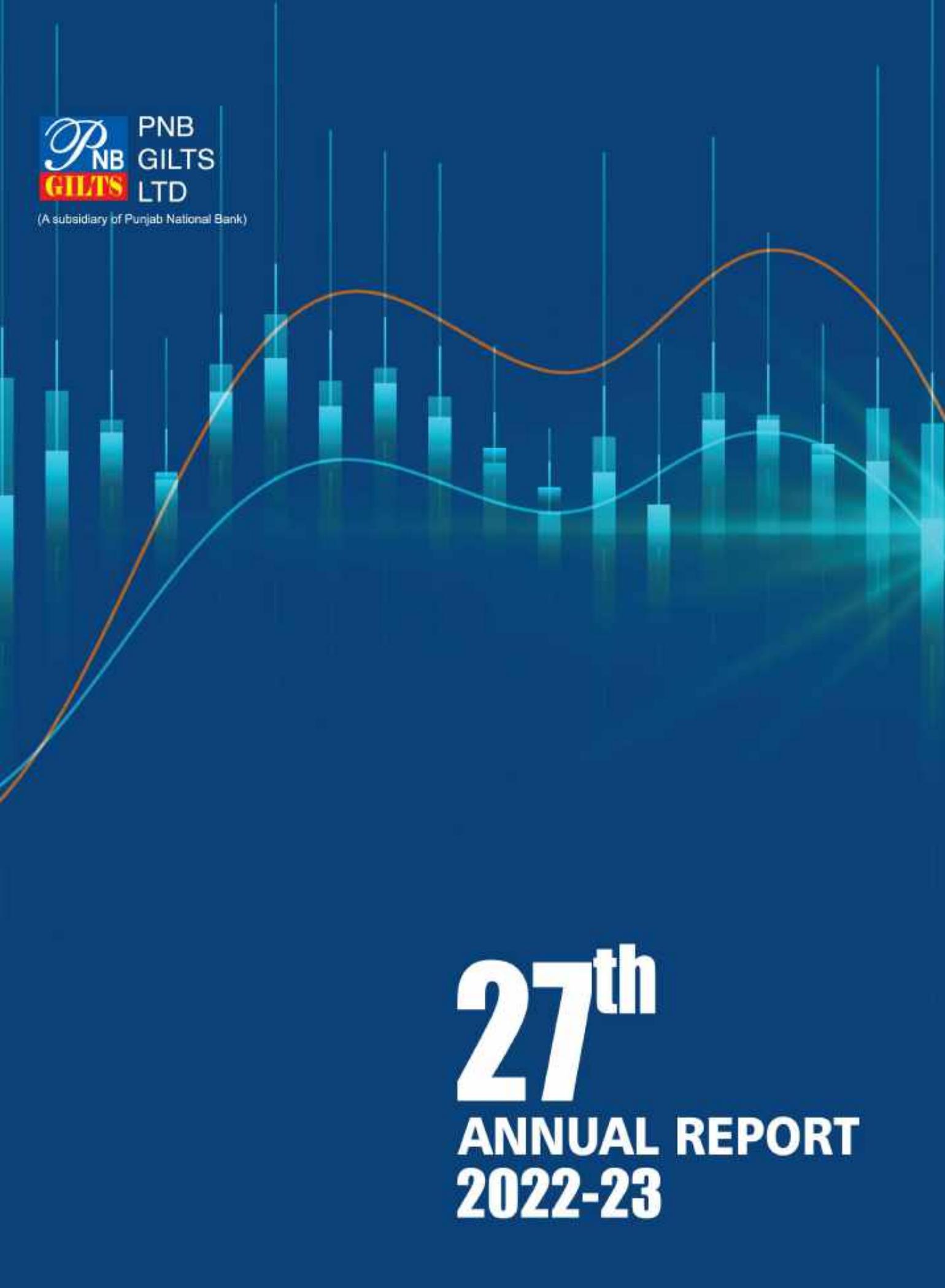




(A subsidiary of Punjab National Bank)



# 27<sup>th</sup> ANNUAL REPORT 2022-23



**PNB  
GILTS  
LTD**

(A subsidiary of Punjab National Bank)

## Board of Directors\*



**Sh. Kalyan Kumar**  
**Chairman**  
**Non-Executive & Non-Independent**



**Shri P.P. Pareek**  
**Independent Director**



**Shri S. K. Kalra**  
**Independent Director**



**Dr. T. M. Bhasin**  
**Independent Director**



**Smt. Neharika Vohra**  
**Independent Director**



**Shri Vikas Goel**  
**Managing Director & CEO**

\*as on 21-07-2023

## 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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### **Safe Harbour Statement**

*Statements in this Annual Report describing the Company’s objectives, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. While these forward-looking statements exemplify our judgment and future expectations concerning the development of our business, a number of risks and uncertainties and other important factors viz. economic conditions affecting demand and supply, government regulations, natural calamities and so on, may cause actual development and results to differ materially from our expectations. The Company undertakes no obligation to publicly revise any forward-looking statements to reflect future events or circumstances.*



## *Chairman's Letter to Shareholders*

**Dear Shareholders,**

I am truly honored to be a part of PNB Gilts Ltd. with its underlying focus on achieving sustainable growth and generating value for all our stakeholders. I am pleased to communicate with you at the end of yet another fruitful year at PNB Gilts Ltd. and derive immense pleasure in presenting to you the annual report for the financial year 2022-23.

