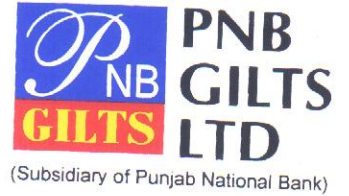


September 22, 2016



<p>The Manager - Listing BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.</p> <p><u>Scrip code: 532366</u></p>	<p>The Manager Listing National Stock Exchange Of India Ltd, Exchange Plaza, Bandra- Kurla Complex, Bandra (E), Mumbai- 400 051.</p> <p><u>Scrip code: PNBGILTS</u></p>
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Dear Sir / Madam,

Sub: Annual Report for FY 2015-16

Please find attached Annual Report for the financial year 2015-16 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly approved and adopted by the members in the 20th Annual General Meeting of the company held on 17.09.2016.

This is for your information and records.

Thanking you

Yours truly,
For PNB Gilts Ltd.

(Monika Kochar)
Company Secretary



The graphic for the 20th Annual Report features a large, stylized '20' in a gradient of blue and white, with a 'th' in blue. The text is set against a dark blue circular background. The overall design is dynamic, with multiple upward-pointing arrows of various sizes and colors (blue, white, and light blue) emerging from the bottom, set against a background of concentric circles and a dotted pattern.

**ANNUAL REPORT
2015-16**



Smt. Usha Ananthasubramanian
Chairperson



Shri K. V. Brahmaji Rao
Non-Executive Director



Shri S. K. Dubey
Managing Director



Smt. Sunita Gupta
Executive Director & CFO



Dr. Kamal Gupta
Independent Director



Shri S. K. Soni
Independent Director



Shri P. P. Pareek
Independent Director



Shri R.S. Ramasubramaniam
Independent Director

OUR MISSION AND VISION

**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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Chairperson's Letter to Shareholders

Dear Shareholders,

I extend my sincere greetings to all of you. It gives me great pleasure to present before you all the highlights of your Company's performance during the financial year 2015-16.

During Financial Year 2015-16, the global macroeconomic landscape witnessed a rough and uncertain terrain characterized by weak growth of world output. India's growth story, however, remained positive on the strength of domestic absorption, and the country registered a steady pace of economic growth in 2015-16 as it did in 2014-15. Additionally, other macroeconomic parameters like inflation, fiscal deficit and current account balance also exhibited distinct signs of improvement. However, weak growth in advanced and emerging economies took its toll on India's exports. As imports also declined, principally on account of reduced prices of crude oil, trade and current account deficits continued to be moderate. Further the Reserve Bank of India (RBI) continued with its accommodative monetary policy stance, reducing the key policy rate by a total of 75 basis points in two tranches during the year. The easing of the policy repo rate has been accompanied by a pick-up in the growth rates of reserve money (M0) and narrow money (M1).

The Government securities market, which is the core area of your Company's operations also witnessed extreme volatility. For the major part of the year yields kept moving up despite rate cuts by RBI. Barring high intensity global events that prompted sell-offs, the main reason for this directional mismatch was the demand supply gap in Government securities. The yields kept hardening up from October all the way to February. Uncertainty on the likely fiscal stance in the Union Budget pushed up the yields further. It was only after the Union Budget that the yields made a remarkable recovery in the month of March and closed the year at a much lower level of 7.46 per cent as against previous year close of 7.74 per cent.

Faced with the aforesaid macro economic conditions and market challenges, your Company maneuvered to its best ability to deliver profits during the year. During the year, the Company's Profit Before Tax stood at ₹ 51.47 crore as against ₹ 132.55 crore in the previous year. The Net Worth of the Company

increased to ₹ 731.22 crore as on March 31, 2016 as against ₹ 718.06 crore in previous year. The Company is adequately capitalized with Capital Adequacy Ratio of 68.07 per cent as on March 31, 2016, against RBI's minimum stipulation of 15 per cent.

I am equally pleased to share with you that your Company fulfilled all its obligations as a Primary Dealer by successfully achieving the stipulations laid down by the regulator. Besides, effective risk management systems kept the Company's risk profile in check throughout the year. 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.

Looking Ahead

With the new fiscal year upon us and optimistic macroeconomic outlook, your Company will primarily focus on improving its profitability. 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. The unseen challenges that lie ahead of us shall be met making best use of our skills, competencies and experience. Your Company's competent trading skills coupled with its strong risk management systems will ensure that the performance is strengthened in the year ahead.

I extend my gratitude to all the stakeholders-clients, shareholders, directors and employees for their persistent support, unwavering trust and tireless efforts to strengthen the market position of the Company. I assure that your Company will continue to remain committed to enhance value for all the stakeholders.

Yours Sincerely,



(Usha Ananthasubramanian)

Chairperson

DIN: 02784580

Date : July 1, 2016

BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the Twentieth Annual Report together with the Company's audited financial statements for the financial year ended March 31, 2016.

1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

The Company's financial performance, for the year ended March 31, 2016 is summarized below:

(₹ in lacs)

	For the year ended 31.3.2016	For the year ended 31.3.2015
Total Income	34339.65	41001.18
Less : Total Expenditure	29195.04	27746.63
Add: Prior Period Income	2.62	-
Profit/(loss) Before Tax	5147.23	13254.55
Less : Provision for Income Tax (including deferred tax)	1697.58	4427.85
Profit /(loss) After Tax	3449.65	8826.70
Add: Balance in Statement of Profit and Loss brought forward	12786.97	10103.02
Less : Adjustment for depreciation for Fixed Assets as per Schedule II of the Companies Act, 2013	-	24.95
Add: Prior Period Income	0.10	-
Amount available for Appropriation	16236.72	18904.77
Proposed Appropriations		
Transfer to Statutory Reserve	689.93	1792.28
General Reserve	-	-
Capital Reserve	356.56	1072.52
Proposed Dividend	1980.11	2700.15
Dividend Distribution Tax	403.10	552.85
Balance carried forward	12807.02	12786.97

During FY 2015-16, 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 44.35 per cent in both H1 and H2. In G-sec category, Company fulfilled the underwriting commitments, thereby supporting the government borrowing program.

During FY 2015-16, the yields on Government Securities trended down, with the ten-year benchmark yield moving down to 7.46 per cent as on March 31, 2016 as against previous year close of 7.74 per cent. Though the yields on point to point basis declined, the market remained highly volatile with the yields moving up for major part of the year. This was despite an accommodative stance by RBI with a cut in repo rate of 75 basis points. Inflation was well contained and Current Account Deficit was comfortable with a slump in global prices of oil and gold. Internationally too, the major economies like Euro zone, China, Japan were on an easing path whilst USA raised the rates.

The demand supply gap in the Government Securities and enhanced supply of normal State Developmental Loans led to a directional mismatch. The uncertainty hanging over the issuance of UDAY bonds also weighed heavily on market. Further, despite accommodative Monetary Policy stance, RBI kept the system liquidity in deficit mode with average liquidity deficit of more than ₹ 1.00 lac crore. It was only from February, 2016 end onwards, with the completion of Government Borrowings and aggressive OMO purchases by RBI that this demand-supply mismatch was reversed. This was further aided by the fiscal deficit pegged at 3.5 per cent per cent for FY '17, reduction in small savings rate, lower retail inflation and a positive early expectation of a normal monsoon. Accordingly the yield on 10-year benchmark Government Security which opened the year at 7.74 per cent, touched a high of 7.99 per cent, closed the year at 7.46 per cent.

Against the backdrop of extreme volatile market conditions, your Company managed to post a Profit Before Tax of ₹ 5147.23 lacs as against ₹ 13254.55 lacs in FY 2014-15. During the year, the net revenue from operations of your Company stood at ₹ 34322.40 lacs. Profit after Tax stood at ₹ 3449.65 lacs vis-à-vis ₹ 8826.70 lacs in the previous fiscal.

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, 2016 stood at 68.07 per cent as against the RBI stipulation of 15 per cent.

Dividend

Your Board has recommended a final dividend of ₹ 1.10 (i.e. 11 per cent) per equity share (last year ₹ 1.50 per equity share) for the financial year ended March 31, 2016, subject to approval in the ensuing Annual General Meeting. The total outflow on account of said dividend shall be ₹ 2383.21 lacs (including Dividend Distribution Tax of ₹ 403.10 lacs).

Transfer to Reserves

Your Company proposes to transfer ₹ 689.93 lacs in Statutory Reserve as required under the provisions of Section 45-IC of the Reserve Bank of India Act, 1934. ₹ 356.56 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 as stipulated in Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is enclosed with the 'Report on Corporate Governance' forming part of the Board's Report.

Number of meetings of the Board

The Board met six times during the financial year 2015-16 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

Sh. Gauri Shankar (DIN: 02660553), who was appointed as a Non-Executive Director in the Annual General Meeting held on September 19, 2015, has demitted office effective from September 21, 2015. The Board places on record its appreciation for the services rendered by him during his tenure in the Company.

Dr. O. P. Chawla (DIN: 00026712), Independent Director, resigned from the directorship of the company with effect from November 16, 2015 stating his inability to continue due to his old age. The Board places on record its appreciation for the services rendered by him during his tenure in the Company.

During the year 2015-16, the members in their Annual General Meeting held on September 19, 2015 approved the appointment of Sh. K. V. Brahmaji Rao (DIN: 06861202), Additional Director as Non-Executive Director.

In the same Annual General Meeting, the members appointed Smt. Usha Ananthasubramanian (DIN: 02784580) as Non-Executive Director of the Company.

The members also approved reappointment of Sh. S. K. Dubey (DIN: 01770805) as Managing Director for a period from July 1, 2015 to June 30, 2016. Further, on the recommendation of Nomination and Remuneration Committee, the Board in its meeting held on May 16, 2016 re-appointed Sh. S.K. Dubey as Managing Director for a period effective from July 1, 2016 to January 31, 2018, subject to the shareholders approval in the ensuing Annual General Meeting.

During the year, on recommendation of Nomination and Remuneration Committee, the Board in its meeting held on February 3, 2016 appointed Sh. R. S. Ramasubramaniam (DIN : 00008937) as an Additional Director in the category of Independent Director for a term of 5 consecutive years effective from February 3, 2016, subject to the shareholders approval in the ensuing Annual General Meeting. Sh. R. S. Ramasubramaniam has submitted the required declaration of independence as required under Section 149(7) of the Companies Act, 2013. In the opinion of Board, Sh. R. S. Ramasubramaniam fulfills the conditions specified under the Companies Act, 2013 and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and he is independent of the management.

Further, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Sh. S.K.Dubey (DIN: 01770805) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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/1461912736.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/1459924857.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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 ¹	Member
Sh. S. K. Soni	Member
Sh. P. P. Pareek	Member
Sh. R. S. Ramasubramaniam ²	Member

¹ Resigned from the directorship of the company w.e.f. November 16, 2015.

² Appointed as Member of the above Committee w.e.f. March 22, 2016.

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

Corporate Social Responsibility (CSR) Committee

The composition of the CSR Committee is as under –

Name of Director	Position
Sh. K. V. Brahmaji Rao	Chairman
Dr. Kamal Gupta	Member
Sh. S. K. Dubey	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/1461912787.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 year 2015-16 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 directors and 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. During the year under review, no matter has been reported 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 at arm's length (except those given in form AOC-2 at Annexure C). 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/governance/1461912704.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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 2015-16 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, 2016, 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, 2016 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 2015-16, 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, 2016, 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, 2016. 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 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 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 2015-16, 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. Timeliness of submission of all the periodic statutory returns/forms etc. to regulatory bodies was also checked by the Auditor.

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

The Company is a Primary Dealer as defined and regulated by the Reserve Bank of India and is not a manufacturing company, hence the particulars required to be disclosed with respect to conservation of energy and technology absorption in terms of Section 134(3)(m) of the Companies Act, 2013 and the Rules made thereunder are Not applicable/ Nil.

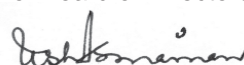
However, every endeavour is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible. Your Company has installed the integrated treasury management software and RBI's Negotiated Dealing System with the help of The Institute for Development and Research in Banking Technology (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.

Your 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


(Usha Ananthasubramanian)
Chairperson
DIN: 02784580

Date : July 14, 2016
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.

* Refer Page no. 41 for additional information.

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.

Date : July 14, 2016

Place: New Delhi

On behalf of Board of Directors

A handwritten signature in black ink, appearing to read 'Usha Ananthasubramanian'.

(Usha Ananthasubramanian)

Chairperson

DIN: 02784580

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/1461912787.pdf>.

2. Composition of the CSR Committee

The composition of the CSR Committee is as under –

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

3. Average Net Profit of the Company for last 3 financial years : ₹ 9859.41 lacs

4. Prescribed CSR expenditure (2 per cent of amount) – ₹ 197.19 lacs

5. Details of CSR spent during the financial year:

a) Total amount to be spent during the financial year – ₹ 197.19 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 and district 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 expenditure up to the reporting period	Amount spent:Direct/ through implementing agency
1	Contribution to Prime Minister's National Relief Fund	-	-	₹ 198.09 lacs	₹ 198.09 lacs (Direct)	₹ 198.09 lacs	Direct – ₹ 198.09 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 : April 29, 2016
Place : New Delhi



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



(K. V. Brahmaji Rao)
Chairman, CSR Committee
DIN: 06861202

Form AOC-2

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, 2016, 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	Punjab National Bank (PNB), parent bank
2	Nature of contracts/ arrangements/transactions	Availing or rendering of any services	Leasing of property (business and residential premises)
3	Duration of the contracts / arrangements/transactions	Mutual arrangement on continuous basis for holding various meetings like meetings of Board and its Committees, general meetings and other meetings of the company at the premises of PNB and vice-a-versa.	<p>1. Business premises from PNB taken on lease / rent sharing arrangement –</p> <p>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.</p> <p>b. Mumbai Branch Office: At present, the lease for 5 years is effective from September, 2011, renewable after every five years.</p> <p>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).</p> <p>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.</p>
4	Salient terms of the contracts or arrangements or transaction including the value, if any	No transaction value is there as these transactions are being done in view of parent-subsidiary relationship and on mutual understanding.	<p>a. Delhi Branch Office: Rent at present is ₹ 283600/- p.m. plus service tax.</p> <p>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.</p>

			<p>c. Chennai Branch Office: Rent at present ₹ 21030/- p.m. plus taxes. The same is subject to enhancement as may be done by abovesaid State Govt Department.</p> <p>d. Residential premises: Rent is as per the lease entitlement of PNB officers in PNB.</p>
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-subsidiary relationship.	<p>The Company and parent bank are entering into these transactions due to its parent-subsidiary relationship. As a matter of policy, the Company does not enter such property related transactions with outside parties.</p> <p>Further, the Company will also be able to get their residential flats vacated at any time they need the same for their officers/sale.</p>
6	Date(s) of approval by the Board	03.08.2015	29.01.2015
7	Amount paid as advances, if any	Nil	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	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, 2016.

Date : July 14, 2016

Place : New Delhi

On behalf of Board of Directors



(Usha Ananthasubramanian)

Chairperson

DIN: 02784580

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 2015-16

(₹ in Lacs)

Sl. No	Name of Director	Director's Remuneration	Employee Median Remuneration	Ratio (No. of times)
1	Smt. Usha Ananthasubramanian *	0.45	11.88	0.04
2	Sh. Gauri Shankar*	0.30		0.03
3	Sh. K. V. Brahmaji Rao	0.80		0.07
4	Dr. O. P. Chawla*	0.70		0.06
5	Dr. Kamal Gupta	2.50		0.21
6	Sh. S. K. Soni	3.05		0.26
7	Sh. P. P. Pareek	1.60		0.13
8	Sh. R. S. Ramasubramaniam*	0.50		0.04
9	Sh. S. K. Dubey	49.01**		4.21
10	Smt. Sunita Gupta	39.63***		3.52

*sitting fee paid for part of the year.

** In addition, salary arrears of Rs. 1.03 lacs (last year : Rs. NIL) paid in 2015-16.

*** In addition, salary arrears of Rs. 2.19 lacs (last year : Rs. NIL) paid in 2015-16.

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	Smt. Usha Ananthasubramanian	*
2	Sh. Gauri Shankar	*
3	Sh. K. V. Brahmaji Rao	*
4	Dr. O. P. Chawla**	*
5	Dr. Kamal Gupta**	(20.00)
6	Sh. S. K. Soni**	(9.85)
7	Sh. P. P. Pareek**	50.00
8	Sh. R. S. Ramasubramaniam**	*
9	Sh. S. K. Dubey	61.06
10	Smt. Sunita Gupta	51.78
11	Smt. Monika Kochar	36.82

* Details not given, as they were directors only for part of the financial year 2014-15/2015-16.


