-01-2020	-	39.95
6. 8.27% GOI 09-06-2020	346.99	-
7. 8.12% GOI 10-12-2020	-	9543.00
8. GOI FRB 21-12-2020	-	262.78
9. 8.79% GOI 08-11-2021	9.87	9.87
10. 8.35% GOI 14-05-2022	0.05	0.05
11. 8.08% GOI 02-08-2022	25.28	-
12. 7.16% GOI 20-05-2023	7198.52	877.50
13. 8.83% GOI 25-11-2023	2153.94	5148.43
14. 8.40% GOI 28-07-2024	21415.86	-
15. 8.33% GOI 09-07-2026	7751.25	-
16. 8.15% GOI 24-11-2026	3595.11	-
17. 8.28% GOI 21-09-2027	-	9335.00
18. 8.60% GOI 02-06-2028	3088.49	-
19. 9.20% GOI 30-09-2030	4112.21	7566.75
20. 8.97% GOI 05-12-2030	176.57	98.73
21. 7.95% GOI 28-08-2032	1.01	1.01
22. 8.24% GOI 10-11-2033	523.41	-
23. 7.40% GOI 09-09-2035	-	38.27

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
S. No. Nomenclature	Book Value	Book Value
24. 8.30% GOI 31-12-2042	1055.12	0.07
25. 8.17% GOI 01-12-2044	5885.02	-
TOTAL (A)	57340.05	33083.75
B. STATE GOVERNMENT SECURITIES		
1. 7.87% KERALA 12-05-2016	0.10	0.10
2. 7.89% AP 12-05-2016	0.05	0.05
3. 8.68% KARNATAKA 07-11-2017	2502.00	2502.00
4. 8.50% MAHARASHTRA 03-12-2017	0.60	0.60
5. 8.43% GUJARAT 10-03-2018	0.05	0.05
6. 9.89% AP 01-08-2018	0.20	0.20
7. 8.30% MP 12-11-2018	10.21	10.21
8. 7.02% PUNJAB 12-12-2018	9.38	9.38
9. 7.65% TAMIL NADU 02-03-2019	7.70	7.70
10. 8.46% MAHARASHTRA 12-03-2019	1012.30	1012.30
11. 7.82% PUNJAB 24-06-2019	16.11	16.11
12. 7.83% KERALA 24-06-2019	3.44	3.44
13. 7.95% KARNATAKA 05-08-2019	2.87	2.87
14. 9.06% PUNJAB 24-06-2019	78.70	-
15. 8.55% UP 28-04-2020	0.10	0.10
16. 8.54% MAHARASHTRA 19-01-2021	0.50	0.50
17. 9.04% WB 07-12-2021	2.03	2.03
18. 8.99% GUJARAT 14-03-2022	0.40	0.40
19. 8.11% UP 08-05-2023	2.20	2.20
20. 9.39% BIHAR 09-10-2023	5.91	5.91
21. 9.40% AP 30-01-2024	-	500.65
22. 9.40% MP 30-01-2024	-	500.65
23. 9.63% AP 12-02-2024	-	1003.83
24. 9.72% WB 12-02-2024	47.89	46.96
25. 9.46% KERALA 26-03-2024	81.20	318.70
26. 9.47% TN 26-03-2024	55.87	203.56
27. 9.48% AP 26-03-2024	1.81	528.16
28. 8.84% PUNJAB 11-06-2024	50.00	-
29. 8.96% TAMIL NADU 09-07-2024	109.99	-
30. 9.07% HARYANA 13-08-2024	15.00	-
31. 8.26% AP 24-12-2024	342.73	-
32. 8.15% PUDUCHERRY 14-01-2025	363.60	-
33. 8.16% TELANGANA 14-01-2025	500.35	-
34. 8.07% GUJARAT 11-02-2025	202.44	-
35. 8.07% HARYANA 11-02-2025	469.20	-
36. 8.07% TAMIL NADU 11-02-2025	224.20	-
37. 8.07% H. P. 11-02-2025	500.26	-

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
S. No. Nomenclature	Book Value	Book Value
38. 8.07% M. P. 11-02-2025	500.35	-
39. 8.07% MEGHALAYA 11-02-2025	500.35	-
40. 8.07% PUNJAB 11-02-2025	500.35	-
41. 8.07% U. P. 11-02-2025	500.78	-
42. 8.04% MAHARASTRA 25-02-2025	363.00	-
43. 8.05% GUJARAT 25-02-2025	500.13	-
44. 8.05% KARNATAKA 25-02-2025	500.32	-
45. 8.05% RAJASTHAN 25-02-2025	500.35	-
46. 8.06% A.P. 25-02-2025	1213.30	-
47. 8.06% MANIPUR 25-02-2025	383.40	-
48. 8.06% MEGHALAYA 25-02-2025	445.40	-
49. 8.06% SIKKIM 25-02-2025	380.80	-
50. 8.06% TAMIL NADU 25-02-2025	500.70	-
51. 8.06% TELANGANA 25-02-2025	1503.40	-
52. 8.08% U.P. 25-02-2025	1603.09	-
53. 8.08% WEST BENGAL 25-02-2025	1756.04	-
TOTAL (B)	18271.15	6678.66
TOTAL (A + B)	75611.20	39762.41
IV. CORPORATE BONDS & DEBENTURES		
A. PSU – TAXABLE BONDS		
1. 5.88% BOI 30-04-2014	-	159.32
2. 7.15% UNION BANK 08-05-2015	210.00	210.00
3. 7.15% VIJAYA BANK 15-06-2015	9.88	9.88
4. 8.49% NHPC 26-11-2015	500.00	-
5. 8.30% PFC 15-05-2018	2500.00	2500.00
6. 9.81% PFC 07-10-2018	1027.83	1009.90
7. 8.70% PFC 15-01-2020	494.07	494.07
8. 8.15% PGCL 09-03-2020	2488.97	-
9. 8.38% PFC 27-04-2020	4000.00	-
10. 8.70% PFC 14-05-2020	2001.63	2001.63
11. 8.80% REC 25-10-2020	999.39	999.39
12. 8.49% NHPC 26-11-2020	500.00	-
13. 8.20% PGCL 23-01-2022	999.50	-
14. 9.17% NTPC 22-09-2024	1055.37	-
15. 8.57% REC 21-12-2024	2568.89	-
16. 8.20% PGCL 23-01-2025	998.45	-
17. 8.23% PNB 09-02-2035	2490.50	-
18. 8.15% PGCL 09-03-2025	1985.56	-
19. 8.40% NPCL 28-11-2025	502.77	-
20. 8.40% NPCL 28-11-2026	502.35	-

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
S. No. Nomenclature	Book Value	Book Value
21. 8.40% NPCL 28-11-2027	504.94	-
22. 8.15% PGCL 09-03-2030	2972.70	-
TOTAL (A)	29312.80	7384.19
B. PSU –TAX FREE		
1. 6.00% IRFC 08-03-2015 Tax Free	-	999.67
2. 6.05% IRFC 20-12-2015 Tax Free	500.00	500.00
3. 6.30% IRFC 08-03-2017 Tax Free	1000.00	1000.00
4. 6.32% IRFC 20-12-2017 Tax Free	1000.00	1000.00
5. 6.72% IRFC 20-12-2020 Tax Free	1500.00	1500.00
6. 8.09% PFC 25-11-2021 Tax Free	-	1000.00
TOTAL (B)	4000.00	5999.67
C. DEBENTURES & OTHERS		
1. 9.80% LIC HF 10-08-2014	-	1009.77
2. 9.37% LIC HF 30-11-2014	-	1512.51
3. 8.48% HDFC 17-05-2016 NCD	2500.00	2500.00
4. 8.65% IDFC 24-05-2020 NCD	999.80	999.80
5. 8.90% HDFC 18-08-2020 NCD	501.56	498.50
6. 8.95% HDFC 19-10-2020 NCD	1000.00	1000.00
7. 9.75% MAHESH HYDERA POWER CORPN 2022	318.18	363.64
8. 9.73% VIJAYABANK 23-12-2023 NC	-	129.93
9. 9.22% TATA CAP. HOU FIN. LTD. 09-12-2024	500.00	-
10. 8.23% REC 23-01-2025	2000.56	-
11. 9.65% RELIANCE CAPITAL LTD. 18-03-2025	5000.00	-
12. 8.14% NCPL 25-03-2026	1000.00	-
13. 8.14% NCPL 25-03-2027	1000.00	-
14. 8.14% NCPL 25-03-2028	1000.00	-
15. 8.14% NCPL 25-03-2029	1000.00	-
16. 8.14% NCPL 25-03-2030	1000.00	-
17. 8.69% DVC 25-03-2028	2384.53	-
TOTAL (C)	20204.63	8014.15
TOTAL (A+B+C)	53517.43	21398.01
V. EQUITY SHARES		
1. Hindustan Unilever Ltd.	-	28.61
2. Infosys Tech	-	54.73
3. Tata Motors	-	23.75
4. Dr. Reddy Lab. Ltd.	15.94	-
5. Infosys Ltd.	21.05	-
6. ITC Ltd.	35.83	-
7. LUPIN Ltd.	71.77	-

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
S. No. Nomenclature	Book Value	Book Value
8. Reliance Industries Ltd.	18.10	–
9. Tech Mahindra Ltd.	14.17	–
TOTAL	176.86	107.09
VI. HEDGED SECURITIES		
a. Central Govt. Securities		
1. 8.40% GOI 28–07–2024	10419.09	–
b. State Govt. Securities		
1. 8.75% GUJARAT 21–11–2016	2505.00	2505.00
2. 7.82 % PUNJAB 24–06–2019	47.55	47.55
3. 7.83 % GUJARAT 24–06–2019	98.28	98.28
4. 7.77% PUNJAB 30–07–2019	2351.28	2351.28
5. 7.77% RAJASTHAN 30–07–2019	2401.83	2401.83
6. 8.45% PUNJAB 26–11–2019	2501.00	–
TOTAL	20324.03	7403.94
TOTAL (I + II + III + IV+ V +VI)	383628.42	339044.34
Less : Diminution in Market Value	74.63	324.92
STOCK-IN-TRADE	383553.79*	338719.42*

*The aggregate carrying value and market value as at March 31, 2015 is ₹ 383553.79 lacs and ₹ 383553.79 lacs (Prev. Year ₹ 338719.42 lacs and ₹ 338719.42 lacs) respectively