The beginning of fiscal year 2023, witnessed some challenges, chiefly on account of the Russia-Ukraine conflict, which had adverse global impact. However, the domestic economy displayed resilience, with sustained recovery in domestic activity and consumer confidence. The real GDP grew by 13.5 percent (y-o-y) in the first quarter on the back of the base effect and a healthy rebound of growth. The pace also accelerated due to realignment of supply chains and a demand pick-up in contact-intensive sectors. Towards the second half, the growth rates could not be sustained due to setbacks posed by fall in exports and shrinkage of private consumption due to inflationary concerns. Despite these challenges, India emerged as the fastest growing economy in the world with annual growth rate of 7.2% in 2022-23. The economy also crossed the \$3.75 trillion mark in 2022-23.

During the financial year 2022-23, the bond market deteriorated on account of persistent rate hikes by RBI and other global central banks to rein in inflation. As the Reserve Bank proceeded towards normalization of system liquidity and hiking of policy rates, your Company witnessed rising funding costs. Against this backdrop, the Company posted a Profit Before Tax of ₹(85.06) crore and a Profit After Tax of ₹(77.22) crore as on March 31, 2023. Company's Net Owned Fund declined by 13.16 per cent from ₹1425.64 crore as on March 31, 2022 to ₹1238.06 crore as on March 31, 2023.

Despite the challenges, I am glad to state that your Company remained adequately capitalized with a Capital Adequacy Ratio (CAR) of 31.83 per cent as on March 31, 2023 (66.41 per cent as on March 31, 2022), against RBI's minimum stipulation of 15 per cent.

I am also pleased to inform you that your Company continues to make a difference by supporting numerous social and environmental initiatives through its CSR activities. Company contributed an amount of ₹6.48 crore during financial year 2022-23 (against ₹5.57 crore during financial year 2021-22) towards various agencies and trusts working in the field of education, healthcare and environmental conservation.

I would further like to inform that the Company abides by all the laid down regulations and adheres diligently to various regulatory and Board approved norms.

### **Forward Guidance**

FY 2023-24 has begun on a positive note owing to resilience in economic activity. All the sectors of the economy are growing at a rapid pace. The economic activity is robust due to government's thrust on capital expenditure, sustained increase in urban consumption and speedy recovery in the Services sector. The analysts, investors and economist are bullish about the Indian economy.

The inflation in the first quarter of the current financial year was within RBI's tolerance band and close to RBI's median target of 4%. The bond markets are expected to stabilize this year which bodes well for the Company's performance.

Going ahead, the aim is to generate healthy profits from the Company's core business. In addition, the endeavour will be to employ smart derivatives strategies to hedge against rising interest rates, and explore non-core business opportunities, such as the foreign exchange market, equity market, and other fee-generating business segments to create revenue diversification.

With the grant of license as an 'Authorized Dealer category III', the Company will seek new opportunities in the area of Foreign Exchange markets, which will further strengthen our non-core business. Improvement in IT infrastructure with adoption of a new software – TCS BaNCS will enable a robust operational environment as Company enters into new products and services.

I extend my heartfelt gratitude to all the stakeholders-clients, shareholders, directors and employees for their continued support, unwavering trust and tireless efforts to strengthen the position of the Company. I assure that your Company will continue with its efforts to further improve upon its performance so as to fulfil its commitment towards attaining sustainable growth and enhancing value for all the stakeholders.

A handwritten signature in black ink, appearing to read 'Kalyan Kumar'.

**(Kalyan kumar)**  
**Chairman**

Date: August 8, 2023  
Place: New Delhi

## BOARD'S REPORT

Dear Members,

Your Directors are pleased to present the 27th Annual Report together with the Company's audited financial statements for the financial year ended March 31, 2023.