** received only sitting fee during the year.

- c. In the financial year 2015-16, there was an increase of 24.82 per cent in the median remuneration of employees.
- d. Total number of employees of the Company as on March 31, 2016 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 (PBT) for the financial year decreased by 61.17 per cent, whereas the average increase in remuneration was 35.13 per cent. The company managed to post the PBT of ₹ 5147.23 lacs despite the market remained highly volatile with the yields moving up for major part of the year. Further, the remuneration includes variable pay (Performance linked incentive) which is paid based on performance of the company and employee in the last financial year i.e. on deferred basis. The remuneration is in line with industry benchmarks.
- f. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:
The Total Remuneration of KMPs increased by 61.18 per cent from ₹ 64.40 lacs in 2014-15 to ₹ 103.80 lacs in 2015-16, whereas the Profit Before Tax decreased by 61.17 per cent from ₹ 13254.55 lacs in 2014-15 to ₹ 5147.23 lacs in 2015-16. The remuneration is in line with the industry benchmarks and as explained above in point e, it also includes variable pay which is paid on deferred basis.
- g. i. The market capitalization of the company was ₹ 45452.56 lacs as on March 31, 2016 as against ₹ 54003.04 lacs as at March 31, 2015.
ii. The Price Earnings Ratio was 13.15 as on March 31, 2016 as against 6.12 as on March 31, 2015.
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 ₹ 38.50 (adjusted for bonus issue) as on March 31, 2016 indicating a compounded growth rate of 1.57 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 2015-16 was 35.39 per cent whereas the increase in managerial remuneration was 66.19 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 Primary Dealer 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	49.01	0.010
Smt. Sunita Gupta	39.63	0.008
Smt. Monika Kochar	15.16	0.003

- 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


(Usha Ananthasubramanian)

Chairperson
DIN: 02784580

Date : July 14, 2016
Place: New Delhi

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016
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 4 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, 23325779 Fax : 011-23325751, 23325763 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 Share Transfer Agent 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)	93.61

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 (31.03.2015)				No. of Shares held at the end of the year (31.03.2016)				% 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	12065	0	12065	0.01	71522	0	71522	0.03	0.02
	(b) Banks / FI	897723	0	897723	0.50	914419	0	914419	0.51	0.01
	(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	1108622	0	1108622	0.62	1108622	0	1108622	0.62	0
	(g) FII's	1000	0	1000	0	467256	0	467256	0.26	0.26
	(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):-	2019410	0	2019410	1.12	2561819	0	2561819	1.42	0.30
(2)	NON-INSTITUTIONS									
	(a) Bodies Corporate									
	(i) Indian	7910921	174392	8085313	4.49	6238257	165459	6403716	3.56	-0.93
	(ii) Overseas	0	0	0	0	0	0	0	0	0
	(b) Individuals									
	(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	17666722	338460	18005182	10.00	18595936	328327	18924263	10.51	0.51
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	15772757	34665	15807422	8.78	15810834	34665	15845499	8.80	0.02
	(c) Others									
	(i) Trusts and Foundations	11965	0	11965	0.01	11699	0	11699	0.01	0.00
	(ii) Non-Resident Individuals	2745244	932	2746176	1.53	2927540	932	2928472	1.63	0.10
	(iii) Directors and their relatives	1333	0	1333	0	1333	0	1333	0	0
	Sub-total (B)(2):-	44108942	548449	44657391	24.81	43585599	529383	44114982	24.51	-0.30
	Total public shareholding (B)=(B)(1)+(B)(2)	46128352	548449	46676801	25.93	46147418	529383	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)	179461685	548449	180010134	100.00	179480751	529383	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):

Sl. No.	Name	Shareholding		Date	Increase/ (Decrease) in share-holding	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No of Shares at the beginning (01-04-15)/ end of the year (31-03-2016)	% of total shares of the Company				No of shares	% of total Shares of the company
1	Girdharilal V Lakhi	1414252	0.79	01/04/2015				
		1414252	0.79	31/03/2016	0	Nil	1414252	0.79
2	Mala Rajan Bharvani	1345208	0.75	01/04/2015				
		1345208	0.75	31/03/2016	0	Nil	1345208	0.75
3	Ashok Kothari	0	0.00	01/04/2015				
				26/02/2016	87800	Transfer	87800	0.05
				04/03/2016	202200	Transfer	290000	0.16
				11/03/2016	210000	Transfer	500000	0.28
				18/03/2016	298000	Transfer	798000	0.44
		798000	0.44	31/03/2016			798000	0.44
4	Dilipkumar Lakhi	745983	0.41	01/04/2015				
		745983	0.41	31/03/2016	0	Nil	745983	0.41

5	Kothari Industrial Development Corporation Ltd	500000	0.28	01/04/2015				
				31/07/2015	(10000)	Transfer	490000	0.27
		490000	0.27	31/03/2016			490000	0.27
6	Manish Lakhi	767326	0.43	01/04/2015				
		767326	0.43	31/03/2016	0	Nil	767326	0.43
7	Chirag Dilipkumar Lakhi	588438	0.33	01/04/2015				
		588438	0.33	31/03/2016	0	Nil	588438	0.33
8	Usha Lala*	402266	0.22	01/04/2015				
				30/10/2015	(10000)	Transfer	392266	0.22
				20/11/2015	(10006)	Transfer	382260	0.21
		382260	0.21	31/03/2016			382260	0.21
9	The Oriental Insurance Company Limited	630866	0.35	01/04/2015				
		630866	0.35	31/03/2016	0	Nil	630866	0.35
10	Canara Bank-Mumbai	853693	0.47	01/04/2015				
				09/10/2015	(107710)	Transfer	745983	0.41
		745983	0.41	31/03/2016			745983	0.41
11	Infina Finance Private Ltd.*	368610	0.20	01/04/2015				
				17/04/2015	(150000)	Transfer	218610	0.12
				31/07/2015	(48350)	Transfer	170260	0.09
				13/11/2015	(170260)	Transfer	0	0.00
		0	0.00	31/03/2016			0	0.00
12	Samena India Credit (Singapore) Pvt. Ltd.	0	0.00	01/04/2015				
				31/07/2015	244897	Transfer	244897	0.14
				07/08/2015	112766	Transfer	357663	0.20
				21/08/2015	40538	Transfer	398201	0.22
				11/09/2015	45081	Transfer	443282	0.25
				16/10/2015	21974	Transfer	465256	0.26
		465256	0.26	31/03/2016			465256	0.26

*Not in the list of top 10 shareholders as on 31/03/2016.

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

S. No.	Name	Shareholding		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative shareholding during the year (01-04-15 to 31-03-16)	
		No. of Shares at beginning (01-04-15) / end of the year (31-03-16)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1	Sh. P. P Pareek, Director	1333	0	01/04/2015		NIL		
		1333	0	31/03/2016	0		1333	0.00

The following Directors and Key Managerial Personnel (KMP) did not hold any shares during the financial year 2015-16

- Smt. Usha Ananthasubramanian – Chairperson¹
- Sh. Gauri Shankar – Director¹
- Sh. K. V. Brahmaji Rao – Director¹
- Dr. O. P. Chawla – Director¹
- Dr. Kamal Gupta – Director
- Sh. S. K. Soni – Director
- Sh. R. S. Ramasubramaniam – Director¹
- Sh. S. K. Dubey – Managing Director (KMP)
- Smt. Sunita Gupta, Executive Director and CFO (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	261195.17	124595.94	-	385791.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	42.17	17.44	-	59.61
Total (i+ii+iii)	261237.34	124613.38	-	385850.72
Change in Indebtedness during the financial year				
• Addition	56634374.58	28538041.28	-	85172415.86
• Reduction	56589047.57	28477091.77	-	85066139.34
Net Change	45327.01	60949.51	-	106276.52
Indebtedness at the end of the financial year				
i) Principal Amount	306522.17	185545.45	-	492067.62
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	199.14	20.91	-	220.05
Total (i+ii+iii)	306721.31	185566.36	-	492287.67

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	34.40*	26.88**	61.28
	(b) Value of perquisites under Section 17(2) Income-tax Act, 1961	-	0.09	0.09
	(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	-	1.65	1.65
	b) Medical facilities	0.15	0.15	0.30
	c) Child education allowance	-	0.01	0.01
	d) Variable pay (Performance Linked Incentive)	13.78	10.27	24.05
	e) Leave travel concession	0.68	0.58	1.26
	Total (A)	49.01	39.63	88.64
	Ceiling as per the Act	₹ 523.50 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).

* In addition, salary arrears of Rs. 1.03 lacs (last year : ₹ NIL) was paid in 2015-16.

** In addition, salary arrears of Rs. 2.19 lacs (last year : ₹ NIL) was paid in 2015-16.

B. Remuneration to other directors:

(₹ in lacs)

Particulars of Remuneration	Name of Director								Total Amount
	Smt. Usha Ananthasubramanian ¹	Sh. Gauri Shankar ²	Sh. K. V. Brahmaji Rao	Dr. O. P. Chawla ³	Dr. Kamal Gupta	Sh. S. K. Soni	Sh. P. P. Pareek	Sh. R. S. Ramasubramaniam ⁴	
1. Independent Directors									
• Fee for attending Board / Committee meetings	-	-	-	0.70	2.50	3.05	1.60	0.50	8.35
• Commission	-	-	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-	-	-
Total (1)	-	-	-	0.70	2.50	3.05	1.60	0.50	8.35
2. Other Non-Executive Directors (paid to PNB for its nominated directors)									
• Fee for attending Board / Committee meetings	0.45	0.30	0.80	-	-	-	-	-	1.55
• Commission	-	-	-	-	-	-	-	-	-
• Others	-	-	-	-	-	-	-	-	-
Total (2)	0.45	0.30	0.80	-	-	-	-	-	1.55
Total (B)=(1+2)	0.45	0.30	0.80	0.70	2.50	3.05	1.60	0.50	9.90
Total Managerial Remuneration*									98.54

Overall Ceiling as per the Act for Directors other than Managing Director and Whole-time Directors ₹ 52.35 lacs (being 1% of the net profits of the Company 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 September 19, 2015 to March 31, 2016.

² For the period from April 1, 2015 to September 21, 2015.

³ For the period from April 1, 2015 to November 16, 2015.

⁴ For the period from February 3, 2016 to March 31, 2016.

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

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Smt. Monika Kochar, Company Secretary	CFO	
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		10.00		10.00
(b)	Value of perquisites under Section 17(2) of the Income-tax Act, 1961		0.95		0.95
(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		0.75		0.75
b)	Medical facilities		0.15		0.15
c)	Child education allowance		-		-
d)	Variable pay (Performance Linked Incentive)		3.03		3.03
e)	Leave travel concession		0.28		0.28
	Total		15.16		15.16

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



(Usha Ananthasubramanian)

Chairperson
DIN: 02784580

Date : July 14, 2016
Place: New Delhi

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies

(Appointment and Remuneration of Managerial 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') for the audit period covering the financial year ended on March 31, 2016. 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 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 March 31, 2016, 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 (upto May 14, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from May 15, 2015);
 - (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 (Share Based Employee Benefits) Regulations, 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 to 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 – Not applicable to the Company during the audit period;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company during the audit period;

- (h) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998 – Not applicable to the Company during audit period;
- (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from December 1, 2015); and
- (vi) Reserve Bank of India Act, 1934 and Guidelines made thereunder.
- (vii) RBI guidelines for NBFCs/systemically important Non-deposit taking Non-Banking Financial Companies (NBFC-ND-SI) and Primary Dealers.

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective from July 1, 2015.
- (ii) The Listing Agreements entered into by the Company with BSE Ltd. and the National Stock Exchange of India Ltd. (upto November 30, 2015) and the subsequent Listing Agreements entered with BSE Ltd. and the National Stock Exchange of India Ltd in pursuance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

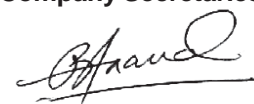
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance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



CS Pranav Kumar
Partner

FCS No.: 5013
C P No.:3429

Place: Ghaziabad
Date: April 23, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC REVIEW: 2015-16

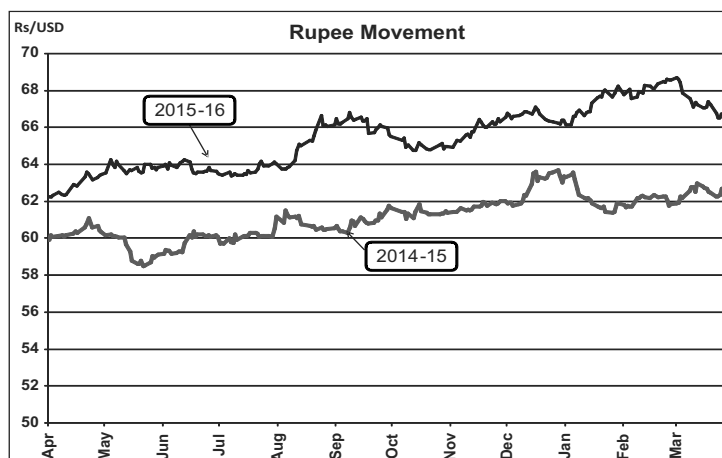
Domestic Overview

During 2015-16, India emerged amongst the few large economies with promising economic outlook, amidst the mood of pessimism and uncertainties that engulfed a number of advanced and emerging economies. The Gross Domestic Product (GDP) growth is at 7.60 per cent for FY 2015-16 higher than the growth of 7.30 per cent achieved in FY 2014-15. The higher growth was achieved despite subdued global demand and two consecutive below-normal monsoons. Additionally, other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Wholesale price inflation remained in negative territory during the year and the all-important consumer prices inflation declined to 4.83 per cent in March which is nearly half of what it was a few years ago.

On the other hand, while manufacturing and services continued to grow at a moderate pace, growth in agriculture slackened due to two consecutive years of less than-normal monsoon rains. Saving and investment rates also showed hardly any signs of revival. Yet, from the macroeconomic perspective, the worst is clearly behind us and given the prevalent overall macroeconomic scenario, and assuming a normal level of rains in 2016-17, it would not be unreasonable to conclude that the Indian economy is all set to register growth in excess of 7 per cent for the third year in succession.

Forex Market

In the foreign exchange market, rupee came under repeated bouts of downward pressure on negative sentiments stemming from a combination of domestic and global developments. The predominant factor for the rupee movement has been massive capital outflow. The rupee kept depreciating with the strengthening of the US dollar on increasing market expectations of Federal Funds rate hike. Global spillovers added to the woes as risk aversion and flight to safety intensified on pervasive bearish sentiment. Domestic developments such as weaker industrial production and continued contraction in exports also imparted downside to the rupee. Dovish Fed guidance and the decision of the Bank of Japan to push interest rate into negative territory resulted in a modest appreciation of the rupee relative to the extent of firming up of several



Emerging Market Economies (EMEs) currencies. Following the announcement of the Union Budget, the return of portfolio flows to equity and debt market sustained the upside in foreign exchange market. After having fallen to a low of ₹ 68.62 against the US dollar, rupee managed to be the most stable currency among EMEs currencies by losing only 7 per cent of value this fiscal.

Current Account Balance

India's current account deficit narrowed down to 1.10 per cent of GDP in FY 2015-16 from 1.30 per cent in FY 2014-15 on account of contraction in trade deficit. Weak growth in advanced and emerging economies took toll on India's exports. Merchandise exports declined throughout the year registering a negative growth of 15.85 per cent. Imports also declined by 15.28 per cent, principally on account of reduced prices of crude oil. Thus, lower trade deficit and modest growth in invisibles resulted in lower Current Account Deficit.

Government Borrowings

The government reduced its market borrowing programme in the G-sec category as squeeze in expenditure limited the government's requirement for additional funds. The gross borrowing during the year was ₹ 585000 crore lower by ₹ 9000 crore as against budgeted estimate of ₹ 594000 crore. In addition to this, state governments also raised funds to the tune of ₹ 296369 crore through market borrowings as against ₹ 240307 crore during the previous year.

Fiscal Deficit

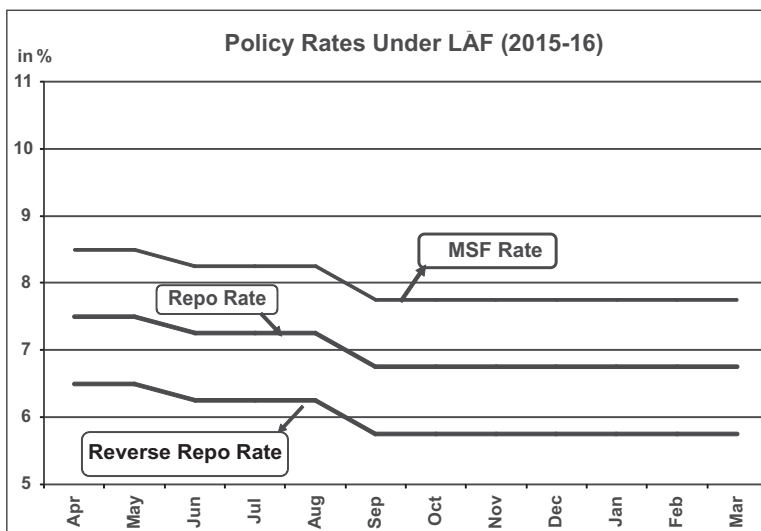
Fiscal deficit was contained at 3.90 per cent of GDP in FY 2015-16. The benign fiscal outcome is due to improved tax buoyancy and prudent expenditure management with assistance from the decline in oil prices. The oil prices declined significantly during the FY 2015-16. However, the Government passed only a portion of this decline to the end customer while increased the excise revenue from oil leading to increased indirect tax revenues.

Monetary Policy & Liquidity Situation

The Monetary policy stance exhibited commitment to low and stable inflation within the target of 6 per cent during the year. The RBI anchored its policy rate to achieve the domestic inflation target consistent with growth. In line with the disinflation glide path, the central bank reduced the repo rate twice by a total of 75 basis points. The easing of the policy repo rate has been accompanied by a pick-up in the growth rates of reserve money (M0) and narrow money (M1).

Barring transient periods of surpluses on account of Government spending liquidity conditions generally tightened beginning from second half of the year in spite of the policy rate cuts. Tight liquidity conditions hindered the pass through of declines in policy rates to the actual bank rates faced by the borrowers.

Consistent with the accommodative monetary policy stance since January, 2015, the RBI has been actively managing monetary policy tools to ensure adequate liquidity in the system. The RBI conducted variable rate repo and reverse repo (overnight and term) auctions in order to address the day-to-day liquidity requirements arising out of frictional factors, besides regular liquidity operations.



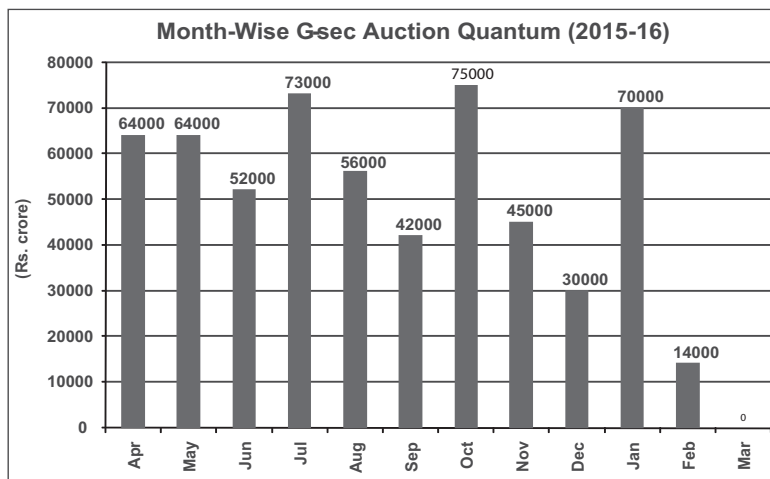
Treasury Bill Market

During FY 2015-16, the borrowings through T-Bills stood at ₹ 722158 crore. The yields on treasury bills in primary market eased significantly through the year. The cut-off yield on 91DTB eased from 7.85 per cent in the beginning of the FY to 7.27 per cent in the end, cut-off yield on 182 DTB fell from 7.88 per cent in April beginning to 7.17 per cent in March and the cut-off yield on 364 DTB closed the year at 7.11 per cent while opening the fiscal at 7.85 per cent. Weighted average implicit yield at cut-off price on 91 DTB, 182 DTB and 364 DTB stood at 7.42 per cent, 7.44 per cent and 7.42 per cent as against 8.48 per cent, 8.47 per cent and 8.60 per cent in the previous year respectively.