(i) Govt. Securities pledged for availing LAF/Term Repo – Face Value ₹ 97025.10 lacs – Book Value ₹94443.60 lacs (Prev. Year Face Value ₹ 90480.00 lacs and Book value ₹ 89661.82 lacs)

(ii) Govt. Securities pledged for availing CBLO borrowing – Face Value ₹ 70900.00 lacs – Book value ₹ 69420.43 lacs (Prev. Year Face Value ₹ 54900.00 lacs and Book value ₹ 54369.66 lacs)

(iii) Govt. Securities pledged for availing RBI Refinance – Face Value ₹ 36499.00 lacs – Book Value ₹35739.56 lacs (Prev. Year Face Value ₹ 33007.00 lacs and Book value ₹ 32604.43 lacs)

The securities mentioned in (i) ,(ii) and (iii) above were not available for trading as on March 31, 2015

(₹ in lacs)

	As at 31.03.2015	As at 31.03.2014
NOTE – 2.13		
CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Balances with Banks		
Balance with Reserve Bank of India	24.60	18.46
Balance with PNB Current Accounts	2.29	7.62
	26.89	26.08
Other Bank Balances		
Balance with Punjab National Bank in Fixed Deposits (maturing within 12 months)		
(All Fixed Deposits are pledged with the bank) for availing overdraft facilities. As on March 31, 2015, availment of overdraft against the fixed deposits is ₹ 36099.47 lacs) (Prev. Year ₹ 28646.05 lacs) Please see note 2.4	39099.00	31249.00
Balance with Other Banks (Bharatiya Mahila Bank) in Fixed Deposits (maturing within 12 months)	–	500.00

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
Balance with Scheduled Banks earmarked towards Unclaimed Dividends	40.89		34.30	
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable	0.32	39140.21	0.32	31783.62
TOTAL		39167.10		31809.70

(₹ in lacs)

NOTE – 2.14				
SHORT TERM LOANS & ADVANCES				
Related Parties		–		–
Others (unsecured and considered good)				
MTM F&O with SHCIL	4.59		8.08	
MTM IRF with SHCIL	45.12		1.74	
Festival Loans to Staff	1.37	51.08	1.86	11.68
TOTAL		51.08		11.68

(₹ in lacs)

NOTE – 2.15				
OTHER CURRENT ASSETS				
A) INTEREST ACCRUED BUT NOT DUE ON				
Government Dated and Approved Securities	2455.55		2390.32	
Bonds and Debentures	1442.91		1124.51	
Fixed Deposits with Scheduled Banks	542.96	4441.42	357.52	3872.35
B) OTHERS				
Prepaid Expenses	15.80		10.89	
Income Tax paid	14516.49		9995.34	
Interest Accrued and Due	0.00		345.00	
Rent Receivables	0.43		0.93	
Accrual on Swaps	7.59	14540.31	12.69	10364.85
TOTAL		18981.73		14237.20

(₹ in lacs)

NOTE – 2.16				
DISCOUNT INCOME				
a) Certificate of Deposits				
Sales & Redemption	131989.20		76991.65	
Add: Closing Stock	22040.51	154029.71	79814.21	156805.86
Less: Purchases	73353.33		96683.54	
Less: Opening Stock	79814.21	153167.54	59055.97	155739.51
		862.17		1066.35

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
b) Treasury Bills / Cash Management Bills				
Sales & Redemption	2454135.77		2120285.16	
Add: Closing Stock	211958.39	2666094.16	190464.46	2310749.62
Less: Purchases	2460106.71		2095053.99	
Less: Opening Stock	190464.46	2650571.17	200573.67	2295627.66
		15522.99@		15121.96
TOTAL		16385.16		16188.31

Opening and Closing Stock are adjusted for diminution in market value of securities at the year end, if any.

@ This includes Discount Income on hedged T Bills ₹ Nil lacs (Prev. Year ₹ 516.00 lacs)

(₹ in lacs)

NOTE – 2.17				
INTEREST INCOME				
Call & Notice Money Lending		–		0.62
Short Term Lending @		157.56		34.19
Government Dated Securities (\$)		11261.11		9524.22
Corporate Bonds & Debentures		2270.17		1867.05
Fixed Deposits		3216.98		2798.18
TOTAL		16905.82		14224.26

@ – Interest on Short Term lending includes interest from CBLO Lending of ₹ 35.86 lacs (Prev. Year ₹ 10.71 lacs), LAF Lending ₹ Nil lacs (Prev. Year ₹ 1.11 lacs) and Market Reverse Repo Lending of ₹ 121.70 lacs (Prev. Year ₹ 22.37 lacs)
(\$) – Includes interest income of ₹ 798.34 lacs on hedged securities/swaps (Prev. Year ₹ 625.99 lacs).

(₹ in lacs)

NOTE – 2.18				
TRADING INCOME				
a) Government Securities				
Sales & Redemption	20323984.73		14232824.95	
Add: Closing Stock *	95860.60	20419845.33	47069.53	14279894.48
Less: Purchases	20365937.39		14237581.74	
Less: Opening Stock	47069.53	20413006.92	39245.73	14276827.47
		6838.41		3067.01
* Net of diminution of ₹ 74.63 lacs on hedged securities (Prev. Year ₹ 96.82 lacs)				
b) Corporate Bonds & Debentures				
Sales & Redemption	782767.73		664705.73	
Add: Closing Stock	53517.43	836285.16	21267.78	685973.51
Less: Purchases	814473.79		659712.56	
Less: Opening Stock	21267.78	835741.57	26280.58	685993.14
		543.59		(19.63)

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
c) Equity Shares				
Sales	3723.31		2020.74	
Add: Closing Stock	176.86	3900.17	103.44	2124.18
Less: Purchases	3666.47		2077.19	
Less: Opening Stock	103.44	3769.91	19.97	2097.16
		130.26		27.02
d) Mutual Fund Units				
Sales & Redemption	17641.46		–	
Add: Closing Stock	–	17641.46	–	–
Less: Purchases	17600.00		–	
Less: Opening Stock	–	17600.00	–	–
		41.46		–
e) Derivatives				
Interest Rate Swaps (Trading)	–		60.12	
Interest Rate Futures	38.54		1.91	
Futures & Options	(6.99)	31.55	4.35	66.38
TOTAL (a+b+c+d+e)		7585.27		3140.78

Securities are valued as per accounting policy (note 1.5a)

Opening and Closing Stock are adjusted for diminution in market value of securities at the year end, if any.

(₹ in lacs)

NOTE – 2.19				
OTHER OPERATIONAL INCOME				
Underwriting Fees	81.91		874.61	
Commission and Other Fees	16.08		138.66	
Dividend Income from Equity	3.96		4.98	
Others	1.31	103.26	6.08	1024.33
TOTAL		103.26		1024.33

(₹ in lacs)

NOTE – 2.19A				
OTHER INCOME				
Rent	10.60		17.34	
Miscellaneous Income	11.07	21.67	31.36	48.70
TOTAL		21.67		48.70

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
NOTE – 2.20				
INTEREST EXPENSES				
Call and Notice and Short Term Borrowing	7943.53		7157.43	
CBLO Borrowing	3316.38		2959.57	
Repo Borrowing	7277.81		7216.15	
RBI Borrowing	7027.36		6065.27	
Overdraft Borrowing	446.58		819.53	
ICD Borrowing	39.30	26050.96 @	48.70	24266.65
TOTAL		26050.96		24266.65

@ – This includes Interest expenses allocated to hedged securities investment ₹ 684.63 lacs (Prev. Year ₹ 919.07 lacs)

(₹ in lacs)

NOTE – 2.21				
OPERATING COSTS				
Brokerage on Securities & Financial Instruments	3.79		1.68	
Financial Information Services	22.03		30.19	
Operating Expenses for Futures & Options	6.20		3.81	
Operating Expenses on Equity	9.08		5.73	
Operating Expenses on IRF	5.26		0.17	
Transaction Charges etc.	410.19		326.93	
Bank Charges	1.19	457.74	1.21	369.72
TOTAL		457.74		369.72

(₹ in lacs)

NOTE – 2.22				
EMPLOYEE BENEFIT EXPENSES				
Salaries & Allowances	341.93		268.38	
Contribution to PF & Gratuity Fund	30.90		19.57	
Staff Welfare Expenses	124.73		107.08	
Staff Recruitment & Training	4.77	502.33	2.41	397.44
TOTAL		502.33		397.44

(₹ in lacs)

NOTE – 2.23				
OTHER EXPENSES				
Rent on Business Premises		87.34		65.99
Postage, Telegram, Couriers and Telephone		41.16		36.42
Travelling, Conveyance and Motor Car Expenses		30.04		24.01
Printing and Stationery		13.72		12.72
Repairs to Building		13.15		21.61
Repairs and Maintenance – Others		66.54		40.47
Internal Audit Fees and Expenses		14.05		13.67
Legal and Professional Expenses		20.16		10.96

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
Listing Fees		4.66		3.60
Books and Periodicals		2.30		2.08
Workshops and Business Meet		37.89		36.03
Water and Electricity Expenses		14.57		12.07
Insurance Expenses		1.59		1.59
Directors' Sitting Fees		11.52		8.96
Auditor's Remuneration				
– Statutory Audit Fees	10.11		9.27	
– Tax Audit Fees	1.54		1.40	
– Certification Fees	2.63	14.28	2.39	13.06
Loss on Sale of Fixed Assets (Net)		0.89		0.78
Share Transfer Fees		6.26		5.06
Corporate Membership		2.84		2.75
Advertisement & Publicity		3.84		2.96
Board / Statutory Meeting Expenses		9.84		7.05
Miscellaneous Expenses				
– Penalties@		–	0.60	
– Others	12.18	12.18	29.70 #	30.30
Amortization of HTM Portfolio		99.48		114.85
TOTAL		508.30		466.99

@ Penalty imposed by RBI/CCIL is ₹ NIL (Prev. Year– penalty imposed by CCIL for shortage of margin money on July 17, 2013 ₹ 0.60 lacs due to system shut down because of water logging in the company premises)

Includes Bonus Share issue expenses of ₹ 14.22 lacs (Current Year – Nil)

NOTE – 2.24 – SEGMENT INFORMATION

Reportable Segments in respect of business operations of the company have been identified on the basis of varied risk and return profile attached to each business segment which is the primary reporting format, and which are in terms of Accounting Standard – 17 on Segment Reporting. The company does not have any geographical segments, as such there is no secondary reporting format.