Government Dated Securities

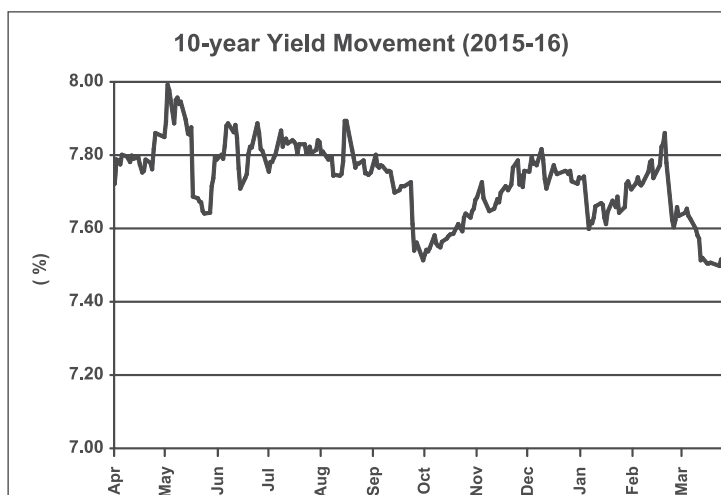
Primary Market

During FY 2015-16, the gross borrowings through dated issuances stood at ₹ 585000 crore, while net borrowings stood at ₹ 440633 crore. The weighted average maturity of issuances stood at 15.88 years vis-a-vis 14.69 years in the previous year. The weighted average yield of dated securities issued during FY 2015-16 stood at 7.88 per cent as against 8.51 per cent in FY 2014-15.



Secondary Market

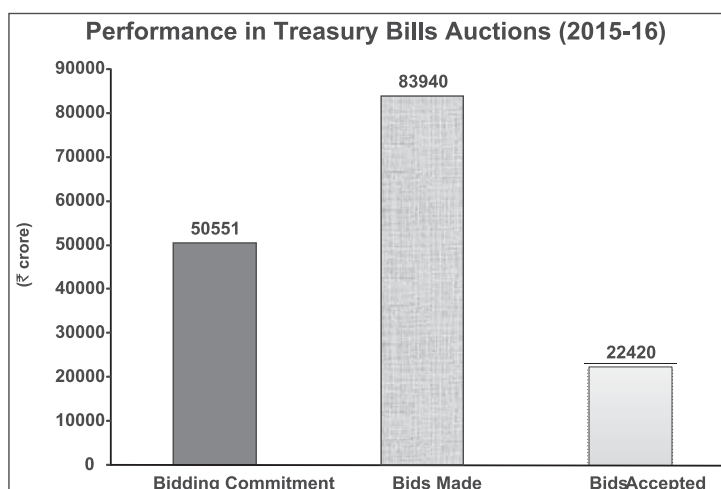
During the year, the Government bonds market exhibited strong volatility. For the major part of the year, yields kept moving up despite rate cuts by RBI. Barring high intensity global events that prompted sell-offs, the main reason for this directional mismatch was the demand supply gap in Government securities. The yields kept hardening up from October all the way to February. Uncertainty on the likely fiscal stance in the Union Budget pushed up the yields further. It was only after the Union Budget that the yields made a remarkable recovery in double quick time in the month of March and closed the year at a much lower level of 7.46 per cent as against previous year close of 7.74 per cent.



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 Dealer. During the year, the company earned an underwriting commission of ₹ 1.26 crore as against previous year's commission of ₹ 1.42 crore. In treasury bill auctions, during the first half, GOI raised ₹ 364000 crore as against ₹ 371000 crore in the corresponding period of last fiscal. In the second half, GOI raised another ₹ 358158 crore through T-bills as against ₹ 377000 crore raised in corresponding period of last fiscal. The Company submitted bids aggregating to ₹ 83940 crore against the commitment of ₹ 50551 crore (being 7 per cent of notified amount). Out of this, bids amounting to ₹ 22420 crore were accepted. Fulfilling its primary market commitment, Company achieved success ratio of 44.35 per cent in both H1 and H2 of FY 2015-16, as against the mandatory requirement of 40 per cent.

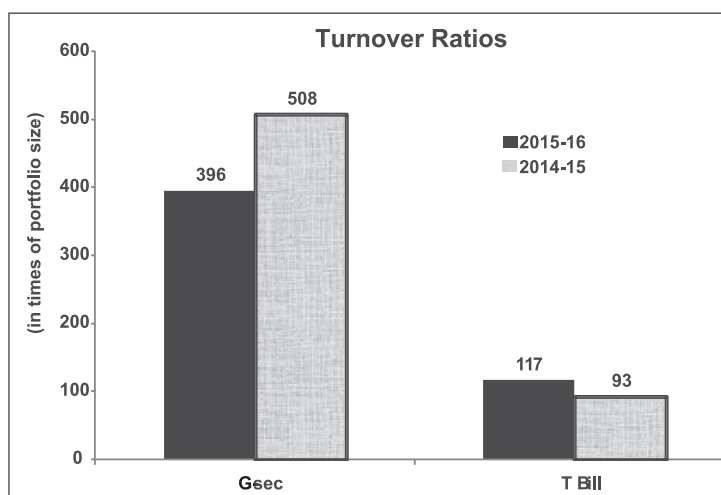


Secondary Market

During FY 2015-16, total secondary market outright turnover stood at ₹ 376114 crore as against ₹ 470845 crore in FY 2014-15. The total turnover during the current FY stood at ₹ 413787 crore. The Central Government security segment recorded the maximum turnover of ₹ 330848 crore followed by T-bill segment which registered turnover of ₹ 45863 crore. Company's total turnover ratio (secondary market) stands at 117 times for treasury bills and 396 times for government-dated securities as on March 31, 2016 against the minimum RBI stipulation of 10 times and 5 times respectively.

Portfolio Size and Composition

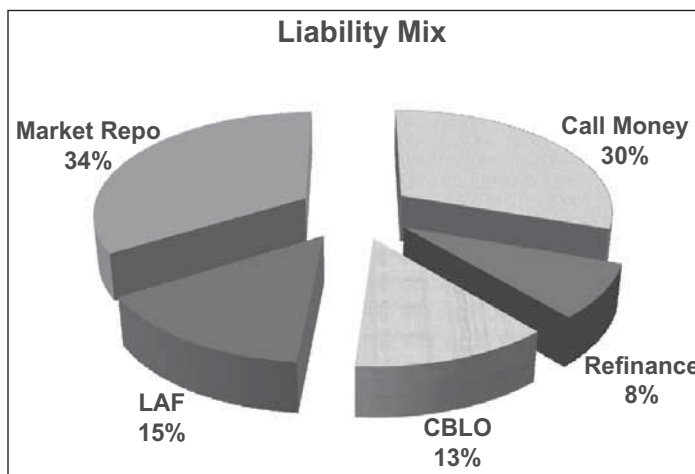
Portfolio size and composition is a function of arbitrage opportunities and tradability. Company maintained high holding of treasury bills in view of positive arbitrage and



minimal risk. Daily average holding in T-bills during the year stood at ₹ 1954 crore whereas the peak holding in T-bills stood at ₹ 2871 crore. Daily average holding of Central G-sec during FY 2015-16 stood at ₹ 1452 crore as against ₹ 1132 crore in FY 2014-15.

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 ₹ 3877 crore as against ₹ 3234 crore in FY 2014-15. The average leverage during the year was 5.26 times against 4.60 times in FY 2014-15, while the maximum leverage for the year stood at 6.66 times the NOF. The average cost of funds during the fiscal through Call, CBLO, etc. stood at 7.09 per cent, lower than 8.04 per cent during the last year and the same was about 11 basis points lower than the average NSE overnight MIBOR of 7.20 per cent during the year.



Trading Stance & Financial Performance

During FY 2015-16, the yield on the benchmark 10-year security decreased by 28 basis points to close the year at 7.46 per cent. Though the yields on point to point basis declined, the market remained highly volatile with the yields moving up for major part of the year. Barring high intensity global events that prompted sell-offs globally, domestic factors played a predominant role in driving up yields. In expectation of softening of yields, the Company had enlarged the size and duration of its portfolio. However, RBI's stance of keeping the liquidity tight and not providing permanent liquidity (till February end) along with demand supply gap in government securities kept the yields higher for most part of the year. As a result, the Company incurred a trading loss of ₹ 16.90 crore.

During the year, the Company's Profit Before Tax stood at ₹ 51.47 crore as against ₹ 132.55 crore in the previous year. The Net Worth of the company increased to ₹ 731.22 crore as on March 31, 2016 as against ₹ 718.06 crore in previous year. The company is adequately capitalized with capital adequacy ratio of 68.07 per cent as on March 31, 2016, against RBI's minimum stipulation of 15 per cent. Besides, robust risk management systems kept the Company's risk profile in check throughout the year.

Risk Management

The Company maintained a balanced composition of securities with an aim to maximize arbitrage income and also with a view 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.

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 2015-16, 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 Auditor were submitted to the Audit Committee.

Strengths, Weaknesses, Opportunities and Threat 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 2015-16 stood at ₹ 51.47 crores. The Company operates with substantial Capital Adequacy Ratio with comparatively low operational cost. The same stood at 68.07 per cent for the year ended March 31, 2016. The company has efficient risk management and research department responsible for monitoring, analysis and compliance with latest IT infrastructure through which daily tracking of portfolio is done. A strong compliance culture prevails across the organization, pursuant to its strategic goals of transparency and trust, among all its stakeholders.

Opportunities and Threats

The Indian economy has made substantial improvements in its macroeconomic fundamentals and impressive strides in reducing macro-vulnerability with reforms in key areas, pursuit of fiscal prudence and consolidation, focus on price stability and the resultant benign price situation and comfortable level of external current account. With improved industrial growth supplementing the buoyant services sector, overall economic growth has also picked up. Amidst faltering global recovery, India stands out as a haven of stability and an outpost of opportunity. Its macro-economy is stable, founded on the government's commitment to fiscal consolidation and low inflation. Its economic growth is amongst the highest in the world, helped by a reorientation of government spending towards needed public infrastructure. Looking ahead, the benign outlook for inflation, possibility of good monsoon, slow pace of industrial production growth and the over-indebtedness of the corporate sector all imply that there is room for easing. Government bonds market will definitely get a boost with more policy rate cuts as RBI's stance and the monetary policy expectations constitute the root of every strategy formulated to trade in bond markets.

However, the movement of yields is also conditioned by global spillovers. If the world economy lurches into crisis, the financial markets in India too will bear the brunt. 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



(Usha Ananthasubramanian)

Chairperson
DIN:02784580

Date: July 14, 2016
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 provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') on 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, 2016, the composition of the Board was as follows –

Smt. Usha Ananthasubramanian (DIN: 02784580), Managing Director & Chief Executive Officer – Punjab National Bank (PNB), is the Non-Executive Chairperson of the Company. Prior to joining the Bank, she was Chairman & Managing Director of Bharatiya Mahila Bank. Earlier, she was the Executive Director of PNB. She has over 33 years of rich experience in Banking Industry. Her forte has been finance, secretarial and HR development. She is also Chairperson of PNB Housing Finance Ltd. and PNB Investment Services Ltd. and Director on the Board of PNB Met Life India Insurance Co. Ltd.

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 34 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. and JSC SB PNB Kazakhstan.

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.

¹also known as Sh. K.V. Brahmajee Rao

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 33 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., Rajasthan State Mines & Minerals Ltd. and Rajasthan State Beverages Corporation Ltd.

Sh. R. S. Ramasubramaniam (DIN: 00008937), is an MBA from IIM-Ahmedabad and B.Tech (Mech. Eng) from IIT-Madras. He is Co-Chairman of Feedback Infra Pvt. Ltd. and thus, having in-depth experience in business affairs of Feedback Infra and its subsidiaries. He is having around 27 years of experience including his stint in Hindustan Unilever Ltd. Presently, he is Director of Mission Holdings Pvt. Ltd., Feedback Ventures & Gosh Bose Associates Private Limited, Feedback Power Operations & Maintenance Services Pvt. Ltd. and Feedback Energy Distribution Company Limited.

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 17 years in the Company in various senior capacities.

Other information regarding the Board as on March 31, 2016 is given below:

Name of the Directors	Category	No. of other Directorships and Committee Memberships/ Chairmanships ¹		
		Directorships	Committee Memberships	Committee Chairmanships
Smt. Usha Ananthasubramanian	Non-Executive/ Non-Independent	4	1	-
Sh. K. V. Brahmaji Rao	Non-Executive/ Non-Independent	3	1	-
Dr. Kamal Gupta	Non-Executive/ Independent	6	9	5
Sh. S. K. Soni	Non-Executive/ Independent	1	-	-
Sh. P. P. Pareek	Non-Executive/ Independent	3	2	-
Sh. R. S. Ramasubramaniam	Non-Executive/ Independent	5	1	1
Sh. S. K. Dubey	Executive	1	-	-
Smt. Sunita Gupta	Executive	-	-	-

¹ In terms of Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, only two committees viz. the Audit Committee and the Stakeholders' Relationship Committee of public limited companies are considered for this purpose.

As on March 31, 2016, 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.

The Company has familiarisation programme for Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company etc. The familiarisation programme alongwith details of the same imparted to the Independent Directors during the year are available on the website of the Company at the link <http://pnbgilts.com/data/governance/1459924857.pdf>.

2. Meetings of the Board

During the year 2015-16, six Board Meetings were held on April 29, 2015, June 27, 2015, August 3, 2015, November 7, 2015, February 3, 2016 and March 22, 2016.

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 September 19, 2015
Smt. Usha Ananthasubramanian ¹	3	Y
Sh. Gauri Shankar ²	3	Y
Sh. K. V. Brahmaji Rao	5	Y
Dr. O. P. Chawla ³	3	Y
Dr. Kamal Gupta	4	Y
Sh. S. K. Soni	6	Y
Sh. P. P. Pareek	6	Y
Sh. R. S. Ramasubramaniam ⁴	2	N.A.
Sh. S. K. Dubey	6	Y
Smt. Sunita Gupta	6	Y

¹ Appointed as Non-Executive and Non-Independent Director on September 19, 2015.

² Resigned from the Directorship with effect from September 21, 2015.

³ Resigned from the Directorship of the Company with effect from November 16, 2015.

⁴ Appointed as an Additional Director in the category of Independent Director with effect from February 3, 2016.

3. Committees of the Board

(A) Audit Committee

The Audit Committee has been formed in pursuance of the Listing Regulations, Section 177 of the Companies Act, 2013 and RBI guidelines. The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013, as applicable, besides other terms as referred by the Board of Directors.

The Audit Committee is instrumental in overseeing the financial reporting besides reviewing the quarterly, half-yearly, annual financial results of the Company and in reviewing the 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 2015-16, six meetings of the Committee were held on April 28, 2015, June 26, 2015, August 3, 2015, November 7, 2015, February 3, 2016 and March 22, 2016. 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	5
Dr. O. P. Chawla ¹	Member	3
Sh. S. K. Soni	Member	6
Sh. P. P. Pareek	Member	6
Sh. R. S. Ramasubramaniam ²	Member	N.A.

¹ Ceased to be member on November 16, 2015.

² Inducted as Member of Audit Committee with effect from March 22, 2016 after which no committee meetings were held.

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

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

(B) Nomination and Remuneration Committee

The Nomination and Remuneration 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 powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Regulation 19 of the Listing Regulations, Section 178 of the Companies Act, 2013 and RBI Guidelines, besides other terms as referred by the Board of Directors. 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 2015-16, five Committee meetings were held on April 29, 2015, June 27, 2015, November 7, 2015, February 3, 2016 and March 22, 2016. The composition of Committee and attendance of the Members is as under:

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Dr. O. P. Chawla ¹	Chairman	3
Dr. Kamal Gupta ²	Chairman	2
Sh. K. V. Brahmaji Rao	Member	4
Sh. S. K. Soni ³	Member	5
Sh. P. P. Pareek ⁴	Member	2
Sh. R. S. Ramasubramaniam ⁵	Member	NA

¹ Ceased to be member w.e.f. November 16, 2015.

² Inducted as Chairman of the Committee w.e.f. November 27, 2015.

³ Ceased to be member w.e.f. March 22, 2016.

⁴ Inducted as Member w.e.f. November 27, 2015.

⁵ Inducted as Member w.e.f. March 22, 2016, after which no Committee Meetings were held.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, have been given under a separate section, viz. 'Directors' Remuneration' in this report.

The criteria for performance evaluation of Independent Directors cover the areas relevant to the functioning as Independent Directors such as quality of corporate governance, adherence to various compliances, effectiveness of participation in meetings, commitment (incl. guidance to senior management outside of Board /Committee meetings), level of deployment of knowledge and expertise, maintenance of confidentiality, Independence of views and judgement etc.

(C) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee oversees, inter-alia, redressal of Stakeholders' grievances. During the year 2015-16, four meetings of the Committee were held on April 28, 2015, August 3, 2015, November 7, 2015 and February 3, 2016.

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

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Soni	Chairman	4
Dr. O. P. Chawla ¹	Member	3
Sh. P. P. Pareek	Member	4
Sh. R. S. Ramasubramaniam ²	Member	N.A.
Sh. S. K. Dubey	Member	4

¹ Ceased to be member on November 16, 2015.

² Inducted as Member w.e.f. March 22, 2016, after which no committee meetings were held.

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 11 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, 2016.

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

(D) Corporate Social Responsibility (CSR) Committee

This CSR Committee discharges the role of Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013 which includes formulating and recommending to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company. During the year 2015-16, three CSR Committee meetings were held on April 29, 2015, February 3, 2016 and March 22, 2016. The composition of the Committee and attendance of the Members is as under:

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

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.

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

The Share Transfer and Issue of Duplicate Share Certificates Committee oversees, inter-alia, transfer/ transmission of shares, issue of duplicate shares etc. besides other matters as referred by the Board of Directors. During the year 2015-16, twenty seven meetings of the said Committee were held on 13th and 27th April, 2015, 9th and 21st May, 2015, 4th, 18th and 30th June, 2015, 14th and 28th July, 2015, 11th and 25th August, 2015, 8th, 14th and 28th September, 2015, 12th and 26th October, 2015, 9th and 23rd November, 2015, 7th and 21st December 2015, 4th and 18th January 2016, 1st, 15th and 29th February, 2016, 11th and 23rd March, 2016.

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

Names of Directors	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Soni	Chairman	27
Dr. Kamal Gupta	Member	25
Sh. R. S. Ramasubramaniam ¹	Member	1
Sh. S. K. Dubey	Member	27

¹ Inducted as Member of the Committee with effect from March 22, 2016, after which only one meeting was held.

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

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 2015-16 are as under:

(₹ in lacs)

	Sh. S. K. Dubey Managing Director*	Smt. Sunita Gupta Executive Director & CFO
Salary**	34.40	26.88
Perquisites and allowances	0.83	0.83
Company's Contribution to PF	Nil	1.65
Performance Linked Incentive***	13.78	10.27

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

** In addition, arrears of salary Rs. 1.03 lacs and Rs. 2.19 lacs were also paid in 2015-16 to the Managing Director and Executive Director, respectively.

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

The tenure of office of Managing Director is upto January 31, 2018, subject to shareholders' approval in the ensuing Annual General Meeting and for Executive Director and CFO, the tenure 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. The same is fixed by the Board and is within the limits prescribed under the Companies Act, 2013 and Rules made thereunder. With effect from March 22, 2016, the sitting fee payable to the Non-Executive Directors has been increased from ₹ 10000/- to ₹ 25000/- for attending each meeting of the Board and from ₹ 5000/- to ₹ 10000/- for attending each meeting of Audit Committee / CSR Committee / Nomination and Remuneration Committee/ Only Independent Directors' Meeting. Sitting fee for attending each meeting of (a) Share Transfer and Issue of Duplicate Shares Committee; and (b) Stakeholders' Relationship Committee and the honorarium to be paid to Independent Directors for holding interviews, if any, is ₹ 5000/-. 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 2015-16 is as under:

(in ₹)

Names of the Directors	Sitting Fees**
Smt. Usha Ananthasubramanian*	45000/-
Sh. Gauri Shankar*	30000/-
Sh. K. V. Brahmaji Rao*	80000/-
Dr. O.P. Chawla	70000/-
Dr. Kamal Gupta	250000/-
Sh. S.K.Soni	305000/-
Sh. P. P. Pareek	160000/-
Sh. R. S. Ramasubramaniam	50000/-

*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 2015-16. A declaration of Managing Director to this effect is also appended to this report.

V CEO/CFO Certification

The Managing Director and Chief Financial Officer of the Company had submitted required certification to the Board along with the annual financial statements as per the provisions of the Listing Regulations.

VI General Body Meetings

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

Financial year	Venue	Date and time
2014-15	Punjab National Bank Auditorium,	September 19, 2015 at 1100 hrs
2013-14	Central Staff College, 8, Under Hill	August 30, 2014 at 1100 hrs
2012-13	Road, Civil Lines, Delhi -110054	June 22, 2013 at 1100 hrs

During last year, no special resolution was passed through postal ballot. The Company has not conducted any business in which postal ballot is permitted, during the financial year and at present, no business is proposed to be conducted through postal ballot.

No special resolution was passed during last three AGMs, except the two which were passed in the AGMs held on August 30, 2014 and September 19, 2015 regarding borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013 and Rules made thereunder and adoption of new set of Articles of Association of the Company, respectively.

VII Management Discussion and Analysis

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

VIII Disclosures

During 2015-16, 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. The company has formulated a policy on materiality of related party transactions and also on dealing with Related Party Transactions. The said policy is also available on the website of the Company at the link <http://pnbgilts.com/data/governance/1461912704.pdf>.

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 not having any exposure in commodity market and foreign exchange. Regarding, exposure in hedging activities, the Company is having exposure in Interest Rate Swaps. Details of the same are given in Note No. 2.26 at page no. 83.

The Company is complying with all the mandatory requirements related to corporate governance under the Listing Regulations. Compliance with respect to non-mandatory requirement(s) under the Part E of Schedule II of said Regulations is also given in this report.

As per RBI guidelines, the Primary Dealers are not permitted to set up step-down subsidiaries. As such, the Company, being a Primary Dealer, has not formed any subsidiary and thus the policy for determining material subsidiary has not been framed.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 (except Regulation 24 on corporate governance requirements with respect to subsidiary of listed entity, which is not applicable to the Company as it is not having any subsidiary company) and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

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 daily newspaper circulating in the whole or substantially the whole of India English language and in one daily newspaper published in the language of the region, where the registered office of the Company is situated i.e. New Delhi. Generally, these are published in Financial Express and Jansatta or Business Standard - English and Business Standard - Hindi. 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, official news and other information, shareholders may log on to the website of the Company www.pnbgilts.com. No presentations were made to institutional investors or to the analysts.

X General Shareholder Information

1. Annual General Meeting

Date and time	: September 17, 2016 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, 2015 to March 31, 2016
Date of Book Closure	: September 10, 2016 to September 17, 2016 (both days inclusive)
Dividend Payment Date	: on or before October 14, 2016.

2. Listing on Stock Exchange

Listed in September, 2000

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

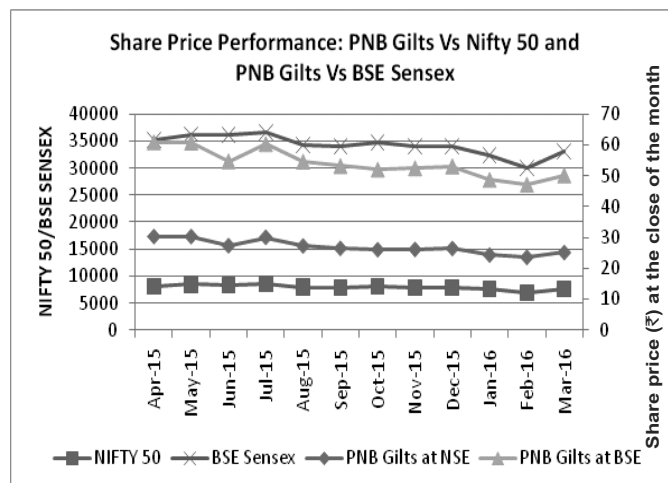
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G - Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.

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 2015-16 on the National Stock Exchange of India Ltd. and BSE Ltd. is given as under :

(₹)

	NSE		BSE	
Month	High	Low	High	Low
Apr-15	31.80	28.85	31.90	28.90
May-15	32.45	29.20	32.30	29.30
Jun-15	30.95	25.35	30.85	25.30
July-15	30.85	27.00	30.75	27.10
Aug-15	31.75	23.60	31.75	24.50
Sep-15	27.90	25.10	27.95	25.25
Oct-15	27.75	26.10	27.45	25.70
Nov-15	28.50	25.50	28.95	25.10
Dec-15	27.65	26.75	27.95	24.75
Jan-16	27.60	24.25	27.60	22.85
Feb-16	26.50	21.60	24.75	21.85
Mar-16	25.95	23.65	26.15	23.65



Source : NSE and BSE 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. Outstanding ADRs / GDRs / Warrants or any convertible instruments, conversion date and likely impact on equity: Not applicable

6. 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.

7. 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.

- 8. 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.
- 9.** The Company is not in manufacturing industry and thus there are no plants of the Company.

• **Distribution of Shareholding as on March 31, 2016**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 500	26685	74.02	3913431	2.17
501-1000	4437	12.31	3472765	1.93
1001-2000	2303	6.39	3480971	1.93
2001-3000	753	2.09	1977010	1.10
3001-4000	392	1.09	1451234	0.81
4001-5000	358	0.99	1707694	0.95
5001-10000	568	1.58	4174073	2.32
10001 and above	553	1.53	159832956	88.79
Total	36049	100.00	180010134	100.00

• **Shareholding pattern as on March 31, 2016**

Particulars	No. of shares held	% of Shareholding
Promoter (PNB)	133333333	74.07
Financial Institutions, Other Banks, Mutual Funds/UTI and Insurance Companies	2094563	1.16
Bodies Corporates, Trust & Foundations	6415415	3.56
Indian Public and Directors	34771095	19.32
NRIs and FPIs	3395728	1.89
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	180010134	18001.01

- **Dematerialisation of shares**

The shares of the Company are traded compulsorily in demat mode. At present (as on March 31, 2016) 99.71 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, interim dividend for the year 2005-06 and final dividend for the year 2007-08 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 amounts remain unclaimed as at March 31, 2016:

Financial Year	Amt of dividend (₹ Lacs)	Unclaimed Dividend as on 31.03.2016 (₹ Lacs)	Unclaimed dividend Percentage	Last date for making claim*	Last date for making transfer to IEPF
2008-09 (Final Dividend)	1080.06	4.81	0.45	20 th Sep 2016	20 th Oct 2016
2009-10 (Final Dividend)	1350.07	4.61	0.34	5 th Sep 2017	5 th Oct 2017
2010-11 (Final Dividend)	1620.09	5.92	0.37	31 st Jul 2018	30 th Aug 2018
2011-12 (Final Dividend)	1350.07	4.93	0.37	30 th Aug 2019	29 th Sep 2019
2012-13 (Final Dividend)	1350.08	5.27	0.39	23 rd Jul 2020	22 nd Aug 2020
2013-14 (Final Dividend)	1620.09	7.11	0.44	1 st Oct 2021	31 st Oct 2021
2014-15 (Final Dividend)	2700.15	13.23	0.49	20 th Oct 2022	19 th Nov 2022

*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 Regulations: -**

- 1. The Board**

Chairperson 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 or Business Standard - English and Business Standard - Hindi.

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 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

Date : July 14, 2016
Place: New Delhi

On behalf of Board of Directors



(Usha Ananthasubramanian)
Chairperson
DIN: 02784580

DECLARATION

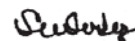
To,
The Members of
PNB Gilts Ltd.
5, Sansad Marg
New Delhi – 110 001

Dear Member,

It is hereby certified that as per the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2015-16.

For and on behalf of Board of Directors



Date : April 29, 2016
Place : New Delhi

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

DECLARATION

To,
The Member of PNB Gilts Ltd.
5, Sansad Marg,
New Delhi – 110 001

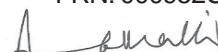
We have examined the compliance of conditions of Corporate Governance by PNB Gilts Limited for the year ended March 31, 2016, as stipulated in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The compliance of conditions of Corporate 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 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 Regulations.

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 effectiveness with which the management has conducted the affairs of the Company.

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



(Devendra Swaroop Mathur)
Partner
Membership No.082570

Date : May 16, 2016
Place: New Delhi

FINANCIAL REVIEW



INDEPENDENT AUDITOR'S REPORT

To

The Members of PNB Gilts Ltd,

This revised report is issued, in supersession of our earlier report dated 16th May, 2016 at the instance of the Comptroller & Auditor General (C&AG) of India in order to correct the grammatical errors and make it more clarificatory in respect of directions issued by C&AG. Further, we confirm that there is no change in the true and fair view of the financial statements as expressed in our earlier report and also none of the figures have undergone any change in the financial statements of the company as on 31st March, 2016.

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 31st March 2016, 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 matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's 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 specified under section 143(10) of the Act. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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 on the financial statements.

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 generally accepted in India.

- (a) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2016.
- (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, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A", 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 sought and 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.
- (d) In our opinion, the Financial Statements comply with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representation received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as a Director in terms of sub-section(2) of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) In accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014 relating to such matters as may be prescribed, in our opinion on the basis of the best of the information and according to the explanations given to us
 - a. the Company has disclosed pending litigations relating to Income Tax in the notes of accounts under Note No.2.34-Contingent liability (claims against the Company not acknowledged as debt) forming a part of financial statements. There is no impact on the financial position in the financial statements of the Company as no provision for the same has been created by the Company during the period under review.
 - b. the Company has transferred ₹ 7,62,410 on 19th November 2015 being unclaimed final dividend pertaining to financial year 2007-08 to the Investor Education & Protection Fund which was due and supposed to be transferred to Investor Education & Protection Fund by 01st December 2015. Thus there has been no default in transferring the amounts due and required to be transferred to the Investor Education & Protection Fund.
 - c. the company does not have any material foreseeable losses on long term contracts including derivative 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 Financial Statements of PNB Gilts Limited, we report that:

- a. The Company does not own any freehold or leasehold land. Thus the requirement of having the title deeds in possession of the company is not applicable.
- b. The Company has written off ₹ 761.88 lacs on account of Call lending to Madhavpura Mercantile Co-operative Bank Ltd (MMCBL) during the current financial year. 100% Provision against the amount outstanding was already provided (₹ 380 lacs in the financial year 2001-02 and balance ₹ 381.88 lacs in the financial year 2009-10). The reason for write off is that RBI had cancelled the license of MMCBL in June 2012 and appointed a liquidator. The company had lodged the claim with the Liquidator on 27th July 2012. No response has been received from the liquidator for more than 3 years and as 100% provision had already been provided against the said amount in the earlier years, the Company has decided to write off the said amount in the current financial year.
- c. The Company does not have any inventories lying with the third parties. Similarly, the Company has not received any asset as a gift from the Central Government or other authorities.

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



(Devendra Swaroop Mathur)
Partner
Membership No.082570

Dated : July 6, 2016
Place : New Delhi

“Annexure A” to the Independent Auditor’s Report

(Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements of our report of even date to the Financial Statements of the Company for the year ended March 31, 2016) 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:

- (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 on quarterly basis for the head office and yearly for the branch offices. 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.
- (c) The Company owns only flats as immovable properties. The title deeds of the flats are in the name of the Company.
- (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 by the management with the confirmation certificate received from Reserve Bank of India on a monthly basis. The stock of other securities held by the Company in de-materialized form with NSDL/SHCIL, is verified by the management with the confirmation certificates received from them on a monthly basis. In our opinion, the frequency of such verification is reasonable. No material discrepancies were observed during the 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, no loans, investments, guarantees and securities have been given by the company to concerns which are covered under Section 185 of the Companies Act, 2013 and Section 186 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 to Section 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act, 2013 and rules framed there under.
- (vi) In our opinion and according to the information/explanations given to us, maintenance of the cost records for the products/services/activities of the Company has not been prescribed by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) (a) In our opinion and according to information/explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise , Value Added Tax, Cess and any other statutory dues to the appropriate authorities.
- (b) In our opinion and according to information/explanations given to us, the Company has some disputes which have resulted into demands under the Income Tax Act, 1961 which have not been deposited. The details of which are given below:

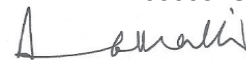
(₹ in lacs)

Assessment Year	Amount involved	Forum where dispute is pending
2010-2011 under section 143(3) of the Income tax Act, 1961	46.39	ITAT
2012-2013 under section 143(3) of the Income tax Act, 1961	356.58	CIT Appeals
2013-2014 under section 143(3) of the Income tax Act, 1961	205.25	CIT Appeals
2010-2011 under section 271(1)(c) of the Income tax Act, 1961	3.86	CIT Appeals

Out of the above the Income Tax Department has retained and not given refunds amounting to Rs. 216.79 lacs towards the above outstanding demands.

- (viii) 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 as applicable.
- (ix) In our opinion and according to the information and explanations given to us, the company has not raised any money out of initial public offer or further public offer (including debt instruments). The Company has not raised any term loan during the year under audit.
- (x) 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.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration paid by the Company is in accordance with provisions of Section 197 read with Schedule V to the Companies Act, 2013. The Company has also taken requisite approvals as mandated by the provisions of Section 197 in terms of managerial remuneration being paid.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company, thus this para does not apply to it.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has complied with requirements of Section 177 of the Companies Act, 2013 and Section 188 of the Companies Act, 2013 in relation to the related parties. The Company has also disclosed the requirements as laid down in the accounting standards in the relation to the related parties in the financial statements in the Note No. 2.25- Related Party Information.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year under review.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with the Directors or persons connected with it during the year under review.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is a NBFI already registered under Section 45 I-A of the Reserve Bank of India Act, 1934.

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



(Devendra Swaroop Mathur)
Partner
Membership No.082570

Dated : July 6, 2016
Place : New Delhi

“Annexure – B” to the Independent Auditor’s Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of PNB Gilts Ltd (“the Company”) as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



(Devendra Swaroop Mathur)
Partner
Membership No.082570


Dated : July 6, 2016
Place : New Delhi

PNB Gilts Limited

In terms of Reserve Bank of India, Department of Financial Companies Notification No.DNBR (PD) CC.No.057/03.10.119/2015-16 dated July 1, 2015, we report that:

- 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.
- The Company is entitled to continue to hold Certificate of Registration in terms of its asset/Income pattern as on March 31, 2016.
- A resolution for non-acceptance of any public deposits was passed in the meeting of the Board held on April 29, 2015.
- The Company has not accepted any public deposits during the year ended March 31, 2016.
- 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.
- 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.
- 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.
- The Profit & Loss account for the year ended March 31, 2016 of the company along with 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.

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


(**Devendra Swaroop Mathur**)
Partner
Membership No.082570

Dated : May 16, 2016
Place : New Delhi

Comments of the Comptroller and Auditor General of India

COMMENTS OF THE 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 2016

The preparation of financial statements of PNB Gilts Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the 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 the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 06 July 2016.