FY 2013–14

	T-Bills /CP/ CD	Corp. Bonds & Debentures	Govt. Securities	Derivatives	Fixed Deposits	Mutual Fund Comm.	Unallocated (incl. Equity Shares)	Total
Segment Revenue	15672.31	1847.42	12936.67	1111.55	2798.18	61.37	198.88	34626.38
Total Allocable Expenses	(13521.93)	(1697.59)	(8567.94)	(919.07)	–	–	(44.52)	(24751.05)
Segment Results	2150.38	149.83	4368.73	192.48	2798.18	61.37	154.36	9875.33
Less: Unallocable Expenses								(805.01)
Profit Before Tax								9070.32
Segment Assets	269938.17	22486.14	111431.39	7483.51	32868.40	–	107.09	444312.70
Segment Liabilities	247089.42	20710.56	101984.96	7509.05	761.88	–	3.65	378059.52

FY 2014–15

	T-Bills/ CP/ CD	Corp. Bonds & Debentures	Govt. Securities	Derivatives	Fixed Deposits	Mutual Fund Comm.	Unallocated (incl. Equity Shares)	Total
Segment Revenue	16385.16	2813.77	17360.90	852.08	3216.98	0.02	372.27	41001.18
Total Allocable Expenses	(13867.16)	(1990.58)	(9848.22)	(696.08)	–	–	(205.95)	(26607.99)
Segment Results	2518.00	823.19	7512.68	156.00	3216.98	0.02	166.32	14393.19
Less: Unallocable Expenses								(1003.93)
Profit Before Tax								13389.26
Segment Assets	232771.43	54672.04	109881.57	20589.40	40403.84	–	176.86	458495.14
Segment Liabilities	214139.55	50292.94	101092.75	20402.18	761.88	–	–	386689.30

- Provision for Diminution of ₹ 74.63 lacs on Government Securities(including hedged securities), ₹ NIL lacs on Treasury Bills, ₹ NIL lacs on Equity Investments and ₹ NIL lacs on Corporate Bonds as on March 31,2015 has been provided for and included in segment liabilities (Prev. Year ₹ 96.82 lacs on Government Securities, ₹ 94.22 lacs on Treasury Bills, ₹ 3.65 lacs on Equity Investments and ₹ 130.23 lacs on Corporate Bonds and Debentures)
- Fixed Deposits placed by the company are funded out of the Net Owned Funds and thus have not been apportioned any costs. Consequently, the total allocable expenses have been allocated to all other segments. Figures of the Prev. Year have been regrouped and rearranged accordingly.

NOTE – 2.25 – RELATED PARTY INFORMATION

As per Para 9 of the Accounting Standard 18 on Related Party Disclosures, the Company, being a state controlled enterprise, is not required to make disclosures of related party relationships with other state controlled enterprises and transactions with such enterprises. Other information as per the Standard is as under:

- The overall supervision and control of the company vests with the Board of Directors. The Managing Director and Executive Director and CFO of the company, appointed by the Board of Directors, are working full time with the company.

(₹ in lacs)

- Out of the total Eight Directors on the Board of the company as at March 31, 2015, four are independent Directors. Only the Non-Executive Directors are being paid sitting fees for the Board / Committee Meetings. The sitting fees for attending the Board Meeting is ₹ 10000/- per meeting and for Committee Meeting sitting fee payable is ₹ 5000/- per meeting. During the year the Company has paid a sum of ₹ 11.52 lacs towards sitting fee, including service tax (Prev. Year ₹ 8.96 lacs).
- Other information in this regard is available in Corporate Governance Report and Board's report.

(₹ in lacs)

NOTE – 2.26 – DISCLOSURES ON INTEREST RATE SWAPS

	Hedging Swaps		Trading Swaps	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Notional Principal	15000.00	12500.00	NIL	NIL
Marked to Market Positions	14699.54	12587.05	NIL	NIL
Max. of 100 * PV01 observed during the year	316.26	364.52	NIL	NIL
Min. of 100 * PV01 observed during the year	208.27	110.34	NIL	NIL
Market Risk	<p>In the event of 100 basis points adverse movement in interest rate there will be a negative impact of ₹ 289.30 lacs (Prev. Year ₹ 238.64 lacs) on Hedging Swaps in Swap Book.</p> <p>The losses, which would be incurred if, counter parties fail to fulfill their obligations works out to ₹ Nil lacs (Prev. Year ₹ Nil lacs)</p> <p>The Company's Exposure with regard to outstanding swap transactions is limited to banks and Primary Dealers</p>			
Collateral	No Collateral is insisted upon from counterpart			
Credit Risk Concentration	₹ 59.77 lacs (Prev. Year ₹ 120.49 lacs)			

(₹ in lacs)

NOTE – 2.27 ISSUER COMPOSITIONS OF INVESTEMENTS IN NON-GOVERNMENT SECURITIES

As on March 31, 2015, the total stock of ₹ 383553.79 lacs (Book Value) comprises of

- | | |
|---|---|
| <ul style="list-style-type: none"> • Govt. Securities (including T. Bills) • Equity Instruments • Money Market instruments • Corporate Bonds and Debentures | <ul style="list-style-type: none"> • ₹ 307818.99 lacs (Prev. Year ₹ 237533.99 lacs), • ₹ 176.86 lacs (Prev. Year ₹ 103.44 lacs), • ₹ 22040.51 lacs (Prev. Year ₹ 79814.21 lacs) and • ₹ 53517.43 lacs (Prev. Year ₹ 21267.78 lacs). |
|---|---|

The Book Value (before providing diminution) of Non-Government Rated Securities comprises of

- | | |
|---|---|
| <ul style="list-style-type: none"> • AAA rated • AA+ rated bonds • A1+ rated Bank CDs. | <ul style="list-style-type: none"> • ₹ 47797.55 lacs (Prev. Year ₹ 20888.87 lacs) • ₹ 5719.88 lacs (Prev. Year ₹ 509.14 lacs) • ₹ 22040.51 lacs (Prev. Year ₹ 79814.21 lacs) |
|---|---|

There is no migration / decline in ratings of these Bonds during the year 2014-15

S. No.	Issuer	Amount (Book Value)	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unlisted Securities	Extent of Unrated Securities
1	PSUs	39987.51	NA	NA	NA	NA
2	FIs	10501.36	NA	NA	NA	NA
3	Banks	24750.89	NA	NA	NA	NA
4	Other PDs	NIL	NA	NA	NA	NA

(₹ in lacs)

S. No.	Issuer	Amount (Book Value)	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unlisted Securities	Extent of Unrated Securities
5	Private Corporates	318.18	NA	NA	NA	NA
6	Subsidiaries/Joint Ventures	NIL	NA	NA	NA	NA
7	Others	NIL	NA	NA	NA	NA
8	Provision held towards diminution	NIL	NA	NA	NA	NA
	Total	75557.94	NA	NA	NA	NA

NOTE – 2.28 – CRAR AND RELATED INFORMATION

Sl. No.	Particulars	Current Year	Prev. Year
i)	CRAR (%)	65.07	49.14
ii)	CRAR – Tier I (Capital (%))	65.07	49.14
iii)	CRAR – Tier II (Capital (%))	NA	NA

Forward Rate Agreement / Interest Rate Swaps

(₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	The Notional Principal of swap agreements	15000.00	12500.00
ii)	Losses which would be incurred if counterparties fail to fulfill their obligations under the agreements	–	–
iii)	Concentration of credit risk arising from the swaps	–	–
iv)	The fair value of the swap book	14699.54	12587.05

Quantitative Disclosures for Financial Year 2014–15 are as under:

(₹ in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount)		
	a) For Hedging	15000.00	12500.00
	b) For Trading	–	–
ii)	Marked to Market Positions		
	a) Asset (+)	14699.54	12587.05
	b) Liability (–)	–	–
iii)	Credit Exposures	–	–
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	289.30	238.64
	b) On Trading Derivatives	–	–
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	316.26 & 208.27	364.52 & 110.34
	b) On Trading Derivatives	–	–

NOTE – 2.29 – REAL ESTATE EXPOSURES

Exposure to Real Estate Sector (direct and indirect) is NIL both in current and Prev. Year (as it is not applicable to the company)

NOTE – 2.30 – ASSET LIABILITY MANAGEMENT

	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	287795.41	–	–	–	–	–	–	–	287795.41
Market Borrowings	97995.70	–	–	–	–	–	–	–	97995.70
Assets									
Advances / Investments	–	–	–	–	51.08	11.62	7.44	875.27	945.41

NOTE – 2.31 – PROVISION FOR EMPLOYEE BENEFITS

Provision for leave liability has been done in accordance with the requirement of AS-15 as per Actuarial Valuation for the year 2014-15 on March 31, 2015, as per the Projected Unit Credit Method (PUCM), details for which are given hereunder:

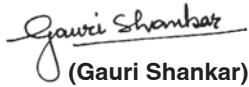
	2014-15	2013-14
a) The Principal Assumptions used in actuarial valuation are as under:		
Attrition Rate (per annum)	2.00%	2.00%
Imputed Rate of Interest (per annum)	7.95%	9.10%
Salary Rise (per annum)	10.00%	8.00%
Remaining Working Life (in years)	21.61	21.45
Mortality Rate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate
b) Changes in the present value of the Long Term Obligations		(₹ in lacs)
Present Value of obligations at the beginning of the I.V.P.	48.05	42.14
Interest Cost	3.54	3.43
Current Service Cost	25.89	16.70
Benefits Paid	(6.94)	(8.87)
Actuarial (Gain) / Loss on obligation	9.92	5.34
Present Value of obligations at the end of the I.V.P.	80.47	48.05
		(₹ in lacs)
c) Short Term Obligations	8.94	3.68
d) Fair Value of Plan Assets:		(₹ in lacs)
Fair Value of Plan Assets at the beginning of the I.V.P.	NIL	NIL
Actual Return of Plan Assets	NIL	NIL
Contribution	NIL	NIL
Benefits Paid	(6.94)	(8.87)
Fair Value of obligations at the end of the I.V.P.	NIL	NIL
Present Value of Long Term obligations at the end of the I.V.P.	80.47	48.05
Funded Status	(80.47)	(48.05)