I, on the 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 Limited for the year ended 31 March 2016. 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 auditors 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 auditors' report.

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


(**Ritika Bhatia**)

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

Place: New Delhi
Date: 14 July 2016

BALANCE SHEET AS AT MARCH 31, 2016

(₹ in lacs)

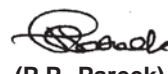
	Note	As at 31.03.2016	As at 31.03.2015
I. EQUITY & LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2.1	18001.01	18001.01
(b) Reserves & Surplus	2.2	55166.62	73167.63
2. Non-Current Liabilities			
(a) Long Term Provisions	2.3	96.62	80.47
3. Current Liabilities			
(a) Short Term Borrowings	2.4	492067.62	385791.11
(b) Trade Payables	2.5	35.75	46.34
(c) Other Current Liabilities	2.6	291.33	111.27
(d) Short Term Provisions	2.7	11322.73	503717.43
TOTAL		576981.68	475997.84
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets	2.8	280.31	296.41
- Tangible Assets		279.30	293.94
- Intangible Assets		1.01	2.47
(b) Non Current Investments	2.9	64046.51	32760.61
(c) Deferred Tax Assets (Net)	2.10	44.39	292.79
(d) Long Term Loans & Advances	2.11	1028.66	65399.87
2. Current Assets			
(a) Inventories	2.12	496058.15	383553.79
(b) Cash & Bank Balances	2.13	2119.03	39167.10
(c) Short Term Loans & Advances	2.14	266.53	51.08
(d) Other Current Assets	2.15	13138.10	511581.81
TOTAL		576981.68	475997.84

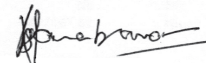
NOTE 1 - Significant Accounting Policies and NOTE 2 - Notes to Accounts (Both are forming part of Balance Sheet and Statement of Profit and Loss)

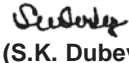

(Usha Ananthasubramanian)
 Chairperson
 DIN:02784580


(Kamal Gupta)
 Director
 DIN:00038490


(S.K. Soni)
 Director
 DIN:00046856


(P.P. Pareek)
 Director
 DIN:00615296


(R.S. Ramasubramaniam)
 Director
 DIN:00008937

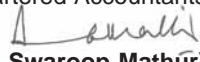

(S.K. Dubey)
 Managing Director
 DIN:01770805


(Sunita Gupta)
 Executive Director & CFO
 DIN:06902258


(Monika Kochar)
 Company Secretary
 Membership No.F6514

Date : May 16, 2016
 Place : New Delhi
 Regd Off: 5, Sansad Marg, New Delhi – 110 001

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


(Devendra Swaroop Mathur)
 Partner
 Membership No.082570 FRN:000952C

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2016

(₹ in lacs)

Note	For the year Ended 31.03.2016	For the year Ended 31.03.2015
I. Revenue From Operations		
(a) Discount Income 2.16	15246.31	16385.16
(b) Interest Income 2.17	20660.44	16905.82
(c) Trading Income 2.18	(1690.09)	7585.27
(d) Other Operational Income 2.19	105.74	103.26
II Other Income 2.19A	17.25	21.67
III. Total Revenue (I+II)	34339.65	41001.18
IV. Expenses		
(a) Interest Expenses 2.20	27562.13	26050.96
(b) Operating Costs 2.21	400.06	457.74
(c) Employees Benefits Expenses 2.22	545.30	502.33
(d) Depreciation & Amortization on Fixed Assets 2.8	46.88	92.59
(e) Other Expenses 2.23	442.58	508.30
(f) Corporate Social Responsibility Expenses 2.35	198.09	27746.63
IVA.Prior Period Income 2.36	2.62	-
V. Profit Before Exceptional & Extraordinary Items & Tax (III-IV+IVA)	5147.23	13254.55
VI. Exceptional Items	-	-
VII. Profit Before Extraordinary Items & Tax (V-VI)	5147.23	13254.55
VIII. Extraordinary Items	-	-
IX. Profit Before Tax – (PBT) (VII-VIII)	5147.23	13254.55
X. Tax Expenses		
(a) Current Tax	1449.19	4468.26
(b) Deferred Tax Adjustment	248.39	(40.41)
(c) Adjustment for earlier years	-	4427.85
XI Profit (Loss) for the period from Continuing Operations (IX-X)	3449.65	8826.70
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)	3449.65	8826.70
XVI. Earning per Equity (in ₹)		
(a) Basic 2.33	1.92	4.90
(b) Diluted 2.33	1.92	4.90

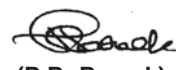
There are no potential equity shares outstanding. Hence there is no dilution.

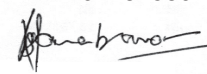
NOTE 1 - Significant Accounting Policies and NOTE 2 - Notes to Accounts (Both are forming part of Balance Sheet and Statement of Profit and Loss)


(Usha Ananthasubramanian)
Chairperson
DIN:02784580


(Kamal Gupta)
Director
DIN:00038490


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


(Sunita Gupta)
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DIN:06902258


(Monika Kochar)
Company Secretary
Membership No.F6514

Date : May 16, 2016
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

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


(Devendra Swaroop Mathur)

Partner
Membership No.082570 FRN:000952C

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 as per Section 133 of the Companies Act, 2013 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/Reverse 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. Current Investment / 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, 2016 (last working day of the Financial

Year), except for Equity Shares. Market value of Equity Shares is determined by the closing rates provided by the stock exchanges as on March 31, 2016 (last working day of the Financial Year). 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 the 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 Share Issue Expenses

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

1.13 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.

1.14 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. The premium is calculated on actuarial basis by LIC as per Projected Unit Credit Method (PUCM) as per AS-15.
- ii. Leave Liability is accounted for on actuarial valuation carried at year-end.
- iii. Contribution to recognised provident fund is charged to revenue.

1.15 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.

1.16 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. 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.

1.17 Impairment of Assets

The management periodically (annually) 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, 2016

(₹ in lacs)

NOTE - 2.1	As at 31.03.2016	As at 31.03.2015
SHARE CAPITAL		
Authorised:		
50,00,00,000 Equity Shares of ₹ 10/- each	50000.00	50000.00
(Prev. Year: 50,00,00,000 Equity Shares of ₹ 10/- each)		
Issued, Subscribed and Paid Up:		
18,00,10,134 Equity Shares of ₹ 10/- each fully paid up	18001.01	18001.01
(Prev. Year: 18,00,10,134 Equity Shares of ₹ 10/- each)		
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
(Shareholding %)	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
(Share holding %)	74.07%	74.07%
Reconciliation of the number of Shares:		
Opening Number of shares (Face Value ₹ 10 paid up)	180010134	180010134
Add: Additions During the Year	Nil	Nil
Less: Reduction During the Year	Nil	Nil
Closing Number of shares (Face Value ₹ 10 paid up)	180010134	180010134

- Rights, preferences and restrictions attached 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:**
 - (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: NIL)
 - (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 31.03.2016		As at 31.03.2015	
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	19332.61		17540.33	
Transfer from Statement of Profit and Loss	689.93	20022.54	1792.28	19332.61
Share Premium Account				
Opening Balance	2501.27		2501.27	
Less: Amount Capitalized (Bonus Shares issued)	-	2501.27	-	2501.27
Market Fluctuation Reserve Account (Created pursuant to Board Resolution dated 9 th January 2003)				
		6300.00		6300.00
Capital Reserve Account				
Opening Balance	3402.69		2330.17	
Transfer from Statement of Profit and Loss	356.56	3759.25	1072.52	3402.69
Surplus				
Opening Balance	12786.97		10103.02	
Less: Adjustment for Depreciation of Fixed Assets as per Schedule II of the Companies Act, 2013.	-		24.95	
Add: Prior Period Income (Refer Note No. 2.36)	0.10		-	
Add: Current Year Profit	3449.65		8826.70	
Amount Available for Appropriation	16236.72		18904.77	
Appropriations:				
- Capital Reserve	356.56		1072.52	
- Statutory Reserve Fund	689.93		1792.28	
- General Reserve	-		-	
- Proposed Dividend	1980.11		2700.15	
- Dividend Distribution Tax	403.10		552.85	
Balance Carried Forward to next year		12807.02		12786.97
TOTAL		55166.62		54100.08

- A sum of ₹ 689.93 lacs (Prev. Year ₹ 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 to ₹ 356.56 lacs (Prev. Year ₹ 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 (refer Note 2.9 for details).
- 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 2015-16, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on March 31, 2016 in this reserve is ₹ 6300 lacs (Prev. Year ₹ 6300 lacs)
- The Company has proposed a final dividend of ₹ 1.10 per share for FY 2015-16 (Prev. Year ₹ 1.50 per share),

subject to the approval of shareholders in Annual General Meeting, amounting to ₹ 1980.11 lacs (Prev. Year ₹ 2700.15 lacs). Accordingly, a provision of Dividend Distribution Tax of ₹ 403.10 lacs (Prev. Year ₹ 552.85 lacs) has been made.

- Net owned Funds (after deducting Deferred Tax and Intangible Assets) of the Company stands at ₹ 73122.23 lacs (Prev. Year ₹ 71805.84 lacs) as against the minimum stipulated capital of ₹ 25000.00 lacs. Return on Net Worth for the year 2015-16 stands at 5.10 per cent (Prev. Year 12.98 per cent).
- Capital Adequacy Ratios as on June 30, 2015, September 30, 2015, December 31, 2015 and March 31, 2016 were 66.41 per cent (Prev. Year 36.21 per cent), 69.50 per cent (Prev. Year 39.36 per cent), 71.39 per cent (Prev. Year 54.72 per cent) and 68.07 per cent (Prev. Year 65.07 per cent) respectively as against RBI stipulation of 15 per cent.

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
NOTE - 2.3		
LONG TERM PROVISIONS		
Provision for Employee Benefits	96.62	80.47
(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 pledge of Govt. Securities)				
Borrowings from RBI				
- LAF Borrowing	71800.00		66200.00	
- Term Repo Borrowing	52600.00		27000.00	
Security Face Value- ₹ 129547.00 lacs and Book Value ₹ 126254.03 lacs (Prev. Year Face Value ₹ 97025.10 lacs and Book Value ₹ 94443.60 lacs)				
Refinance from RBI				
Security Face Value- ₹ 37156.00 lacs and Book Value ₹ 36364.83 lacs (Prev. Year Face Value ₹ 36499.00 lacs and Book Value ₹ 35739.56 lacs)	33700.00	158100.00	33900.00	127100.00
(b) Unsecured Loans				
Call and Notice Money Borrowing		85000.00		67060.00
• From Others				
(a) Secured Loans (Secured by pledge of Govt. Securities)				
CBLO Borrowings from CCIL				
Security Face Value- ₹ 71900.00 lacs and Book Value ₹ 70551.04 lacs (Prev. Year. Face Value ₹ 70900.00 lacs and Book Value ₹ 69420.43 lacs)	67931.18		27515.74	
Repo Borrowing				
Security Face Value- ₹ 78717.00 lacs and Book Value ₹ 78015.55 lacs (Previous Year. Face Value ₹ 67227.00 lacs and Book Value ₹ 66339.80 lacs)	78690.21	146621.39	70479.95	97995.69

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
LOANS AND ADVANCES FROM RELATED PARTIES		
(a) Secured Loans (Secured by Pledge of Fixed Deposits)		
From Punjab National Bank	1800.78	36099.47
(b) Unsecured Loans (Line of Credit)		
From Punjab National Bank	100545.45	57535.95
TOTAL LOANS REPAYABLE ON DEMAND	492067.62	385791.11
TOTAL SECURED LOAN	306522.17	261195.16
TOTAL UNSECURED LOAN	185545.45	124595.95

During the year, Net Average and Peak borrowings in Call money amounted to ₹ 116393.81 lacs and ₹ 202835.00 lacs respectively. (Prev. Year Net Average and Peak borrowings – ₹ 97957.96 lacs and ₹ 190996.00 lacs respectively)

For the year, average and peak leverage ratio stands at 5.24 and 6.66 times respectively (Prev. Year average and peak stands at 4.60 and 6.11 times respectively)

(₹ in lacs)

NOTE - 2.5		
TRADE PAYABLES		
Stale Cheques	3.76	3.73
Brokerage Payable	0.47	1.67
Settlement Charges Payable	31.52	35.75
(There are no dues outstanding to organizations covered under MSME)		40.94
TOTAL	35.75	46.34

(₹ in lacs)

NOTE - 2.6		
OTHER CURRENT LIABILITIES		
Unclaimed Dividend	45.90	40.89
TDS Payable	11.21	10.19
Interest Accrued but not due on Short Term Borrowing	220.05	59.61
Stale Cheques	0.48	0.26
Accrual on Interest Rate Swaps	13.37	-
Unclaimed Bonus Fractional Entitlement Payable	0.32	291.33
TOTAL	291.33	111.27

(₹ in lacs)

NOTE - 2.7		
SHORT TERM PROVISIONS		
Proposed Dividend (including Dividend Distribution Tax)	2383.21	3253.00
Provisions– For Employee Benefits	20.35	8.94
– Other Provisions for expenses	49.96	148.68
Provisions for Income Tax	8869.21	11322.73
TOTAL	11322.73	17867.56

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

(₹ in lacs)

NOTE - 2.8 - FIXED ASSETS AND DEPRECIATION

	Description	Gross Block				Depreciation				Net Block		
		As at 01-04-15	Additions during the year	Adjustment/ Deductions during the year	As at 31-03-16	As at 01-04-15	Dep. during the year	Prior Period Income	Accumulated Dep. On deductions	As at 31-03-16	As at 31-03-16	As at 31-03-15
1	Buildings	589.44	-	-	589.44	311.93	13.51	-	-	325.44	264.00	277.51
2	Office Equipments	71.28	2.08	4.53	68.83	67.96	3.54	-	4.49	67.01	1.82	3.32
3	Computers	128.63	21.76	33.70	116.69	127.13	18.55	-	33.70	111.98	4.71	1.50
4	Furniture & Fixtures	139.03	0.43	1.07	138.39	136.27	2.11	-	1.07	137.31	1.08	2.76
5	Vehicles	35.69	-	-	35.69	26.84	3.88	2.72	-	28.00	7.69	8.85
6	Intangibles (Software)	273.06	3.83	37.81	239.08	270.59	5.29	-	37.81	238.07	1.01	2.47
	Total	1237.13	28.10	77.11	1188.12	940.72	46.88	2.72*	77.07	907.81	280.31	296.41
	Previous Year	1247.08	6.52	16.47	1237.13	837.00	92.59	-	13.82	940.72	296.41	410.08

*Refer Note No. 2.36

Useful life of Intangible Assets is taken as 6 years.

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
NOTE - 2.9		
NON CURRENT INVESTMENTS (at Book Value)		
a) Quoted Investments		
Government Securities- Held To Maturity(HTM) category	64046.51	32760.61
• Market value of the above stock as on March 31, 2016 was ₹ 64237.61 lacs (Prev. Year ₹ 33204.34 Lacs). For basis of valuation, refer to Note 1.5b. The transactions during the year are given below:		

(₹ in lacs)

	2015-16		2014-15	
	Face Value	Book Value	Face Value	Book Value
Opening Stock	32459.00	32760.61	69362.42	69537.94
Add: Subscription	147995.80	147781.74	251547.90	250904.44
Transfer to HTM	3000.00	3038.70	-	-
	183454.80	183581.04	320910.32	320442.38
Less: Sale and amortization	111781.50	111847.16	278379.00	277236.56
Transfer From HTM	7677.50	7687.38	10072.32	10445.21
Closing Stock	63995.80	64046.51	32459.00	32760.61

- Securities amounting to Face Value ₹ 111781.50 lacs were sold directly from the HTM category (Prev. Year ₹ 278379.00 lacs) and the company earned a gross profit of ₹ 545.26 lacs (Prev. Year ₹ 1624.78 lacs). Balance profit after tax amounting to ₹ 356.56 lacs has been transferred to Capital Reserve Account in accordance with RBI guidelines (Prev. Year ₹ 1072.52 lacs).
- Amortization of ₹ 42.47 lacs on the HTM category as on March 31, 2016 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, 2015 is ₹ 99.48 lacs)

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
b) Unquoted Investments		
Call Lending to MMCBL converted into Fixed Deposit	-	761.88
Less: Provision for Diminution in Investment	-	(761.88)
TOTAL (A + B)	64046.51	32760.61

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. The provision for diminution in investment has been written off in the current financial year.

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
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. 9.38% HIMACHAL PRADESH 30-01-2024	-	72.80
3. 9.40% ANDHRA PRADESH 31-01-2024	-	500.27
4. 9.41% KARNATAKA 30-01-2024	-	1001.41
5. 9.41% KERALA 30-01-2024	-	1001.41
6. 8.46% NAGALAND 26-11-2024	-	604.70
7. 8.31% UTTAR PRADESH SDL 29-07-2025	2096.82	-
8. 7.97% TAMIL NADU SDL 14-10-2025	404.40	-
9. 7.98% KARNATAKA SDL 14-10-2025	1000.67	-
10. 8.01% PUNJAB SDL 14-10-2025	500.33	-
11. 8.22% KARNATAKA SDL 09-12-2025	158.00	-
12. 8.22% TAMIL NADU SDL 09-12-2025	210.10	-
13. 8.22% WEST BENGAL SDL 09-12-2025	208.60	-
14. 8.23% UTTAR PRADESH SDL 09-12-2025	500.34	-
Sub Total – (A)	5079.26	5681.51
B. Central Government Securities		
1. 7.83% GOI 11-04-2018	-	2505.28
2. 8.27% GOI 09-06-2020	-	16959.00
3. 8.08% GOI 02-08-2022	1519.83	7614.82

(₹ in lacs)

	As at 31-03-2016	As at 31-03-2015
S.No. Nomenclature	(Book Value)	(Book Value)
4. 7.68% GOI 15-12-2023	2561.97	-
5. 7.35% GOI 22-06-2024	6345.93	-
6. 7.72% GOI 25-05-2025	4524.48	-
7. 8.15% GOI 24-11-2026	2561.36	-
8. 7.59% GOI 20-03-2029	12380.54	-
9. 7.88% GOI 19-03-2030	11896.18	-
10. 7.95% GOI 28-08-2032	3993.46	-
11. 8.24% GOI 10-11-2033	4179.96	-
12. 7.73% GOI 19-12-2034	3929.05	-
13. 8.13% GOI 22-06-2045	5074.49	-
Sub Total – (B)	58967.25	27079.10
TOTAL (A + B)	64046.51	32760.61

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
NOTE - 2.10		
DEFERRED TAX ASSETS		
For Provision against Investments	-	258.96
For Provision against Leave Liability	40.48	30.40
For Provision against Fixed Assets	3.91	3.43
NET DEFERRED TAX ASSETS	44.39	292.79
Deferred Tax Adjustment	248.39	(40.41)

(₹ in lacs)

NOTE - 2.11		
I. LONG TERM LOANS & ADVANCES		
a) Secured and considered good		
Loans to Staff		
Consumer Loan to staff	1.78	1.25
Housing Loan to Staff #	12.57	20.46
# includes loan to Exec. Director & CFO ₹ 4.72 lacs (Prev. Year. ₹ 10.32 lacs)		
Vehicle Loan to Staff *	8.03	16.21
* includes loan to Company Secretary ₹ NIL lacs (Prev. Year ₹ 0.23 lacs)	22.38	37.92
b) Unsecured and considered good		
Security Deposit		
Security Deposit with CCIL	751.00	601.00
F&O Margin Money Deposit	40.30	40.30
IRF Margin Money Deposit	210.00	210.00
Security Deposit with others	4.98	5.11
TOTAL	1028.66	894.33

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
NOTE - 2.12		
INVENTORIES		
STOCK-IN-TRADE (Book Value)		
Quoted - Non - Hedged		
Government Securities		
Treasury Bills – 91 days	52705.82	57291.13
Treasury Bills – 182 days	38715.67	101893.99
Treasury Bills – 364 days	136442.14	52773.27
Government Securities	82840.92	75611.20
Certificate of Deposits	130630.12	22040.51
Corporate Bonds & Debentures	40043.40	53517.43
Equity Shares Investment	- 481378.07	176.86 363304.39
Quoted - Hedged		
Government Securities	14842.50	20324.03
	496220.57	383628.42
Less: Provision for Diminution of Stocks	(162.42)	(74.63)
TOTAL	496058.15	383553.79

- For basis of valuation, please refer accounting policy (Note 1.5a). Details of securities are given in Annexure.
- Stock-in-Trade includes hedged securities (Book Value – ₹ 14842.50 lacs and the market value of the same is ₹ 15117.65 lacs (Prev. Year Book value ₹ 20324.03 lacs and Market value ₹ 20462.80 lacs) and there is a net provision of ₹ 107.83 lacs for diminution after adjusting the depreciation in Swaps of ₹ 382.99 lacs (Prev. Year net provision was ₹ 74.63 lacs)
- The company is providing custodian services to its constituents and total holdings of 97 constituents in Govt. Securities as at March 31, 2016 in SGL II with RBI is ₹ 2830037.91 lacs (Prev. Year ₹ 2357891.54 lacs)

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
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. 09-Apr-2015	-	144.24
2. 16-Apr-2015	-	5962.16
3. 07-May-2015	-	12712.07
4. 14-May-2015	-	24766.58
5. 04-Jun-2015	-	2337.54
6. 25-Jun-2015	-	11368.54
7. 07-Apr-2016	2330.27	-
8. 14-Apr-2016	36323.30	-
9. 21-Apr-2016	5594.29	-

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
S.No. Nomenclature	Book Value	Book Value
10. 12-May-2016	14.88	-
11. 02-Jun-2016	1834.55	-
12. 09-Jun-2016	3248.98	-
13. 16-Jun-2016	55.42	-
14. 27-Jun-2016	3304.13	-
TOTAL (A)	52705.82	57291.13
B. 182 Days (maturing on)		
1. 21-May-2015	-	9891.32
2. 04-Jun-2015	-	10400.66
3. 02-Jul-2015	-	93.33
4. 16-Jul-2015	-	1719.82
5. 30-Jul-2015	-	30498.70
6. 13-Aug-2015	-	37380.85
7. 27-Aug-2015	-	11909.31
8. 22-Apr-2016	5280.98	-
9. 14-Jul-2016	15013.39	-
10. 08-Sep-2016	18421.30	-
TOTAL (B)	38715.67	101893.99
C. 364 Days (maturing on)		
1. 16-Apr-2015	-	14.95
2. 14-May-2015	-	11191.48
3. 09-Jul-2015	-	978.56
4. 03-Sep-2015	-	4786.50
5. 17-Sep-2015	-	96.79
6. 06-Oct-2015	-	11508.76
7. 29-Oct-2015	-	6686.34
8. 12-Nov-2015	-	2721.97
9. 07-Jan-2016	-	14787.92
10. 05-Apr-2016	424.67	-
11. 14-Apr-2016	4488.31	-
12. 28-Apr-2016	2576.95	-
13. 21-Jul-2016	8806.30	-
14. 04-Aug-2016	2178.69	-
15. 01-Sep-2016	9750.96	-
16. 16-Sep-2016	11262.78	-
17. 29-Sep-2016	29010.73	-
18. 13-Oct-2016	21383.02	-
19. 27-Oct-2016	9088.75	-
20. 02-Mar-2017	9385.21	-
21. 16-Mar-2017	28085.77	-
TOTAL (C)	136442.14	52773.27
TOTAL (A + B + C)	227863.63	211958.39

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
S.No. Nomenclature	Book Value	Book Value
II MONEY MARKET INSTRUMENTS		
A. CERTIFICATE OF DEPOSITS		
1. Corporation Bank CD 12-06-2015	-	7374.23
2. Punjab & Sind Bank CD 15-06-2015	-	2455.67
3. Syndicate Bank CD 15-06-2015	-	9824.85
4. Corporation Bank CD 27-10-2015	-	2385.76
5. Canara Bank CD 30-05-2016	9873.66	-
6. South Indian Bank Ltd. CD 08-06-2016	4923.15	-
7. Indian Overseas Bank CD 10-06-2016	2461.77	-
8. Indian Overseas Bank CD 15-06-2016	9344.54	-
9. State Bank of Bikaner & Jaipur CD 15-06-2016	12298.43	-
10. Bank of Maharashtra CD 20-06-2016	9829.88	-
11. Corporation Bank CD 21-06-2016	14738.14	-
12. Punjab & Sind Bank CD 21-06-2016	12281.11	-
13. Union Bank of India CD 21-06-2016	9822.42	-
14. Vijaya Bank CD 21-06-2016	12279.51	-
15. Axis Bank Limited CD 06-12-2016	2377.48	-
16. Canara Bank CD 15-12-2016	4737.84	-
17. HDFC Bank Limited CD 13-01-2017	4719.09	-
18. IDBI Bank Limited CD 09-02-2017	2337.16	-
19. IDBI Bank Limited CD 17-02-2017	2334.69	-
20. IDBI Bank Limited CD 21-02-2017	2332.16	-
21. Andhra Bank CD 14-03-2017	2324.79	-
22. Indian Overseas Bank CD 14-03-2017	2317.95	-
23. Andhra Bank CD 17-03-2017	4651.23	-
24. Punjab & Sind Bank CD 21-03-2017	2322.13	-
25. Vijaya Bank CD 21-03-2017	2322.99	-
TOTAL	130630.12	22040.51
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. 10.03% GOI 09-08-2019	0.27	0.27
4. 8.27% GOI 09-06-2020	-	346.99
5. 8.79% GOI 08-11-2021	9.87	9.87
6. 8.35% GOI 14-05-2022	0.05	0.05
7. 8.08% GOI 02-08-2022	-	25.28

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
S.No. Nomenclature	Book Value	Book Value
8. 7.16% GOI 20-05-2023	-	7198.52
9. 8.83% GOI 25-11-2023	-	2153.94
10. 8.40% GOI 28-07-2024	5695.71	21415.86
11. 8.33% GOI 09-07-2026	-	7751.25
12. 8.15% GOI 24-11-2026	-	3595.11
13. 8.60% GOI 02-06-2028	-	3088.49
14. 9.20% GOI 30-09-2030	-	4112.21
15. 8.97% GOI 05-12-2030	-	176.57
16. 7.95% GOI 28-08-2032	1.01	1.01
17. 8.24% GOI 10-11-2033	-	523.41
18. 8.30% GOI 31-12-2042	0.10	1055.12
19. 8.17% GOI 01-12-2044	-	5885.02
20. 8.07% GOI 03-07-2017	8084.89	-
21. 6.35% GOI 02-01-2020	7216.36	-
22. 7.68% GOI 15-12-2023	199.58	-
23. 7.35% GOI 22-06-2024	8296.65	-
24. 7.59% GOI 11-01-2026	358.88	-
25. 7.59% GOI 20-03-2029	49.43	-
26. 7.72% GOI 26-10-2055	2044.45	-
TOTAL (A)	31958.33	57340.05
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	5038.06	2502.00
4. 8.50% MAHARASHTRA 03-12-2017	2531.07	0.60
5. 8.43% GUJARAT 10-03-2018	1009.26	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 10-09-2019	78.70	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

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
S.No. Nomenclature	Book Value	Book Value
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. 9.72% WB 12-02-2024	-	47.89
22. 9.46% KERALA 26-03-2024	-	81.20
23. 9.47% TN 26-03-2024	-	55.87
24. 9.48% AP 26-03-2024	1.80	1.81
25. 8.84% PUNJAB 11-06-2024	50.00	50.00
26. 8.96% TAMIL NADU 09-07-2024	-	109.99
27. 9.07% HARYANA 13-08-2024	7.00	15.00
28. 8.26% AP 24-12-2024	0.50	342.73
29. 8.15% PUDUCHERRY 14-01-2025	63.60	363.60
30. 8.16% TELANGANA 14-01-2025	-	500.35
31. 8.07% GUJARAT 11-02-2025	-	202.44
32. 8.07% HARYANA 11-02-2025	179.20	469.20
33. 8.07% TAMIL NADU 11-02-2025	-	224.20
34. 8.07% H. P. 11-02-2025	-	500.26
35. 8.07% M. P. 11-02-2025	-	500.35
36. 8.07% MEGHALAYA 11-02-2025	-	500.35
37. 8.07% PUNJAB 11-02-2025	-	500.35
38. 8.07% U. P. 11-02-2025	-	500.78
39. 8.04% MAHARASHTRA 25-02-2025	-	363.00
40. 8.05% GUJARAT 25-02-2025	-	500.13
41. 8.05% KARNATAKA 25-02-2025	-	500.32
42. 8.05% RAJASTHAN 25-02-2025	-	500.35
43. 8.06% A.P. 25-02-2025	-	1213.30
44. 8.06% MANIPUR 25-02-2025	-	383.40
45. 8.06% MEGHALAYA 25-02-2025	-	445.40
46. 8.06% SIKKIM 25-02-2025	80.80	380.80
47. 8.06% TAMIL NADU 25-02-2025	500.70	500.70
48. 8.06% TELANGANA 25-02-2025	1503.40	1503.40
49. 8.08% U.P. 25-02-2025	1101.72	1603.09
50. 8.08% WEST BENGAL 25-02-2025	1756.03	1756.04
51. 8.78% HARYANA 23-07-2017	2532.71	-
52. 8.75% HIMACHAL PRADESH 03-10-2017	2536.74	-
53. 8.44% PUNJAB 12-11-2019	2500.87	-

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
S.No. Nomenclature	Book Value	Book Value
54. 8.14% HIMACHAL PRADESH 13-01-2021	2248.94	-
55. 8.53% PUNJAB 30-03-2022 UDAY SPL	2000.00	-
56. 8.91% PUNJAB 20-09-2022	520.86	-
57. 8.64% MADHYA PRADESH 20-02-2023	514.51	-
58. 8.45% PUNJAB 30-03-2023 UDAY SPL	2000.00	-
59. 7.77% GUJARAT 19-06-2023	493.16	-
60. 9.41% KARNATAKA 30-01-2024	500.69	-
61. 8.50% PUNJAB 30-03-2024 UDAY SPL	2000.00	-
62. 8.46% NAGALAND 26-11-2024	104.70	-
63. 8.50% PUNJAB 30-03-2025 UDAY SPL	2000.00	-
64. 8.10% TELANGANA 29-04-2025	6.42	-
65. 8.29% KERALA 29-07-2025	1.20	-
66. 8.32% TRIPURA 29-07-2025	241.50	-
67. 7.98% KARNATAKA 14-10-2025	204.97	-
68. 7.99% UTTAR PRADESH 28-10-2025	1000.70	-
69. 8.12% MAHARASHTRA 13-11-2025	1000.00	-
70. 8.22% KARNATAKA 09-12-2025	1001.78	-
71. 8.22% PUNJAB 30-03-2026 UDAY SPL	2000.00	-
72. 8.45% PUNJAB 30-03-2027 UDAY SPL	2000.00	-
73. 8.65% PUNJAB 30-03-2028 UDAY SPL	2000.00	-
74. 8.48% PUNJAB 30-03-2029 UDAY SPL	2000.00	-
75. 8.62% PUNJAB 30-03-2030 UDAY SPL	2000.00	-
76. 8.26% GUJARAT 13-01-2031	497.50	-
77. 8.72% PUNJAB 30-03-2031 UDAY SPL	2000.00	-
TOTAL (B)	50882.59	18271.15
TOTAL (A + B)	82840.92	75611.20
IV. CORPORATE BONDS & DEBENTURES		
A. PSU - TAXABLE BONDS		
1. 7.15% UNION BANK 08-05-2015	-	210.00
2. 7.15% VIJAYA BANK 15-06-2015	-	9.88
3. 8.49% NHPC 26-11-2015	-	500.00
4. 8.30% PFC 15-05-2018	-	2500.00
5. 9.81% PFC 07-10-2018	1038.94	1027.83
6. 8.70% PFC 15-01-2020	-	494.07
7. 8.15% PGCL 09-03-2020	-	2488.97
8. 8.38% PFC 27-04-2020	-	4000.00

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
S.No. Nomenclature	Book Value	Book Value
9. 8.70% PFC 14-05-2020	-	2001.63
10. 8.80% REC 25-10-2020	-	999.39
11. 8.49% NHPC 26-11-2020	-	500.00
12. 8.20% PGCL 23-01-2022	-	999.50
13. 9.17% NTPC 22-09-2024	1066.33	1055.37
14. 8.57% REC 21-12-2024	2568.89	2568.89
15. 8.20% PGCL 23-01-2025	-	998.45
16. 8.23% PNB 09-02-2035	-	2490.50
17. 8.15% PGCL 09-03-2025	-	1985.56
18. 8.40% NPCL 28-11-2025	-	502.77
19. 8.40% NPCL 28-11-2026	-	502.35
20. 8.40% NPCL 28-11-2027	-	504.94
21. 8.15% PGCL 09-03-2030	-	2972.70
22. 7.98% PFC 21-04-2017	5000.00	-
23. 9.30% PFC 27-08-2017	2555.08	-
TOTAL (A)	12229.24	29312.80
B. PSU -TAX FREE		
1. 6.05% IRFC 20-12-2015	-	500.00
2. 6.30% IRFC 08-03-2017	1000.00	1000.00
3. 6.32% IRFC 20-12-2017	1000.00	1000.00
4. 6.72% IRFC 20-12-2020	1500.00	1500.00
TOTAL (B)	3500.00	4000.00
C. DEBENTURES & OTHERS		
1. 8.48% HDFC 17-05-2016 NCD	2500.00	2500.00
2. 8.65% IDFC 24-05-2020 NCD	999.80	999.80
3. 8.90% HDFC 18-08-2020 NCD	501.56	501.56
4. 8.95% HDFC 19-10-2020 NCD	-	1000.00
5. 9.75% MAHESH HYDRA POWER CORPN 2022	272.73	318.18
6. 9.22% TATA CAP. HOU FIN. LTD. 09-12-2024	500.00	500.00
7. 8.23% REC 23-01-2025	991.51	2000.56
8. 9.65% RELIANCE CAPITAL LTD. 18-03-2025	-	5000.00
9. 8.14% NCPL 25-03-2026	-	1000.00
10. 8.14% NCPL 25-03-2027	-	1000.00
11. 8.14% NCPL 25-03-2028	-	1000.00
12. 8.14% NCPL 25-03-2029	-	1000.00
13. 8.14% NCPL 25-03-2030	-	1000.00
14. 8.69% DVC 25-03-2028	-	2384.53
15. 10.18% LIC HF 19-09-2016	2507.44	-

(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
S.No. Nomenclature	Book Value	Book Value
16. 9.25% HDFC LTD 21-10-2016	1000.18	-
17. 9.16% HDB FIN SER LTD 11-11-2016	2498.99	-
18. 9.84% LIC HSG FIN LTD 29-11-2016	2010.29	-
19. 9.75% HDFC LTD 07-12-2016	2521.53	-
20. 8.14% HDFC LTD 15-12-2016	2984.22	-
21. 9.69% LIC HSG FIN LTD 11-01-2017	2513.42	-
22. 8.61% LIC HSG FIN LTD 11-12-2019	2512.49	-
TOTAL (C)	24314.16	20204.63
TOTAL (A+B+C)	40043.40	53517.43
V. EQUITY SHARES		
1. Dr. Reddy Lab. Ltd.	-	15.94
2. Infosys Ltd.	-	21.05
3. ITC Ltd.	-	35.83
4. LUPIN Ltd.	-	71.77
5. Reliance Industries Ltd.	-	18.10
6. Tech Mahindra Ltd.	-	14.17
TOTAL	-	176.86
VI. HEDGED SECURITIES		
a. Central Govt. Securities		
1. 8.40% GOI 28-07-2024	-	10419.09
2. 7.68% GOI 15-12-2023	4937.56	-
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	2501.00
TOTAL	14842.50	20324.03
TOTAL (I + II + III + IV+ V +VI)	496220.57	383628.42
Less : Diminution in Market Value	162.42	74.63
STOCK-IN-TRADE	496058.15*	383553.79*

*The aggregate carrying value and market value as at March 31, 2016 is ₹ 496058.15 lacs and ₹ 496058.15 lacs (Prev. Year ₹ 383553.79 lacs and ₹ 383553.79 lacs) respectively.