	2014-15	2013-14
e) Amount to be recognized in the Balance Sheet:		(₹ in lacs)
Present Value of Long Term obligation at the end of the I.V.P.	80.47	48.05
Fair Value of the Assets at the end of the I.V.P.	NIL	NIL
Contribution	NIL	NIL
Funded Status	(80.47)	(48.05)
Unrecognized Actuarial (Gain) / Loss at the end of the I.V.P.	NIL	NIL
Net Asset / (Liability) Recognized in the Balance Sheet *	89.41*	51.73*
<i>*including short term liability of ₹8.94lacs (Prev. Year ₹ 3.68 lacs) as given in (c)</i>		
f) Expenses Recognized in the Statement of Profit and Loss:		(₹ in lacs)
Current Service Cost	25.89	16.70
Interest Cost	3.54	3.43
Benefits Paid	(6.94)	8.87
Expected Return of Plan Assets	NIL	NIL
Actuarial (Gain) / Loss recognized in the I.V.P.	9.92	(5.34)
Short Term Liability (Additional)	5.27	(7.66)
Expenses recognized in the Statement of Profit and Loss (LT- Additional)	39.35	14.79

NOTE – 2.32 – OTHERS

- Tax deducted at source on the interest, miscellaneous income and commission and fees during the financial year 2014-15, amounted to ₹322.42 lacs (Prev. Year ₹287.23 lacs).
- The Company does not have any foreign currency transactions whether by way of imports, exports or any expenditure. Therefore, no expenditure has been incurred in foreign currency in the current year as well as in the Prev. Year.
- Being a Level-1 enterprise, all the accounting standards are applicable to the company. However on the basis of operations carried out by the Company, AS-7, AS-11, AS-12, AS-14, AS-16, AS-19, AS-23, AS-24, AS-25 and AS-27 do not apply.
- There are no impairment losses. Therefore, the company has not accounted for any impairment losses.
- No expenditure on research and development has been incurred by the company.
- Provisions to the extent known and reasonable have been provided in the books of accounts.
- There are no contingent liabilities.
- There are no trade receivables as on March 31, 2015 and also as on March 31, 2014.
- Figures for the Prev. Year have been regrouped and rearranged wherever considered necessary, in order to make them comparable with those of the current period.

NOTE – 2.33 – EARNINGS PER SHARE (EPS)	2014–15	2013–14
Net Profit After Tax (Numerator) (₹ in lacs)	8961.41	6138.19
Weighted Average Number of Equity shares (Denominator) (in lacs)	1800.10	1800.10
Basic and Diluted Earnings Per Share (in ₹)	4.98	3.41
Face Value Per Share (in ₹)	10.00	10.00



(Gauri Shankar)
Director
DIN:06764026



(K.V. Brahmaji Rao)
Director
DIN:06861202



(O.P. Chawla)
Director
DIN:00026712



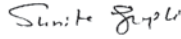
(S.K. Soni)
Director
DIN:00046856



(P.P. Pareek)
Director
DIN:00615296



(S.K. Dubey)
Managing Director
DIN:01770805




(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For **Kapoor Tandon & Co.**
Chartered Accountants



(Himanshu Kapoor)

Partner

Membership No.078180 FRN:000952C.

Date : April 29, 2015

Place : New Delhi

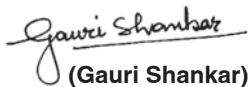
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(₹ in lacs)

	As at 31.03.2015		As at 31.03.2014	
PROFIT AS PER STATEMENT OF PROFIT AND LOSS	13389.26		9070.32	
Adjustment for				
Add: Depreciation of Fixed Assets	92.59		55.26	
Addl. Long Term Provision for Employee Benefits	32.42		5.91	
Loss on Sale of Fixed Assets	0.89	125.90	0.78	61.95
Operating Profit Before changes in Operating Activity	13515.16		9132.27	
CASH FLOW FROM THE OPERATING ACTIVITY				
Adjustment for Changes in Operating Activity				
Decrease/ (Increase) in Long Term Advances	(209.20)		(22.63)	
Decrease/ (Increase) in Current Inventory	(44834.37)		(13543.50)	
Decrease/ (Increase) in Trade Receivables	–		14.90	
Decrease/ (Increase) in Short Term Advances	(39.40)		(2.52)	
Decrease/ (Increase) in Other Current Assets	(223.38)		(2259.69)	
Increase / (Decrease) in Trade Payables	(3.51)		(15.12)	
Increase / (Decrease) in Current Liabilities	(167.57)		(8.37)	
Increase / (Decrease) in Short Term Provisions	55.85	(45421.58)	0.18	(15836.75)
CASH GENERATED FROM OPERATIONS	(31906.42)		(6704.48)	
Less : Net Tax paid				
Tax Refund	–		–	
Taxes Paid	(4521.15)	(4521.15)	(2737.23)	(2737.23)
(A) Net Cash Flow from Operating Activities	(36427.57)		(9441.71)	
CASH FLOW FROM THE INVESTING ACTIVITY				
Adjustment for Changes in Investing Activity				
Sale Proceeds of Fixed Assets	1.76		3.09	
Decrease/(Increase) in Non–Current Investment–HTM	36777.33		(51308.36)	
Purchase of Fixed Assets	(6.52)	36772.57	(32.56)	(51337.83)
(B) Net Cash Flow from Investing Activities	36772.57		(51337.83)	
CASH FLOW FROM THE FINANCING ACTIVITY				
Adjustment for Changes in Financing Activity				
Increase / (Decrease) in Secured/Unsecured Loans	9042.54		64575.21	
Dividend Distribution including Div. Distribution Tax	(1895.43)		(1579.52)	
Amount donated to Prime Minister's National Relief Fund under Corporate Social Responsibility Activity	(134.71)	7012.40	–	62995.69
(C) Net Cash Flow from Financing Activities	7012.40		62995.69	
CONSOLIDATED CASH FLOW DURING THE YEAR (A+B+C)	7357.40		2216.15	
Cash at the beginning of the year	31809.70		29593.55	
CASH AT THE END OF THE YEAR	39167.10		31809.70	
Balance with Reserve Bank of India	24.60		18.46	
Balance with PNB Current Accounts	2.29		7.62	

(₹ in lacs)

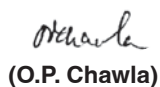
	As at 31.03.2015	As at 31.03.2014
Balance with Punjab National Bank in Fixed Deposits (maturing within 12 months) <i>(not available for use of the company)</i>	39099.00	31249.00
Balance with Other Banks (Bharatiya Mahila Bank) in fixed Deposits (maturing within 12 months)	0.00	500.00
Balance with Scheduled Banks earmarked towards Unclaimed Dividends <i>(not available for use of the company)</i>	40.89	34.30
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable <i>(not available for use of the company)</i>	0.32	0.32



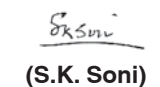
(Gauri Shankar)
Director
DIN:06764026



(K.V. Brahmaji Rao)
Director
DIN:06861202



(O.P. Chawla)
Director
DIN:00026712



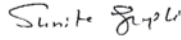
(S.K. Soni)
Director
DIN:00046856



(P.P. Pareek)
Director
DIN:00615296



(S.K. Dubey)
Managing Director
DIN:01770805

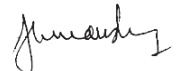


(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(Monika Kochar)
Company Secretary
Membership No.F6514

In terms of our report of even date
For **Kapoor Tandon & Co.**
Chartered Accountants



(Himanshu Kapoor)

Partner

Membership No.078180 FRN:000952C.

Date : April 29, 2015
Place : New Delhi

SCHEDULE TO THE BALANCE SHEET OF A NON-DEPOSIT TAKING NON-BANKING FINANCIAL COMPANY

[as required in terms of para 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 2007]

(₹ in lacs)

Particulars	Amount outstanding	Amount overdue
Liabilities Side :		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	-	-
: Unsecured	-	-
(Other than falling within the meaning of public deposits*)		
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-Corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (specify nature)	385791.11	-
Secured Loans		
1. Borrowings from RBI	127100.00	-
2. CBLO Borrowings	27515.74	-
3. Repo Borrowing	70479.95	-
4. Overdraft Borrowing	36099.47	-
Unsecured Loans		
1. Call Money Borrowings	67060.00	-
2. Inter Corporate Borrowings	-	-
3. Others	57535.95	-
* Please see Note 1 below		
Assets Side :		
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured	37.92	-
(b) Unsecured	945.41	-
(3) Break up of leased Assets and stock on hire and other assets counting towards AFC activities	NA	NA
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities	-	-
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above		

(₹ in lacs)

(4) Break-up of Investments / Stock-in-trade :		Amount outstanding		
Current investments (Stock-in-trade):				
1. Quoted :				
(I) Shares : (a) Equity		176.86	(Market Value ₹ 181.66 lacs)	
(b) Preference		-		
(ii) Debentures and Bonds		53517.43	(Market Value ₹ 54411.41 lacs)	
(iii) Units of mutual funds		-		
(iv) Government Securities		307818.99	(Market Value ₹ 308002.60 lacs)	
(v) Others (Please specify) CDs		22040.51	(Market Value ₹ 22040.51 lacs)	
2. Unquoted :				
(I) Shares : (a) Equity		-		
(b) Preference		-		
(ii) Debentures and Bonds		-		
(iii) Units of Mutual Funds		-		
(iv) Government Securities		-		
(v) Others (please specify)		-		
Long Term Investments :				
1. Quoted :				
(I) Shares : (a) Equity		-		
(b) Preference		-		
(ii) Debentures and Bonds		-		
(iii) Units of mutual funds		-		
(iv) Government Securities		32760.61	(Market Value ₹33204.34 lacs)	
(v) Others (Please specify)		-		
2. Unquoted :				
(I) Shares : (a) Equity		-		
(b) Preference		-		
(ii) Debentures and Bonds		-		
(iii) Units of Mutual Funds		-		
(iv) Government Securities		-		
(v) Others (please specify)		-		
(Term Deposit)		-		
TOTAL :		416314.40		
(5) Borrower group-wise classification of Assets financed as in (2) and (3) above : (Please see Note 2 below)				
Category	Amount net of provisions			
	Secured	Unsecured	Total	
1. Related Parties **	-	-	-	
(a) Subsidiaries	-	-	-	
(b) Companies in the same group	-	-	-	
(c) Other related parties	-	-	-	
2. Other than related parties	-	-	-	
TOTAL	-	-	-	

(₹ in lacs)

(6) Investor group-wise classification of all investments (current and long term) in shares and Securities (both quoted and unquoted) :
(Please see note 3 below)

Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	–	–
(b) Companies in the same group	2497.32	2490.50
(c) Other related parties	–	–
2. Other than related parties	415556.62	413823.90
TOTAL	418053.94	416314.40

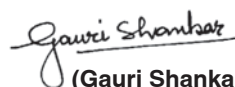
** As per Accounting Standard of ICAI (Please see Note 3)

(7) Other Information

Particulars	Amount
(I) Gross Non-Performing Assets	–
(a) Related Parties	–
(b) Other than related parties	–
(ii) Net Non-Performing Assets	–
(a) Related Parties	–
(b) Other than related parties	–
(iii) Assets acquired in satisfaction of debt	–

Notes :

- As defined in paragraph 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All applicable Accounting Standards (as mentioned in Note No. 2.32 of Financial Statements) and guidance notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.


(Gauri Shankar)


Director

DIN:06764026


(K.V. Brahmaji Rao)


Director

DIN:06861202


(O.P. Chawla)


Director

DIN:00026712


(S.K. Soni)

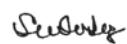
Director

DIN:00046856


(P.P. Pareek)

Director

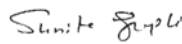
DIN:00615296



(S.K. Dubey)

Managing Director

DIN:01770805



(Sunita Gupta)

Executive Director & CFO


DIN:06902258



(Monika Kochar)

Company Secretary
Membership No.F6514

In terms of our report of even date
For **Kapoor Tandon & Co.**
Chartered Accountants


(Himanshu Kapoor)

Partner

Membership No.078180 FRN:000952C.

Date : April 29, 2015

Place : New Delhi



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

PNB GILTS LTD.

CIN : L74899DL1996PLC077120
Regd. Office : 5, Sansad Marg, New Delhi – 110001
Tel: 011-23325759, 23325763,
Fax: 011-23325751, 23325763
E-mail ID: pnbgilts@pnbgilts.com Website: www.pnbgilts.com

Name of the member(s):
Registered Address:
E-mail ID:
Folio No./Client ID:
DP ID:

I/We, being the member(s) of shares of the above named company, hereby appoint:

- Name:
Address:
E-mail ID:..... Signature:, or failing him
- Name:
Address:
E-mail ID:..... Signature:, or failing him
- Name:
Address:
E-mail ID:..... Signature:

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 19th Annual General meeting of the Company to be held on Saturday, the 19th day of September, 2015 at 11:00 a.m. at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi – 110 054 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	For	Against
Ordinary Business			
1	Adoption of financial statements of the Company for the year ended March 31, 2015, and the Reports of the Directors' and Auditors' thereon.		
2	Declaration of final dividend of Rs. 1.50 per Equity Share for the year ended March 31, 2015		
3	Appointment of Director in place of Smt. Sunita Gupta (DIN: 06902258), who retires by rotation and being eligible, offers herself for reappointment.		
4	Authorization to Board of Directors to fix the remuneration of the Statutory Auditor(s) of the Company as and when appointed by the Comptroller and Auditor General of India for FY 2015-16		
Special Business			
5	Appointment of Sh. Gauri Shankar (DIN: 06764026), as a Director liable to retire by rotation		
6	Appointment of Sh. K. V. Brahmaji Rao (DIN: 06861202), as a Director liable to retire by rotation		
7	Re-appointment of Sh. S. K. Dubey (DIN: 01770805) as Managing Director for a period effective from 01.07.2015 to 30.06.2016		
8	Adoption of new Articles of Association of the Company		

Signed this day of, 2015

Signature of Member: Signature of Proxy holder(s):

Affix Revenue Stamp (not less than Rs. 0.15)
--

Notes:

- This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
- It is optional to indicate your preference. Please put 'X' in the appropriate column against the resolution indicated in the Box. If you leave the For or Against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

FINANCIALS AT A GLANCE

FINANCIAL PARAMETERS

	2014-15 (%)	2013-14 (%)
Financial Performance		
Interest Income/ Total Income	81.19	87.83
Trading Income/ Total Income	18.50	9.07
Other Income/ Total Income	0.30	3.10
Interest Expense/ Total Income	63.54	70.08
Interest Expense/ Total Expense	94.35	94.96
Establishment Expense/ Total Expense	1.82	1.55
Admn and other Expense/ Total Expense	3.84	3.49
PBT/ Total Income	32.66	26.19
PAT/ Total Income	21.86	17.73
Human Assets		
Security Turnover per employee (₹ in Crore)	14609.40	10431.48
Profit before tax per employee (₹ in Crore)	3.83	2.75
Average Age of the employees (years)	38.00	38.00
Per Share Data		
Earnings Per Share (in ₹)	4.98	3.41
Cash Earnings Per Share (in ₹)	7.35	5.19
Book Value Per Share (in ₹)	39.89	36.81
Price Earnings, end of year (in ₹)	6.02	5.03
Price/ Cash Earnings, end of year (in ₹)	4.08	3.30
Price/ Book Value, end of year (in ₹)	0.75	0.47
Dividend Per Share (in ₹)	1.5	0.90

Financials: Last 10 Years

(₹ in Crore)

Financials\Financial Year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
INCOME	127.06	126.14	172.63	112.47	101.73	103.09	165.30	288.65	346.26	410.01
I Interest & Discount on Securities	143.43	156.70	181.57	135.92	121.21	108.19	175.28	244.37	304.12	332.91
II Profit on Sale of Securities	(22.86)	(35.07)	(12.97)	(31.10)	(30.78)	(11.28)	(14.51)	40.06	31.41	75.85
III Other Income	6.49	4.51	4.03	7.65	11.30	6.18	4.53	4.22	10.73	1.25
EXPENDITURE	98.54	109.75	105.62	74.35	45.70	59.05	135.66	199.88	255.56	276.12
I Interest Expenses	91.69	103.37	98.87	67.12	34.57	51.57	125.67	188.65	242.67	260.51
II Operating Expenses	6.06	5.76	6.22	6.78	6.83	6.56	9.08	10.53	12.34	14.68
III Depreciation on fixed assets	0.79	0.63	0.53	0.45	0.46	0.91	0.91	0.70	0.55	0.93
IV Bad debts written off					0.02	0.01				
Prov. Against overdue call lending					3.82					
PROFIT BEFORE TAX	28.52	16.38	67.01	38.12	56.03	44.04	29.64	88.77	90.70	133.89
Less Prov./ (Release) for Taxation	(1.12)	0.42	21.85	13.63	19.33	13.47	8.59	27.52	29.32	44.28
PROFIT AFTER TAX	29.64	15.96	45.16	24.49	36.70	30.58	21.05	61.25	61.38	89.61
PAID UP CAPITAL	135.01	135.01	135.01	135.01	135.01	135.01	135.01	135.01	180.01	180.01
RESERVES	355.40	371.36	392.82	404.68	425.59	437.28	442.64	488.08	485.51	541.00
NET WORTH	485.58	502.85	525.41	538.48	557.76	568.92	574.69	620.08	662.53	718.06
Turnover (Primary + Secondary)	53390	33552	59868	62187	63726	87858	249382	241137	344239	511329

**NECS (NATIONAL ELECTRONIC CLEARING SYSTEM) MANDATE FORM
FOR PAYMENT OF DIVIDEND ON EQUITY SHARES***

(For Shareholders holding shares in Physical Form)

To,
MSC Ltd.
(Unit : PNB GILTS)
F-65, 1st Floor, Okhla Industrial Area, Phase-1,
New Delhi-110020

Dear Sir,

I hereby authorize PNB Gilts Ltd. To credit dividend (to be declared in future, if any) amount directly to my bank account through NECS, details of which are as under:

1. First / Sole Shareholder's Name (in Block letters) :
2. Address :
3. Regd. Folio No. :
(If shares are in Physical Form)
DP ID No. and Client ID No. :
(If shares are in Dematerialised Form)
4. Telephone No. :
5. E-mail ID :
6. Particulars of Bank Account :
 - A. Bank Name
 - B. Branch Name & Address (with Pin code & Tel. No.) :
 - C. Bank Account No. (as appearing on the Cheque Book) :
 - D. Account Type (Please tick) : SB Current Cash Credit Others
 - E. 9 Digit MICR Code No. of the Bank & Branch :
 - appearing on the MICR cheque issued by the bank :
7. Please attach a photocopy of a cheque leaf or a bank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the above mentioned code numbers.

****Shareholders holding shares in Demat Form – Please send a similar duly filled in form to your Depository Participant***

DECLARATION

I hereby declare that the particulars given above are correct and complete. If the transition is delayed or not effected at all for reason of incomplete or incorrect information, I would not hold PNB Gilts Ltd. responsible. In case of NECS facility not being available for any reason, the account details provided above may be incorporated in the payment instrument.

Place:

Signature of the first / sole shareholder

Date :

Notes :

1. If above mandate has already been submitted, please ignore this communication.
2. Kindly fill all columns. Incomplete forms shall not be entertained.
3. Please note that NECS facility is available only at Core Banking Solution Branches (CBS Branches) of the Banks. Therefore, please ensure that you provide only your new bank account number (not more than 15 digits), allotted by your Bank post implementation of Core Banking System, to avail NECS.

..... Tear Here
In case the shareholder is not in a position to give bank "cancelled" cheque or a photocopy thereof, a certificate of the shareholder's Bank may be furnished as under:

Certificate of the Shareholder's Bank

(To be submitted only if blank "cancelled" cheque or a photocopy thereof is not enclosed)

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp :

Date :

"Signature of the Authorised official of the Bank

E-COMMUNICATION REGISTRATION FORM*

(For Shareholders Holding Shares in Physical Form)

To,
MSC Ltd.
(Unit : PNB GILTS)
F-65, 1st Floor, Okhla Industrial Area
Phase-1, New Delhi-110020.