- (i) Govt. Securities pledged for availing LAF/Term Repo – Face Value ₹ 129547.00 lacs – Book Value ₹ 126254.03 lacs (Prev. Year Face Value ₹ 97025.10 lacs and Book value ₹ 94443.60 lacs).
- (ii) Govt. Securities pledged for availing CBLO borrowing – Face Value ₹ 71900.00 lacs - Book value ₹ 70551.04 lacs (Prev. Year Face Value ₹ 70900.00 lacs and Book value ₹ 69420.43 lacs).
- (iii) Govt. Securities pledged for availing RBI Refinance – Face Value ₹ 37156.00 lacs - Book Value ₹ 36364.83 lacs (Prev. Year Face Value ₹ 36499.00 lacs and Book value ₹ 35739.56 lacs).

The securities mentioned in (i), (ii) and (iii) above were not available for trading as on March 31, 2016.

(₹ in lacs)

	As at 31.03.2016		As at 31.03.2015	
NOTE - 2.13				
CASH AND BANK BALANCES				
Cash and Cash Equivalents				
Balances with Banks				
Balance with Reserve Bank of India	17.11		24.60	
Balance with PNB Current Accounts	0.70	17.81	2.29	26.89
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, 2016, availment of overdraft against the fixed deposits is ₹ 1800.78 lacs) (Prev. Year ₹ 36099.47 lacs) Please see note 2.4	2055.00		39099.00	
Balance with Scheduled Banks earmarked towards Unclaimed Dividends	45.90		40.89	
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable	0.32	2101.22	0.32	39140.21
TOTAL	2119.03		39167.10	

(₹ in lacs)

NOTE - 2.14				
SHORT TERM LOANS & ADVANCES				
Related Parties		-		-
Others (unsecured and considered good)				
MTM F&O with SHCIL	7.64		4.59	
MTM IRF with SHCIL	257.25		45.12	
Festival Loans to Staff	1.64	266.53	1.37	51.08
TOTAL		266.53		51.08

(₹ in lacs)

NOTE - 2.15				
OTHER CURRENT ASSETS				
A) INTEREST ACCRUED BUT NOT DUE ON				
Government Dated and Approved Securities	2602.72		2455.55	
Bonds and Debentures	1532.55		1442.91	
Fixed Deposits with Scheduled Banks	70.27	4205.54	542.96	4441.42
B) OTHERS				
Prepaid Expenses	5.69		15.80	
Advance Income Tax paid	8926.76*		14516.49	
Rent Receivables	0.11		0.43	
Accrual on Swaps	-	8932.56	7.59	14540.31
TOTAL		13138.10		18981.73

*This figure includes refund of ₹ 216.79 lacs (Prev. Year. ₹ 118.60 lacs) due from Income Tax Department and also ₹ 198.97 Lacs (Prev. Year. ₹ NIL) lacs paid under protest.

(₹ in lacs)

	For the year ended 31.03.2016		For the year ended 31.03.2015	
NOTE - 2.16				
DISCOUNT INCOME				
a) Commercial Papers (CP)				
Sales & Redemption	4661.70		-	
Add: Closing Stock	-	4661.70	-	-
Less: Purchases	4661.21		-	
Less: Opening Stock	-	4661.21	-	-
		0.49		-
b) Certificate of Deposits (CD)				
Sales & Redemption	53692.73		131989.20	
Add: Closing Stock	130630.12	184322.85	22040.51	154029.71
Less: Purchases	161854.94		73353.33	
Less: Opening Stock	22040.51	183895.45	79814.21	153167.54
		427.40		862.17
c) Treasury Bills / Cash Management Bills				
Sales & Redemption	2251358.15		2454135.77	
Add: Closing Stock	227809.05	2479167.20	211958.39	2666094.16
Less: Purchases	2252390.39		2460106.71	
Less: Opening Stock	211958.39	2464348.78	190464.46	2650571.17
		14818.42		15522.99
TOTAL (a+b+c)		15246.31		16385.16

Opening and Closing Stock are adjusted for diminution in market value of securities at the year end, if any (except CD & CP).

(₹ in lacs)

NOTE - 2.17				
INTEREST INCOME				
Short Term Lending @	130.10		157.56	
Government Dated Securities (\$)	14988.58		11261.11	
Corporate Bonds & Debentures	2527.65		2270.17	
Fixed Deposits	3014.11	20660.44	3216.98	16905.82
TOTAL		20660.44		16905.82

@ - Interest on Short Term lending includes interest from CBLO Lending of ₹ 0.34 lacs (Prev. Year ₹ 35.86 lacs) and Market Reverse Repo Lending of ₹ 129.76 lacs (Prev. Year ₹ 121.70 lacs)

(\$) - Includes interest income of ₹ 1272.06 lacs on hedged securities/swaps (Prev. Year ₹ 798.34 lacs).

(₹ in lacs)

	For the year ended 31.03.2016		For the year ended 31.03.2015	
NOTE - 2.18				
TRADING INCOME				
a) Government Securities				
Sales & Redemption	15137127.18		20323984.73	
Add: Closing Stock *	97575.58	15234702.76	95860.60	20419845.33
Less: Purchases	15141104.07		20365937.39	
Less: Opening Stock	95860.60	15236964.67	47069.53	20413006.92
	(2261.91)		6838.41	
* Net of diminution of ₹ 107.83 lacs on hedged securities (prev. year ₹ 74.63 lacs)				
b) Corporate Bonds & Debentures				
Sales & Redemption	1094563.36		782767.73	
Add: Closing Stock	40043.40	1134606.76	53517.43	836285.16
Less: Purchases	1080726.11		814473.79	
Less: Opening Stock	53517.43	1134243.54	21267.78	835741.57
	363.22		543.59	
c) Equity Shares				
Sales	2866.76		3723.31	
Add: Closing Stock	-	2866.76	176.86	3900.17
Less: Purchases	2748.55		3666.47	
Less: Opening Stock	176.86	2925.41	103.44	3769.91
	(58.65)		130.26	
d) Mutual Fund Units				
Sales & Redemption	31944.01		17641.46	
Add: Closing Stock	-	31944.01	-	17641.46
Less: Purchases	31895.00	-	17600.00	
Less: Opening Stock	-	31895.00	-	17600.00
	49.01		41.46	
e) Derivatives				
Interest Rate Futures	219.20		38.54	
Futures & Options	(0.96)	218.24	(6.99)	31.55
TOTAL (a+b+c+d+e)	(1690.09)		7585.27	

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)

	For the year ended 31.03.2016		For the year ended 31.03.2015	
NOTE - 2.19				
OTHER OPERATIONAL INCOME				
Underwriting Fees	75.45		81.91	
Commission and Other Fees	21.21		16.08	
Dividend Income from Equity	5.03		3.96	
Others	4.05	105.74	1.31	103.26
TOTAL		105.74		103.26

(₹ in lacs)

NOTE - 2.19A				
OTHER INCOME				
Rent	5.54		10.60	
Profit on sale of Fixed Assets	0.12		-	
Miscellaneous Income	11.59	17.25	11.07	21.67
TOTAL		17.25		21.67

(₹ in lacs)

NOTE - 2.20				
INTEREST EXPENSES				
Call and Notice and Short Term Borrowing	8329.50		7943.53	
CBLO Borrowing	3397.50		3316.38	
Repo Borrowing	9100.48		7277.81	
RBI Borrowing	6395.20		7027.36	
Overdraft Borrowing	288.15		446.58	
ICD Borrowing	51.30	27562.13@	39.30	26050.96
TOTAL		27562.13		26050.96

@ - This includes Interest expenses allocated to hedged securities investment Rs. 1128.92 lacs (Prev. Year ₹ 684.63 lacs)

(₹ in lacs)

NOTE - 2.21				
OPERATING COSTS				
Brokerage on Securities & Financial Instruments	3.99		3.79	
Financial Information Services	48.54		22.03	
Operating Expenses for Futures & Options	2.01		6.20	
Operating Expenses on Equity	7.48		9.08	
Operating Expenses on IRF	7.21		5.26	
Transaction Charges etc.	328.78		410.19	
Bank Charges	2.05	400.06	1.19	457.74
TOTAL		400.06		457.74

(₹ in lacs)

	For the year ended 31.03.2016		For the year ended 31.03.2015	
NOTE - 2.22				
EMPLOYEE BENEFIT EXPENSES				
Salaries & Allowances	368.62		341.93	
Contribution to PF & Gratuity Fund	39.43		30.90	
Staff Welfare & Other Establishment Expenses	132.10		124.73	
Staff Recruitment & Training	5.15	545.30	4.77	502.33
TOTAL		545.30		502.33

(₹ in lacs)

NOTE - 2.23				
OTHER EXPENSES				
Rent on Business Premises	72.58		87.34	
Postage, Telegram, Couriers and Telephone	46.72		41.16	
Travelling, Conveyance and Motor Car Expenses	29.10		30.04	
Printing and Stationery	13.86		13.72	
Repairs to Building	18.35		13.15	
Repairs and Maintenance - Others	64.30		66.54	
Internal Audit Fees and Expenses	13.71		14.05	
Legal and Professional Expenses	11.50		20.16	
Listing Fees	5.79		4.66	
Books and Periodicals	2.91		2.30	
Workshops and Business Meet	37.23		37.89	
Water and Electricity Expenses	16.34		14.57	
Insurance Expenses	3.63		1.59	
Directors' Sitting Fees	12.21		11.52	
Auditor's Remuneration				
-Statutory Audit Fees	7.56		7.42	
-Tax Audit Fees	1.57		1.54	
-Certification Fees	5.50	14.63	5.32	14.28
Loss on Sale of Fixed Assets (Net)		-		0.89
Share Transfer Fees	4.91		6.26	
Corporate Membership	2.84		2.84	
Advertisement & Publicity	3.75		3.84	
Board / Statutory Meeting Expenses	9.38		9.84	
Miscellaneous Expenses				
- Others	16.37	16.37	12.18	12.18
Amortization of HTM Portfolio		42.47		99.48
TOTAL		442.58		508.30

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 2014-15 (₹ in lacs)

	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								(1138.64)
Profit Before Tax								13254.55
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

FY 2015-16 (₹ in lacs)

	T-Bills / CP/CD	Corp. Bonds & Debentures	Govt. Securities	Derivatives	Fixed Deposits	Mutual Fund Comm.	Unallocated (incl. Equity Shares)	Total
Segment Revenue	15246.31	2890.87	11687.98	1332.38	3014.11	0.02	170.60	34342.27
Total Allocable Expenses	(13020.66)	(1958.33)	(11698.44)	(1138.14)	-	-	(188.88)	(28004.45)
Segment Results	2225.65	932.54	(10.46)	194.24	3014.11	0.02	(18.28)	6337.82
Less: Unallocable Expenses								(1190.59)
Profit Before Tax								5147.23
Segment Assets	357886.96	41505.58	148905.28	15149.23	2125.27	-	-	565572.32
Segment Liabilities	311655.51	36141.06	129694.83	14958.69	-	-	-	492450.09

- Provision for Diminution of ₹ 107.83 lacs on Government Securities(including hedged securities), ₹ 54.59 lacs on Treasury Bills, ₹ NIL lacs on Equity Investments and ₹ NIL lacs on Corporate Bonds as on March 31, 2016 has been provided for and included in segment liabilities (Prev. Year ₹ 74.63 lacs on Government Securities, ₹ NIL lacs on Treasury Bills, ₹ NIL lacs on Equity Investments and ₹ NIL 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 previous 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.
- Out of the total Eight Directors on the Board of the company as at March 31, 2016, four are Independent Directors. Only the Non-Executive Directors are being paid sitting fees for the Board / Committee Meetings. W.e.f March 22, 2016 sitting fee paid to non-executive Directors was increased from ₹ 10000/- to ₹ 25000/- for attending each meeting of the Board and from ₹ 5000/- to ₹ 10000/- for attending each meeting of Audit Committee/CSR Committee/ Nomination and Remuneration Committee/Only Independent Directors' Meeting. Sitting fee for attending each meeting of (a) Share Transfer and Issue of Duplicate Shares Committee; and (b) Stakeholders' Relationship Committee is same at ₹ 5000/-. During the year, the Company has paid a sum of ₹ 12.21 lacs towards sitting fee, including service tax (Prev. Year ₹ 11.52 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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Notional Principal	20000.00	15000.00	NIL	NIL
Marked to Market Positions	19617.01	14699.54	NIL	NIL
Max. of 100 * PV01 observed during the year	492.32	316.26	NIL	NIL
Min. of 100 * PV01 observed during the year	278.17	208.27	NIL	NIL
Market Risk	<p>In the event of 100 basis points adverse movement in interest rate there will be a negative impact of ₹ 391.07 lacs (Prev. Year ₹ 289.30 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	₹ 27.52 lacs (Prev. Year ₹ 59.77 lacs).			

(₹ in lacs)

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

As on March 31, 2016, the total stock of ₹ 496058.15 lacs (P.Y. ₹ 383553.79 lacs) (Book Value) comprises of

- | | |
|---|---|
| • Govt. Securities (including T. Bills) | • ₹ 325384.63 lacs (Prev. Year ₹ 307818.99 lacs), |
| • Equity Instruments | • ₹ NIL lacs (Prev. Year ₹ 176.86 lacs), |
| • Money Market instruments | • ₹ 130630.12 lacs (Prev. Year ₹ 22040.51 lacs) and |
| • Corporate Bonds and Debentures | • ₹ 40043.40 lacs (Prev. Year ₹ 53517.43 lacs). |

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

• AAA rated	• ₹ 39543.40 lacs (Prev. Year ₹ 47797.55 lacs)
• AA+ rated bonds	• ₹ 500.00 lacs (Prev. Year ₹ 5719.88 lacs)
• A1+ rated Bank CDs.	• ₹ 130630.12 lacs (Prev. Year ₹ 22040.51 lacs)

There is no migration / decline in ratings of these Bonds during the year 2015-16

(₹ in lacs)						
S. No.	Issuer	Amount (Book Value) Current Year	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unlisted Securities	Extent of Unrated Securities
1	PSUs	16720.75 (39987.51)	NA	NA	NA	NA
2	FIs	23049.92 (10501.36)	NA	NA	NA	NA
3	Banks	130630.12 (24750.89)	NA	NA	NA	NA
4	Other PDs	NIL (NIL)	NA	NA	NA	NA
5	Private Corporates	272.73 (318.18)	NA	NA	NA	NA
6	Subsidiaries/Joint Ventures	NIL (NIL)	NA	NA	NA	NA
7	Others	NIL (NIL)	NA	NA	NA	NA
8	Provision held towards diminution	NIL (NIL)	NA	NA	NA	NA
	Total	170673.52 (75557.94)	NA	NA	NA	NA

Figures in brackets relate to FY 2014-15

(₹ in lacs)

NOTE – 2.28 - CRAR AND RELATED INFORMATION

Sl. No.	Particulars	Current Year	Prev. Year
i)	CRAR (%)	68.07	65.07
ii)	CRAR – Teir I (Capital) (%)	68.07	65.07
iii)	CRAR – Teir II (Capital) (%)	NA	NA

Forward Rate Agreement / Interest Rate Swaps

Sl. No.	Particulars	Current Year	Prev. Year
i)	The Notional Principal of swap agreements	20000.00	15000.00
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	19617.01	14699.54

(₹ in lacs)

Quantitative Disclosures for Financial Year 2015-16 are as under:

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount)		
	a) For Hedging	20000.00	15000.00
	b) For Trading	-	-
ii)	Marked to Market Positions		
	a) Asset (+)	19617.01	14699.54
	b) Liability (-)	-	-
iii)	Credit Exposures	-	-
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	391.07	289.30
	b) On Trading Derivatives	-	-
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	492.32 & 278.17	316.26 & 208.27
	b) On Trading Derivatives	-	-

NOTE – 2.29 - REAL ESTATE EXPOSURES

Exposure to Real Estate Sector (direct and indirect) is NIL both in current and previous year (as it is not applicable to the Company).

(₹ in lacs)

NOTE – 2.30 - ASSET LIABILITY MANAGEMENT

FY-2015-16									
	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	345446.23	-	-	-	-	-	-	-	345446.23
Market Borrowings	146621.39	-	-	-	-	-	-	-	146621.39
Assets									
Advances / Investments	-	-	-	-	266.53	6.50	13.01	1009.15	1295.19

(₹ in lacs)

FY-2014-15

	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 - PROVISIONS FOR EMPLOYEE BENEFITS

Provision for leave liability has been done in accordance with the requirement of AS-15 (revised) as per Actuarial Valuation for the year 2015-16 on March 31, 2016, as per the Projected Unit Credit Method (PUCM), details for which are given hereunder:

a) The Principal Assumptions used in actuarial valuation are as under:

	2015-16	2014-15
Attrition Rate (per annum)	3.00%	2.00%
Imputed Rate of Interest (per annum)	7.90%	7.95%
Salary Rise (per annum)	10.00%	10.00%
Remaining Working Life (in years)	22.09	21.61
Mortality Rate	IAL 2006-08 Ultimate	IAL 2006-08 Ultimate

(₹ in lacs)

b) Changes in the present value of the Long Term Obligations

	2015-16	2014-15
Present Value of obligations at the beginning of the I.V.P.	80.47	48.05
Interest Cost	5.20	3.54
Current Service Cost	31.33	25.89
Benefits Paid	(29.41)	(6.94)
Actuarial (Gain) / Loss on obligation	9.04	9.92
Present Value of obligations at the end of the I.V.P.	96.62	80.47

(₹ in lacs)

c) Short Term Obligations

	2015-16	2014-15
	20.35	8.94

(₹ in lacs)

d) Fair Value of Plan Assets:			
		2015-16	2014-15
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		(29.41)	(6.94)
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.		96.62	80.47
Funded Status		(96.62)	(80.47)

(₹ in lacs)

e) Amount to be recognized in the Balance Sheet:			
		2015-16	2014-15
Present Value of Long Term obligation at the end of the I.V.P.		96.62	80.47
Fair Value of the Assets at the end of the I.V.P.		NIL	NIL
Contribution		NIL	NIL
Funded Status		(96.62)	(80.47)
Unrecognized Actuarial (Gain) / Loss at the end of the I.V.P.		NIL	NIL
Net Asset / (Liability) Recognized in the Balance Sheet *		116.97*	89.41*

*including short term liability of ₹ 20.35lacs (previous year ₹ 8.94 lacs) as given in (c)

(₹ in lacs)

f) Expenses Recognized in the Statement of Profit and Loss:			
		2015-16	2014-15
Current Service Cost		31.33	25.89
Interest Cost		5.20	3.54
Benefits Paid		(29.41)	(6.94)
Expected Return of Plan Assets		NIL	NIL
Actuarial (Gain) / Loss recognized in the I.V.P.		9.04	9.92
Short Term Liability (Additional)		11.41	5.27
Expenses recognized in the Statement of Profit and Loss (LT- Additional)		45.57	39.35

NOTE – 2.32 - OTHERS

- Tax deducted at source on the interest, miscellaneous income and commission and fees during the financial year 2015-16, amounted to ₹ 302.21 lacs (Prev. Year ₹ 322.42 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 previous 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 are not applicable.