Dear Sir,

REG : Green Initiative in Corporate Governance

I agree to receive all communication from the company in electronic mode. Please register my e-mail id in your records for sending communication through e-mail.

Folio No. :

Name of 1st Registered Holder (In Block Letters) :

Name of Joint Holder(s) :

Registered Address :

Contact No. (In Block Letters) :

E-mail ID :

Date : Signature of the first holder.....

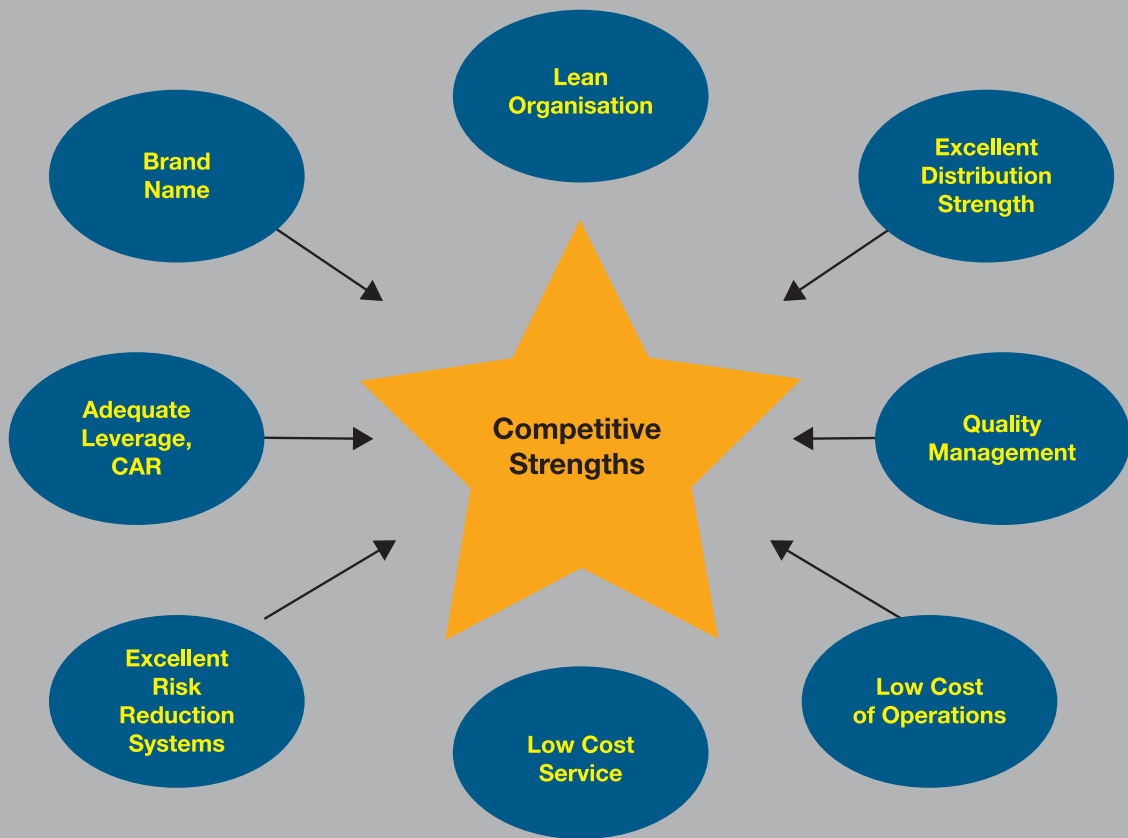
****Shareholders holding shares in Demat form – Please send same information by quoting your DP ID & Client ID to your Depository Participant to avail this facility.***

REQUEST – In addition to above, please send a test mail from your Email ID (mentioning therein your folio no. and your intention to avail e-communication facility) to our email id (m.kochar@pnbgilts.com) so that puncing errors be avoided at the time of feeding of information in the system, which will be done on receipt of duly signed format.

Important Notes :

- 1) On registration, all the communication will be sent to the e-mail ID registered in the folio.
- 2) The form is also available on the website of the company www.pnbgilts.com
- 3) Shareholders are requested to keep company informed as and when there is any change in the e-mail address. Unless the email id given hereunder is changed by you by sending another communication in writing, the company will continue to send the notices/documents to you on the above mentioned email ID.

OUR STRENGTHS



COMPANY SECRETARY

Ms. Monika Kochar

STATUTORY AUDITORS

Kapoor Tandon & Co.
Chartered Accountants
21, Daya Nand Marg,
Above Muthoot Finance,
Darya Ganj, Delhi-110 003

INTERNAL AUDITORS

Ernst & Young LLP
The Ruby, 14th Floor,
29, Senapati Bapat Marg,
Dadar West
Mumbai-400 028

BANKERS

Reserve Bank of India
Punjab National Bank

REGISTERED – CUM – CORPORATE OFFICE

5, Sansad Marg, New Delhi - 110 001
Tel: 011-2332 5759 / 2332 5779
Fax No: 011-2373 5751
E-mail: pnbgilts@pnbgilts.com
Website: www.pnbgilts.com

BRANCHES

PNB House, Sir P. M.Road, Fort,
Mumbai - 400 001
Tel: 022-2269 1812, 2269 3314 / 15
Fax: 022-2269 1811, 2269 2248

C/o PNB Back Office
3rd Floor, Kuralagam Building
NSC Bose Road, Chennai - 600 108
Tel : 044-2533 1750, 2533 1752
Fax : 044-2533 0179

8, Ground Floor, Parshwanath Chambers,
Near New RBI, Income Tax Office
Ahmedabad-380 014
Tel: 079-2754 4245, 2754 2455
Fax: 079-2754 1808

NOTICE



Regd. Office : 5, Sansad Marg, New Delhi - 110 001
Tel : 011-23325759, 23325779; **Fax :** 011-23325751, 233252763
Website - www.pnbgilts.com, **E-mail ID -** pnbgilts@pnbgilts.com
CIN : L74899DL1996PLC077120

Notice is hereby given that the 19th Annual General Meeting (AGM) of members of PNB Gilts Limited will be held on Saturday, September 19, 2015, at 11:00 a.m. at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi – 110054, to transact the following businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2015 and the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of ₹ 1.50 per Equity Share for the year ended March 31, 2015.
3. To appoint a Director in place of Smt. Sunita Gupta (holding DIN: 06902258), who retires by rotation and being eligible, offers herself for reappointment.
4. To authorize Board of Directors to fix remuneration of the Statutory Auditor(s) of the Company appointed by the Comptroller and Auditor General of India for the financial year 2015-16 and in this regard, if thought fit, to pass the following resolution:

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to fix the remuneration of Statutory Auditor(s), as and when appointed by the Comptroller and Auditor General of India for the financial year 2015-16.”

SPECIAL BUSINESS

5. To appoint Sh. Gauri Shankar (DIN: 06764026), as a Director and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and any other applicable law, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), Sh. Gauri Shankar (holding DIN : 06764026), Managing Director and CEO of Punjab National Bank, who was appointed as an Additional Director of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retire by rotation.”

6. To appoint Sh. K. V. Brahmaji Rao (DIN: 06861202), as a Director and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152, 161 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and any other applicable law, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), Sh. K. V. Brahmaji Rao (DIN: 06861202), Executive Director of Punjab National Bank, who was appointed as an Additional Director of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for

the office of the Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retire by rotation.”

7. To re-appoint Sh. S. K. Dubey (DIN: 01770805) as the Managing Director, and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 152, 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other applicable law, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the members be and is hereby accorded to the re-appointment of Sh. S. K. Dubey (holding DIN: 01770805) as the “Managing Director” of the Company for a period effective from July 1, 2015 to June 30, 2016, on the terms and conditions as set out in the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 attached to the notice;

RESOLVED FURTHER THAT the Board of Directors including its Committee(s) be and is hereby authorized to alter/modify and vary such terms and conditions of re-appointment including remuneration, subject to the relevant provisions of the Companies Act, 2013 including Schedule V of the said Act and Rules made thereunder.”

8. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 5, 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution and to the entire exclusion of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Directors and/or Company Secretary of the Company be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors



(Monika Kochar)
Company Secretary
FCS 6514

June 30, 2015

Regd. Off.: 5, Sansad Marg, New Delhi -110001
CIN: L74899DL1996PLC077120
E-mail: m.kochar@pnbgilts.com
Website: www.pnbgilts.com

NOTES :

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, (“the Act”) which sets out details relating to Special Business to be transacted at the AGM, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company.

Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/ authority, as may be applicable.

3. The Company has notified closure of Register of Members and the Share Transfer books from Saturday, September 12, 2015 to Saturday, September 19, 2015 (both days inclusive) in connection with (a) AGM and (b) to determine the entitlement of shareholders to receive the Final Dividend for the Financial Year 2014-15, if declared at 19th AGM of the Company.
4. The Transfer Deed(s) along with Share Certificate(s) received upto Friday, September 11, 2015 i.e. the previous day of the opening of Book Closure Dates shall be considered for entitlement of shareholders to receive the Final Dividend for FY 2014-15.
5. The dividend, as recommended by the Board, if declared, at the AGM, will be paid within 30 days from the date of declaration of the dividend to those members or their mandates whose names stand registered on the Company's Register of Members -
 - a) As Beneficial Owners as at the end of the business on September 11, 2015 as per the lists and details (including bank details) to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form ; and
 - b) As Members in the Register of Members of the Company on September 11, 2015, after giving effect to valid share transfers in physical form lodged with the Company on or before above said date.
6. Members holding shares in physical form are requested to notify the change of address (with pincode), dividend mandate, bank details (including complete details of bank account, branch and bank name, address of branch etc.), nomination etc. quoting reference of their folio number to the Share Transfer Agent(STA) at the following address:

MCS Share Transfer Agent Ltd.
(Unit - PNB Gilts Ltd.)
F-65, 1st Floor, Okhla Industrial Area
Phase - I, New Delhi-110 020
Tel : 011-41406149-52, Fax: 011-41709881,
Email ID– helpdeskdelhi@mcsregistrars.com
7. In case the mailing address mentioned on the Annual Report/Notice is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Share Transfer Agent cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members. Further, the members holding shares in the dematerialised mode may intimate all changes with respect to nomination, power of attorney, etc. to their depository participant (DP). These changes will be automatically reflected in the Company's records, which will help the Company to provide efficient and better service to members.
9. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment. None of the Directors is related to the other.

10. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2014-15 is being sent in the permitted mode.
11. Electronic copy of the Notice of the 19th Annual General Meeting of the Company inter-alia indicating the process and manner of remote e-voting is being sent to all the members whose email IDs are registered with the Company/ Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 19th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting is being sent in the permitted mode.
12. Members may also note that the Notice of the 19th Annual General Meeting and the Annual Report for 2014-15 will be available on the Company's website www.pnbgilts.com for downloading. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours (9:30 a.m. to 5:30 p.m.) on all working days except Saturdays upto and including the date of Annual General Meeting of the Company. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same by post, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: m.kochar@pnbgilts.com.
13. The Company's shares are listed on BSE Ltd. and National Stock Exchange of India Ltd. The listing fees of these Exchanges have been paid on time.

14. E-COMMUNICATION FACILITY

Shareholders are requested to avail E-Communication facility by registering their Email ID with MCS Share Transfer Agent Ltd., the Share Transfer Agent of the Company (in case the shareholding is in physical form) or with their Depository Participant (if the shareholding is in demat form) so as to enable the Company to send notice of AGM, Annual Report and such other important communication directly by e-mail. A format for registering email ID for shareholders holding shares in physical form is available in the Annual Report. Shareholders holding shares in demat form may also submit similar information to their Depository Participant to avail this facility.

15. NATIONAL ELECTRONIC CLEARING SERVICES (NECS)

The Reserve Bank of India has introduced National Electronic Clearing Services i.e. NECS to bring in further efficiency and uniformity in electronic credit and has instructed the banks to move to the NECS platform. The advantages of NECS over ECS (Electronic Clearing Services) include faster credit of remittance to beneficiary's account, wider coverage with no limitations of location in India besides ease of operations for remitting agencies.

NECS, for the purpose of centralized processing of instructions and efficiency in handling bulk transactions, is operational only for banks/bank branches leveraging on Core Banking Solution (CBS), which provide ten or more digit bank account numbers to its customers. Shareholders who wish to avail the NECS facility should therefore send the new bank account numbers, allotted by banks post implementation of CBS, to our Share Transfer Agent, MCS Share Transfer Agent Ltd. by filling up the NECS Mandate Form where shares are held in physical form or to their Depository Participant (DP) where shares are held in electronic form, in the event they have not done so earlier. A format of NECS mandate form is also available in Annual Report. Shareholders are therefore requested to fill the same and submit to MCS Share Transfer Agent Ltd. or to their DP, as the case may be.

16. NON-RECEIPT OF DIVIDEND

The Company has received back some undelivered envelopes containing dividend warrants in the past due to various reasons. As such, shareholders who have not received dividend(s) of previous years, are requested to contact the Company by giving details like Folio No./DP ID & Client ID, Address, Contact No. etc. Please refer

'Report on Corporate Governance' section in Annual Report for detailed explanation/procedure. The information of unpaid Dividend is also uploaded on the website (www.pnbgilts.com) of the Company.

17. REQUEST TO SHAREHOLDERS

- a) Due to strict security reasons, Mobile Phones, brief cases, eatables and other belongings are not allowed inside the auditorium.
- b) Shareholders may kindly note that no gift /coupon will be distributed at the 19th AGM in view of the strict guidelines issued by SEBI in this regard.
- c) Shareholders are advised to bring their attendance slip along with the copy of the Annual Report, as the same will not be distributed at the venue of the Annual General Meeting.

18. Voting through Electronic means

- I. In compliance with provisions of Clause 35B of Listing Agreement and Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide its members facility to exercise their right to vote on resolution proposed to be considered in 19th AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on September 15, 2015 (9:00 am) and ends on September 18, 2015 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 11, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
 - (i) Open email and then open PDF file viz; "PNB Gilts remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com>
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.

(vii) Select "EVEN" of PNB Gilts Limited.

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to abhishek@indiacp.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

(i) Initial password is provided as below/at the Remote E-voting Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast your vote.

VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the Downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990. In case of any clarification(s)/grievance(s) connected with the remote e-voting, you may contact Sh. Rajiv Ranjan, Assistant Manager, NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Phone No. 022-24994738, E-mail: evoting@nsdl.co.in or Toll Free No. 1800-222-990.

VII. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IX. The voting/remote e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 11, 2015.

X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as the cut-off date i.e. September 11, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/STA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

XI. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

XII. Mr. Abhishek Bansal, Advocate (Bar Council No. D/2726/2008) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.pnbgilts.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.
19. All documents referred to in the accompanying Notice and the Explanatory Statement subject to Section 102 of the Act, shall be open for inspection at the registered office of the company during normal business hours (9:30 a.m. to 5:30 p.m.) on all working days except Saturdays, upto and including the date of Annual General Meeting of the Company.

20. ATTENDANCE SLIP-CUM-ENTRY PASS

Shareholders/ Proxies/ Authorised Representatives are requested to affix their signatures at the space provided on the Attendance Slip-cum-Entry Pass and surrender the same at the AGM venue.

ANNEXURE TO NOTICE

I. Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 (the 'Act')

Item No. 5

The Board in its meeting held on March 25, 2015 appointed Sh. Gauri Shankar, Managing Director & CEO – Punjab National Bank as an Additional Director of the Company with effect from March 25, 2015. Pursuant to Section 161 of the Act, Sh. Gauri Shankar will hold office up to the date of ensuing AGM. The Company has received a notice under Section 160 of the Act, from a member proposing the candidature of Sh. Gauri Shankar for the office of Director.

Sh. Gauri Shankar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director.

Brief profile of Sh. Gauri Shankar, including nature of expertise, is provided at page no. 11 of the Notice.

Sh. K. V. Brahmaji Rao, Additional Director, being Executive Director of the Punjab National Bank i.e. promoter-cum-majority shareholder (74.07%) may be deemed to be concerned or interested in the appointment of Sh. Gauri Shankar. Further, Sh. Gauri Shankar, being an appointee, may also be deemed to be concerned or interested in this resolution.

Save and except the above, none of other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 5 of the Notice.

The Board commends the resolution set forth in Item No. 5 for the approval of members.

Item No. 6

The Board in its meeting held on November 1, 2014 appointed Sh. K. V. Brahmaji Rao¹, Executive Director – Punjab National Bank as an Additional Director of the Company with effect from November 1, 2014. Pursuant to Section 161 of the Act, Sh. K. V. Brahmaji Rao will hold office up to the date of ensuing AGM. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Sh. K. V. Brahmaji Rao for the office of Director.

Sh. K. V. Brahmaji Rao is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as Director.

Brief profile of Sh. K. V. Brahmaji Rao, including nature of expertise, is provided at page no. 11 of the Notice .

Sh. Gauri Shankar, Additional Director, being Executive Director (with additional charge of Managing Director and CEO) of the Punjab National Bank i.e., promoter-cum-majority shareholder (74.07%) may be deemed to be concerned or interested in the appointment of Sh. K. V. Brahmaji Rao. Further, Sh. K. V. Brahmaji Rao, being an appointee, may also be deemed to be concerned or interested in this resolution.

Save and except the above, none of other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 6 of the Notice.

The Board commends the resolution set forth in Item No. 6 for the approval of members.

Item No. 7

The Board of Directors in its meeting held on April 29, 2015, has, subject to the approval of members, re-appointed Sh. S. K. Dubey as Managing Director for a period effective from July 1, 2015 to June 30, 2016.

The terms and conditions of re-appointment of Sh. S. K. Dubey, Managing Director are given as under :

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

The remuneration of Sh. S. K. Dubey shall be governed by the provisions / service regulations of the Company as applicable to the Managing Director of the Company and any modifications, revision therein that may take place from time to time, subject to the limits prescribed under Schedule V of the Act.

Subject to the aforesaid, the salary, allowances and other perquisites of Sh. S. K. Dubey as approved by the Board in above said meeting is as under:

The total remuneration of Managing Director shall be ₹ 3,62,500/- per month (However, this will include the pension of ₹ 48019/- p.m. being paid by PNB, bringing the effective Cost to the Company (CTC) at ₹ 314481/- per month). The breakup of salary and allowances is as under-

1. Basic Pay : ₹ 1,35,000/- p.m.
2. Special Allowance : ₹ 55,000/- p.m.
3. Other Allowance : ₹ 78,997/- p.m.
4. Accommodation: In case he opts for company provided accommodation, an amount of ₹ 8,000/- p.m. will be recovered from salary.
5. Other Allowances/facilities/perquisites:
 - a. Entertainment Allowance: ₹9,000 p.m.

¹also known as Sh. K.V. Brahmajee Rao

- b. Newspaper & periodicals : ₹ 744 p.m.
- c. Medical Reimbursement: ₹ 1,250 p.m.
- d. Updation allowance: ₹ 7,500 p.m.
- e. Telephone reimbursement: ₹ 6,000 p.m.
- f. Conveyance : Company car with driver will be provided. Driver salary to the extent of ₹ 7500 p.m. (notional cost for the purpose of calculation of CTC) will be reimbursed.
- g. Conveyance allowance : Use of company's car for official purpose will be free. Journey to and from residence will be treated official duty. For the purpose of calculation of CTC, cost of petrol will be treated as ₹ 7,000 p.m.
- h. Leave Travel Concession (LTC): Once in two years, to home town /any wherein India by AC First class or air economy class for self and spouse. For encashment purpose, LTC will be ₹ 5625/- p.m.
- i. Leave Encashment: Accumulated Privilege Leave can be encashed at the time of availing/encashing LTC upto maximum of one month.
- j. Leave: As per company rules
- k. Travel: He may travel by train AC 1st Class or by Air (Economy class)
- l. Annual Health check up: Annual Health check up for self and spouse at company's cost. (Notional cost for the purpose of calculation of CTC towards this facility is ₹ 865/- p.m.)

The Managing Director shall not be entitled to sitting fees for attending the meetings of the Board of Directors of the Company or any committee or sub-committee thereof.

At present, he is one of the Key Managerial Personnel of the company.

Sh. S. K. Dubey satisfies all the conditions set out in Part – I of Schedule V to the Act and also conditions set out under Section 196(3) of Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 and 196 of the Act and has given his consent to act as Director.

Brief profile of Sh. S.K. Dubey, including nature of expertise, is provided at page no. 11 of the Notice.

Sh. S.K. Dubey, being an appointee, may be deemed to be interested or concerned in the Resolution at Item No. 7.

None of other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No. 7 of the Notice.

The above may be treated as written memorandum setting out the terms of re-appointment of Sh. S. K. Dubey under Section 190 of the Act.

The Board recommends the resolution set forth in Item No. 7 for the approval of members.

Item No. 8

The Articles of Association (“AOA”) of the Company as presently in force were amended in January 13, 2000 from what they were when the Company was incorporated in 1996. The existing AOA are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act. The Act is now largely in force. With the coming into force of the Act, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace

the Existing AOA by a new set of Articles. The new AOA to be substituted in place of the existing AOA are based on Table 'F' of the Act which sets out the model articles of association for a company limited by shares.

The existing AOA have been streamlined and aligned with the Act. Further, the statutory provisions of the Act which permit a company to do some acts "if so authorized by its articles" or provisions which require a company to do acts in a prescribed manner "unless the articles otherwise provide" have been specifically included.

The proposed new draft AOA is being uploaded on the Company's website for perusal by the shareholders and also available at the registered office of the company for inspection during normal business hours (9:30 a.m. to 5:30 p.m.) on all working days except Saturdays upto and including the date of Annual General Meeting of the Company. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

By Order of the Board of Directors
for **PNB Gilts Ltd.**



(Monika Kochar)
Company Secretary
FCS 6514

June 30, 2015

Regd. Off.: 5, Sansad Marg, New Delhi -110001
CIN: L74899DL1996PLC077120
E-mail: m.kochar@pnbgilts.com
Website: www.pnbgilts.com

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT THE BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED/ RE-APPOINTED ARE AS UNDER:

Name of Director	Sh. Gauri Shankar	Sh. K. V. Brahmaji Rao	Sh. S. K. Dubey	Smt. Sunita Gupta
Date of Birth	25/03/1956	16/05/1959	16/12/1951	18/08/1957
Date of Appointment/ Reappointment on the Board	25/03/2015	01/11/2014	03/06/2009	26/06/2014
Qualifications	B.Sc., B.Com, CAIIB-I	B.Sc	M.Sc., CAIIB	M.A. (Eco.), CAIIB
Expertise in Specific functional Area	He has more than 37 years of experience in Banking Industry. His forte has been finance, strategy & planning and HR development. He has also worked in the capacity of CFO of Bank of India	He is having 33 years experience in the banking industry with specialization in Integrated Risk Management, Management Advisory Services, Treasury, Finance etc.	He is having rich experience of around 36 years in senior capacities in PNB group especially in treasury and international banking operations.	She is having vast experience in treasury operations. She has served as an Economist in PNB for around 17 years and having an experience of 16 years in the Company in various senior capacities.
Directorship held in other public Companies (excluding foreign and private companies)	<ul style="list-style-type: none"> • Punjab National Bank • PNB Metlife India Ltd. • PNB Housing Finance Ltd. • PNB Investment Services Ltd 	<ul style="list-style-type: none"> • Punjab National Bank • PNB Investment Services Ltd 	Primary Dealers' Association of India.	-
Chairman / member of the Committee of the Board of Directors of the Company (only Audit Committee and Stakeholders' Relationship Committee)	-	-	Member – Stakeholders' Relationship Committee	-
Membership/ Chairmanship of Committee of other public Companies				
a) Audit Committee	Member – Punjab National Bank	Member – Punjab National Bank	-	-
b) Stakeholders' Relationship Committee	-	-	-	-
Number of Shares Held	Nil	Nil	Nil	Nil
Relationship between Directors	Nil	Nil	Nil	Nil



PNB GILTS LTD.

CIN : L74899DL1996PLC077120

Regd. Office : 5, Sansad Marg, New Delhi - 110001

Tel : 011-23325759, 23325779, Fax : 011-23325751, 23325763

Website: www.pnbgilts.com, E-mail ID: pnbgilts@pnbgilts.com

ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING

Regd. Folio No./DP.ID.No. _____ Client ID.No. _____

No. of Shares held _____

I _____ S/o/W/oD/o _____

Resident of _____ certify that I am a Member / Proxy for the member of the company.

I hereby record my presence at the Nineteenth Annual General Meeting of the Company at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi - 110054 on September 19, 2015 at 11:00 a.m.

Member's / Proxy's Name in Block Letter

Signature of Member/Proxy

Note: Please fill up this attendance slip and hand over at the entrance of the meeting hall.

ENTRY PASS

Member's / Proxy's Signature

Notes:

1. Please retain this till the conclusion of the meeting.
2. For strict security reasons mobile phones, brief cases and other belongings are not allowed inside the Auditorium.
3. Please bring your copy of the enclosed Annual Report.
4. In view of the strict guidelines issued by SEBI, no gifts/coupons will be distributed at the meeting.



Registered Office: 5, Sansad Marg, New Delhi -110001

Phone: 011-23325759, 23325779, **Fax :** 011-23325751, 23325763

Website: www.pnbgilts.com, **E-mail Id:** pnbgilts@pnbgilts.com, **CIN:** L74899DL1996PLC077120

Folio No./DP ID./Client ID:

Name:

Address:

Joint Holder(s):

No of share(s) held:

Dear Member,

Sub: Voting through electronic means

Pursuant to the Clause 35B of the Listing Agreement and the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, PNB Gilts Ltd. ("the Company") is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the 19th Annual General Meeting, scheduled to be held on Saturday, September 19, 2015 at 11:00 a.m. by electronic means ('remote e-voting').

The Company has engaged the services of National Securities Depository Limited (NSDL) as the Agency to provide remote e-voting facilities. The remote e-voting particulars are set out below:

EVEN (Remote E-voting Event Number)	User ID	Password / PIN

The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting : From 9:00 a.m. (IST) on September 15, 2015
End of remote e-voting : Up to 5:00 p.m. (IST) on September 18, 2015

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by the NSDL upon expiry of aforesaid period.

The cut-off date for the purpose of remote e-voting and voting at the Annual General Meeting is September 11, 2015.

Please read the instructions printed overleaf before exercising the vote. This Communication forms an integral part of the enclosed Notice dated June 30, 2015 for the 19th Annual General Meeting scheduled to be held on September 19, 2015.

The Notice of the Annual General Meeting and this Communication are also available on the website of the Company at www.pnbgilts.com.

New Delhi
June 30, 2015

Yours faithfully,
For **PNB Gilts Ltd.**

(Monika Kochar)
Company Secretary

Instructions and other information relating to e-voting are as under:

1. A. **In case a Member receives an email from NSDL** [for Members whose email IDs are registered with the Company/ Depository Participant(s)]:
 - (i) Open email and then open PDF file viz; PNB Gilts “remote e-Voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.
 - (vii) Select “EVEN” of PNB Gilts Limited.
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to abhishek@indiacp.com with a copy marked to evoting@nsdl.co.in
- B. **In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:**
 - (i) User ID and initial password as provided overleaf.
 - (ii) Please follow all steps from Sr.No.(i) to (xii) as mentioned in (A) above, to cast your vote.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the Downloads section of www.evoting.nsd.com or call on toll free no.: 1800-222-990. In case of any clarification(s)/grievance(s) connected with the remote e-voting, you may contact Sh. Rajiv Ranjan, Assistant Manager, NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013, Phone No. 022-24994738, E-mail: evoting@nsdl.co.in or Toll Free No. 1800-222-990.
3. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
5. The remote e-voting period commences on 15th September, 2015 (9:00 a.m.) and ends on 18th September, 2015 (5:00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 11th September 2015 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Further, the Members who have casted their vote electronically shall not be allowed to vote again at the Meeting.
6. The voting and e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 11, 2015.
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. September 11, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/STA.
8. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsd.com or contact NSDL at the following toll free no.: 1800-222-990.
9. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
10. Mr. Abhishek Bansal, Advocate (Bar Council No. D/2726/2008) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
11. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
12. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
13. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.pnbgilts.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.



PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

PNB GILTS LTD.

CIN : L74899DL1996PLC077120
Regd. Office : 5, Sansad Marg, New Delhi – 110001
Tel: 011-23325759, 23325763,
Fax: 011-23325751, 23325763
E-mail ID: pnbgilts@pnbgilts.com Website: www.pnbgilts.com

Name of the member(s):
Registered Address:
E-mail ID:
Folio No./Client ID:
DP ID:

I/We, being the member(s) of shares of the above named company, hereby appoint:

- Name:
Address:
E-mail ID: Signature:, or failing him
- Name:
Address:
E-mail ID: Signature:, or failing him
- Name:
Address:
E-mail ID: Signature:

as my/our proxy to attend and vote (on poll) for me/us and on my/our behalf at the 19th Annual General meeting of the Company to be held on Saturday, the 19th day of September, 2015 at 11:00 a.m. at Punjab National Bank Auditorium, Central Staff College, 8, Under Hill Road, Civil Lines, Delhi – 110 054 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	For	Against
Ordinary Business			
1	Adoption of financial statements of the Company for the year ended March 31, 2015, and the Reports of the Directors' and Auditors' thereon.		
2	Declaration of final dividend of Rs. 1.50 per Equity Share for the year ended March 31, 2015		
3	Appointment of Director in place of Smt. Sunita Gupta (DIN: 06902258), who retires by rotation and being eligible, offers herself for reappointment.		
4	Authorization to Board of Directors to fix the remuneration of the Statutory Auditor(s) of the Company as and when appointed by the Comptroller and Auditor General of India for FY 2015-16		
Special Business			
5	Appointment of Sh. Gauri Shankar (DIN: 06764026), as a Director liable to retire by rotation		
6	Appointment of Sh. K. V. Brahmaji Rao (DIN: 06861202), as a Director liable to retire by rotation		
7	Re-appointment of Sh. S. K. Dubey (DIN: 01770805) as Managing Director for a period effective from 01.07.2015 to 30.06.2016		
8	Adoption of new Articles of Association of the Company		

Signed this day of, 2015

Signature of Member: Signature of Proxy holder(s):

Affix Revenue Stamp (not less than Rs. 0.15)

Notes:

- This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting.
- It is optional to indicate your preference. Please put 'X' in the appropriate column against the resolution indicated in the Box. If you leave the For or Against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.
- A Proxy need not be a member of the Company.
- A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.