- d. In the opinion of the management there are no impairment losses (Prev.Year NIL). Therefore, impairment losses have not been provided in the current financial statements.
- e. No expenditure on research and development has been incurred by the company (Prev.Year NIL).
- f. Provisions to the extent known and reasonable have been provided in the books of accounts.
- g. There are no trade receivables as on March 31, 2016 and also as on March 31, 2015.
- h. Figures for the previous year have been regrouped and rearranged wherever considered necessary, in order to make them comparable with those of the current period.

(₹ in lacs)

NOTE – 2.33 - EARNINGS PER SHARE (EPS)

Particulars	2015-16	2014-15
Net Profit After Tax (Numerator) (₹ in lacs)	3449.65	8826.70
Weighted Average Number of Equity shares (Denominator) (in lacs)	1800.10	1800.10
Basic and Diluted Earnings Per Share (in ₹)	1.92	4.90
Face Value Per Share (in ₹)	10.00	10.00

(₹ in lacs)

NOTE – 2.34 - CONTINGENT LIABILITY

Claims against the Company not acknowledged as debt

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

Assessment Year	2015-16	2014-15	Forum where pending
2010-2011 under section 143(3) of the Income Tax Act, 1961	46.39	46.39	ITAT
2012-2013 under section 143(3) of the Income Tax Act, 1961	356.58	356.58	CIT Appeals
2013-2014 under section 143(3) of the Income Tax Act, 1961	205.25	NIL	CIT Appeals
2010-2011 under section 271(1)(c) of the Income Tax Act, 1961	3.86	NIL	CIT Appeals
2006-2007 under section 263 of the Income Tax Act, 1961	NIL*	198.97	ITAT
TOTAL	612.08	601.94	

*Paid under protest refer Note No. 2.15

NOTE – 2.35 - DETAILS OF CORPORATE SOCIAL RESPONSIBILITY EXPENSES

(a) Gross amount required to be spent by the company during the year is ₹197.19 lacs (Prev.Year ₹ 134.71 lacs)

(b) Amount spent during the year on:

(₹ in lacs)

	In cash/cheque	Yet to be paid in cash/cheque	Total
(i) Construction/acquisition of any asset	NIL	NIL	NIL
(ii) On purposes other than (i) above (Towards Prime Minister's National Relief Fund)	198.09 (P.Y. 134.71)	NIL	198.09 (P.Y. 134.71)

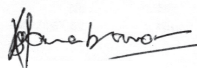
(₹ in lacs)

NOTE – 2.36 - DETAILS OF PRIOR PERIOD INCOME

Particulars	2015-16	2014-15
Depreciation excess charged on vehicle in previous year	2.72	-
Depreciation less charged on vehicle sold in the previous year due to which profit booked at the time of sale was less in the previous year	(0.10)	-
TOTAL	2.62	-



(Usha Ananthasubramanian)
Chairperson
DIN:02784580



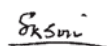
(R.S. Ramasubramaniam)
Director
DIN:00008937



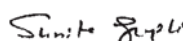
(Kamal Gupta)
Director
DIN:00038490



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



(S.K. Soni)
Director
DIN:00046856



(Sunita Gupta)
Executive Director & CFO
DIN:06902258



(P.P. Pareek)
Director
DIN:00615296



(Monika Kochar)
Company Secretary
Membership No.F6514

Date : May 16, 2016
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

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



(Devendra Swaroop Mathur)
Partner

Membership No.082570 FRN:000952C

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

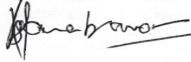
(₹ in lacs)

	As at 31.03.2016		As at 31.03.2015	
PROFIT AS PER STATEMENT OF PROFIT AND LOSS	5147.23		13254.55	
Adjustment for				
Add: Depreciation of Fixed Assets	46.88		92.59	
Addl. Long Term Provision for Employee Benefits	16.15		32.42	
Loss/(Profit) on Sale of Fixed Assets	(0.12)		0.89	
Less: Prior Period Income	(2.62)	60.29	-	125.90
Operating Profit Before changes in Operating Activity	5207.52		13380.45	
CASH FLOW FROM THE OPERATING ACTIVITY				
Adjustment for Changes in Operating Activity				
Decrease/ (Increase) in Long Term Advances	(134.33)		(209.20)	
Decrease/ (Increase) in Current Inventory	(112504.36)		(44834.37)	
Decrease/ (Increase) in Short Term Advances	(215.44)		(39.40)	
Decrease/ (Increase) in Other Current Assets	253.90		(223.38)	
Increase / (Decrease) in Trade Payables	(10.59)		(3.51)	
Increase / (Decrease) in Current Liabilities	180.06		(167.57)	
Increase / (Decrease) in Short Term Provisions	(87.32)	(112518.08)	55.85	(45421.58)
CASH GENERATED FROM OPERATIONS	(107310.56)		(32041.13)	
Less : Net Tax paid				
Tax Refund	-		-	
Taxes Paid	(1447.18)	(1447.18)	(4521.15)	(4521.15)
(A) Net Cash Flow from Operating Activities	(108757.74)*		(36562.28)	
CASH FLOW FROM THE INVESTING ACTIVITY				
Adjustment for Changes in Investing Activity				
Sale Proceeds of Fixed Assets	0.15		1.76	
Decrease/(Increase) in Non-Current Investment-HTM	(31285.89)		36777.33	
Purchase of Fixed Assets	(28.10)	(31313.84)	(6.52)	36772.57
(B) Net Cash Flow from Investing Activities	(31313.84)		36772.57	
CASH FLOW FROM THE FINANCING ACTIVITY				
Adjustment for Changes in Financing Activity				
Increase / (Decrease) in Secured/Unsecured Loans	106276.51		9042.54	
Dividend Distribution including Div. Distribution Tax	(3253.00)	103023.51	(1895.43)	7147.11
(C) Net Cash Flow from Financing Activities	103023.51		7147.11	

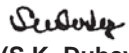
(₹ in lacs)

	As at 31.03.2016	As at 31.03.2015
CONSOLIDATED CASH FLOW DURING THE YEAR (A+B+C)	(37048.07)	7357.40
Cash at the beginning of the year	39167.10	31809.70
CASH AT THE END OF THE YEAR	2119.03	39167.10
Balance with Reserve Bank of India	17.11	24.60
Balance with PNB Current Accounts	0.70	2.29
Balance with Punjab National Bank in Fixed Deposits (maturing within 12 months) <i>(not available for use of the company)</i>	2055.00	39099.00
Balance with Scheduled Banks earmarked towards Unclaimed Dividends <i>(not available for use of the company)</i>	45.90	40.89
Balance with Scheduled Banks earmarked towards Unclaimed Bonus Fractional Entitlement Payable <i>(not available for use of the company)</i>	0.32	0.32
*This includes the payment of Rs. 198.09 lacs (P.Y. 134.71 lacs) towards CSR activities in Prime Minister's National Relief Fund.		


(Usha Ananthasubramanian)
Chairperson
DIN:02784580



(R.S. Ramasubramaniam)
Director
DIN:00008937


(Kamal Gupta)
Director
DIN:00038490


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

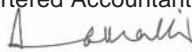

(S.K. Soni)
Director
DIN:00046856


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(P.P. Pareek)
Director
DIN:00615296


(Monika Kochar)
Company Secretary
Membership No.F6514

Date : May 16, 2016
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

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

(Devendra Swaroop Mathur)
Partner
Membership No.082570 FRN:000952C

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		
Liabilities Side :		
(1) Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(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)	492067.62	-
Secured Loans		
1 Borrowings from RBI	158100.00	-
2 CBLO Borrowings	67931.18	-
3. Repo Borrowing	78690.21	-
4. Overdraft Borrowing	1800.78	-
Unsecured Loans		
1 Call Money Borrowings	85000.00	-
2 Inter Corporate Borrowings	-	-
3. Line of Credit from PNB	100545.45	-
* 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	22.38	-
(b) Unsecured	1295.19	-

(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	-	
(b) Preference	-	
(ii) Debentures and Bonds	40043.40	(Market Value ₹ 40208.22 lacs)
(iii) Units of mutual funds	-	
(iv) Government Securities	325384.63	(Market Value ₹ 326522.01 lacs)
(v) Others (Please specify) CDs	130630.12	(Market Value. ₹ 130630.12 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	64046.51 (Market Value ₹ 64233.49 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 :	560104.66

(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:	-	-	-

(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)

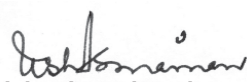
Category	Market Value /Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	561593.84	560104.66
TOTAL :	561593.84	560104.66

** 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	-	

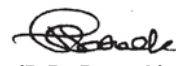
Notes :

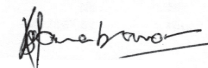
- As defined in paragraph 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All applicable Accounting Standards (as mentioned in Note No. 2.32) of financials 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.

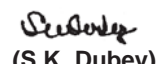

(Usha Ananthasubramanian)
Chairperson
DIN:02784580


(Kamal Gupta)
Director
DIN:00038490


(S.K. Soni)
Director
DIN:00046856


(P.P. Pareek)
Director
DIN:00615296


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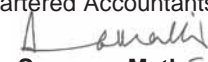

(S.K. Dubey)
Managing Director
DIN:01770805


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Monika Kochar)
Company Secretary
Membership No.F6514

Date : May 16, 2016
Place : New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

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


(Devendra Swaroop Mathur)
Partner
Membership No.082570 FRN:000952C

FINANCIALS AT A GLANCE

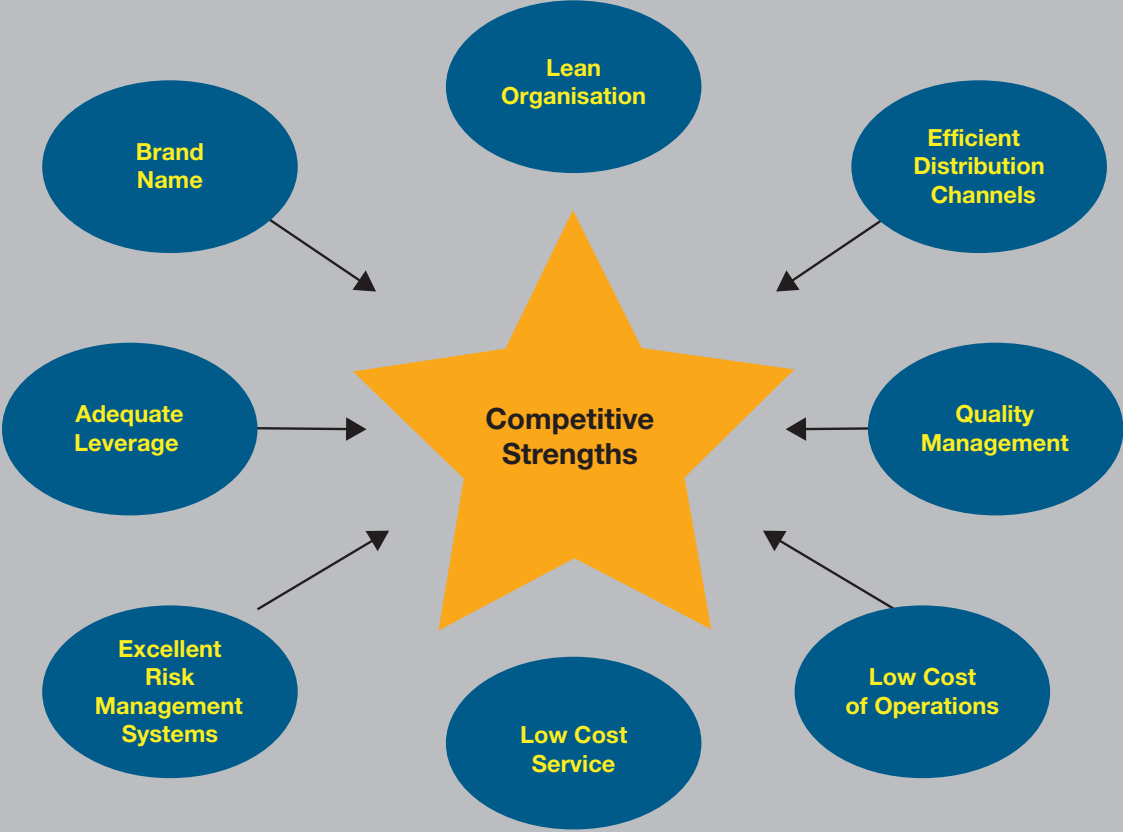
FINANCIAL PARAMETERS

	2015-16 (%)	2014-15 (%)	2013-14 (%)
Financial Performance			
Interest Income/ Total Income	104.56	81.19	87.83
Trading Income/ Total Income	(4.92)	18.50	9.07
Other Income/ Total Income	0.36	0.30	3.10
Interest Expense/ Total Income	80.26	63.54	70.08
Interest Expense/ Total Expense	94.41	93.89	94.96
Establishment Expense/ Total Expense	1.87	1.81	1.55
Admn and other Expense/ Total Expense	3.73	4.30	3.49
PBT/ Total Income	14.99	32.33	26.19
PAT/ Total Income	10.04	21.53	17.73
Human Assets			
Security Turnover per employee (₹ Crore)	11822.49	14609.40	10431.48
Profit Before tax per employee (₹ crore)	1.47	3.79	2.75
Average Age of the employees (year)	38.00	38.00	38.00
Per Share Data			
Earnings Per Share (₹)	1.92	4.90	3.41
Cash Earnings Per Share (₹)	2.93	7.28	5.19
Book Value Per Share (₹)	40.62	39.89	36.81
Price Earnings, end of year (₹)	13.15	6.12	5.03
Price/ Cash Earnings, end of year (₹)	8.62	4.12	3.30
Price/ Book Value, end of year (₹)	0.62	0.75	0.47
Dividend Per Share (₹)	1.10	1.50	0.90

Financials: Last 10 Years

	(₹ in Crore)									
Financials \Financial Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
INCOME	126.14	172.63	112.47	101.73	103.09	165.30	288.65	346.26	410.01	343.42
I Interest & Discount on Securities	156.70	181.57	135.92	121.21	108.19	175.28	244.37	304.12	332.91	359.06
II Profit on Sale of Securities	(35.07)	(12.97)	(31.10)	(30.78)	(11.28)	(14.51)	40.06	31.41	75.85	(16.90)
III Other Income	4.51	4.03	7.65	11.30	6.18	4.53	4.22	10.73	1.25	1.26
EXPENDITURE	109.75	105.62	74.35	45.70	59.05	135.66	199.88	255.56	277.47	291.95
I Interest Expenses	103.37	98.87	67.12	34.57	51.57	125.67	188.65	242.67	260.51	275.62
II Operating Expenses	5.75	6.22	6.78	6.83	6.56	9.08	10.53	12.34	16.03	15.86
III Depreciation on fixed assets	0.63	0.53	0.45	0.46	0.91	0.91	0.70	0.55	0.93	0.47
IV Bad debts written off				0.02	0.01					
Prov. Against overdue call lending				3.82						
PROFIT BEFORE TAX	16.38	67.01	38.12	56.03	44.04	29.64	88.77	90.70	132.55	51.47
Less Prov. / (Release) for Taxation	0.42	21.85	13.63	19.33	13.47	8.59	27.52	29.32	44.28	16.98
PROFIT AFTER TAX	15.96	45.16	24.49	36.70	30.58	21.05	61.25	61.38	88.27	34.50
PAID UP CAPITAL	135.01	135.01	135.01	135.01	135.01	135.01	135.01	180.01	180.01	180.01
RESERVES	371.36	392.82	404.68	425.59	437.28	442.64	488.08	485.51	541.00	551.67
NET WORTH	502.85	525.41	538.48	557.76	568.92	574.69	620.08	662.53	718.06	731.22
Turnover (Primary + Secondary)	33552	59868	62187	63726	87858	249382	241137	344239	511329	413787
Dividend (%)	-	15	8	10	12	10	10	9	15	11

OUR STRENGTHS



COMPANY SECRETARY
Ms. Monika Kochar

STATUTORY AUDITORS
Kapoor Tandon & Co
Chartered Accountants
H-118, 11th Floor
Himalaya House
23, Kasturba Gandhi Marg
New Delhi - 110001

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 - 110001
Tel: 011 - 23325759, 23325779
Fax: 011 - 23325751
E-mail: pnbgilts@pnbgilts.com
Website: www.pnbgilts.com

BRANCHES
PNB House, Sir P.M. Road,
Fort, Mumbai-400 001.
Tel: 022-22691812, 22693314 / 15
Fax: 022-22691811, 22692248

C/o PNB Back Office
3rd Floor, Kuralagam Building
NSC Bose Road, Chennai - 600108
Tel: 044-25331750, 25331752
Fax: 044-25330179

18, Ground Floor, Parshawanath Chambers
Near New RBI, Income Tax Office
Ahmedabad-380014
Tele : 079-27544245, 27542455
Fax : 079-27541808