### 1. RESULTS OF OUR OPERATIONS AND STATE OF AFFAIRS

The Company's financial performance, for the year ended March 31, 2023 is summarized below:

(₹ in lacs)

	For the year ended 31.03.2023	For the year ended 31.03.2022
Total Income	122994.31	99063.16
Less : Total Expenditure	132285.95	78839.35
Exceptional Items	(785.03)	(791.28)
Profit/(loss) Before Tax	(8506.62)	21015.10
Less : Tax Expense	(784.38)	4443.96
Profit for the period	(7722.23)	16571.14
Other Comprehensive Income	(8.77)	(76.90)
Total Comprehensive Income	(7731.00)	16494.23
Opening Balance of Retained Earnings	58553.95	50774.29
Closing Balance of Retained Earnings	41822.45	58553.95
Earnings per share (Rs.)	(4.29)	9.21

The financial year 2022-23 was a challenging year for both global and domestic bond markets as central banks embarked upon synchronized monetary policy tightening, which turned out to be far hawkish than expected. The year witnessed a sharp upward movement in yields for most part of the year, on the back of global headwinds, volatility in crude oil prices and monetary policy tightening amid persistent inflationary pressures. In view to keep the inflation expectations anchored and bring down inflation towards the inflation target band of 2 per cent to 6 per cent, RBI changed its stance to withdrawal of accommodation and cumulatively raised the policy repo rate by 250 bps during the year. The short end of the G-sec term structure responded adversely to the steep hike in policy rates, with 1 year and 2 year yields surging by 265 bps and 200 bps respectively over March 2022 closing. Inflation moderated towards the second half of the year, following gradual normalisation of global supply chains, softening global commodity prices, targeted supply management measures by the government and successive hikes in the policy repo rate. In March 2023, the yields softened, taking cues from US yields following bank collapses, which drove investors to safe haven assets, which had a salutary impact on Indian yields as well. Overall, the term structure shifted upwards with the 10-yr yield firming up by 48 bps to close the year at 7.32 per cent as against previous year's closing of 6.84 per cent.

Against the aforementioned backdrop, Company continued to fulfill all its obligations as a Primary Dealer mandated by RBI in Primary and Secondary markets. Amidst an environment of sharp inflationary pressures and spike in interest rates, the Company posted PBT of ₹ (85.07) crore as on March 31, 2023 as against ₹ 210.15 crore as on March 31, 2022. PAT stood at ₹ (77.22) crore as on March 31, 2023 as against ₹ 165.71 crore as on March 31, 2022. Capital adequacy remains strong with Capital to Risk Weighted Assets Ratio (CRAR) at 31.83 per cent as on March 31, 2023 as against 66.41 percent as on March 31, 2022, which is well above the regulatory minimum of 15 per cent for PDs. With regard to Treasury Bills commitment, the Company exceeded the stipulated success ratio of 40 per cent, achieving 40.96 per cent and 41.21 per cent in H1 and H2 respectively. In G-sec category, Company fulfilled the underwriting commitments, thereby supporting the

government borrowing program. Company's secondary market outright turnover for FY 2022-23 stood at 2.98 per cent of the average Central Government Dated securities outright market turnover during the previous three financial years as against a mandate of 1 per cent.

### **Material Changes and Commitments**

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

### **Capital Adequacy**

Capital adequacy ratio as on March 31, 2023 stood at 31.83 per cent as against the RBI stipulation of 15 per cent.

### **Dividend**

Pursuant to RBI Master Direction – Standalone Primary Dealers (Reserve Bank) Directions, 2016 restricting payment of dividend out of current year's profits only, your Board have not recommended any dividend for the year ended 31st March, 2023.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations" or "Listing Regulations") is available on the Company's website on [https://www.pnbgilts.com/uploads/corporate\\_governance/Dividend\\_Distribution\\_Policy.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Dividend_Distribution_Policy.pdf). During the year, the policy was amended to include the exception with respect to limit on dividend payout given in RBI Master Direction – Standalone Primary Dealers (Reserve Bank) Directions, 2016 (which prescribe the guidelines on distribution of dividend by NBFCs including the maximum dividend payout which a Standalone Primary Dealer can pay) has been included.

### **Transfer to Reserves**

Your Directors do not propose to transfer any amount to the reserves.

## **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 Corporate Governance section of this Annual Report. A certificate from M/s Pranav Kumar & Associates, Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in the SEBI Listing Regulations is enclosed with the 'Report on Corporate Governance' forming part of the Board's Report.

### **Number of meetings of the Board**

The Board met eight times during the financial year 2022-23 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 Board's Report.

### **Directors and Key Managerial Personnel**

During the financial year 2022-23, Sh. Swarup Kumar Saha (DIN: 08963678), Non-Executive & Non-Independent Director of the Company (as nominated by Punjab National Bank, promoter) resigned from the Directorship and Chairmanship of the Company, with effect from June 3, 2022, due to his elevation as Managing Director & CEO of Punjab and Sind Bank and cessation as an Executive Director of Punjab National Bank (PNB). In terms of Article 98(2) of Articles of Association of the Company, he acted as the Chairman of the Company. Your Directors wish to place on record their appreciation for the contribution made by Sh. Saha during his tenure as Non-Executive & Non-Independent Chairman of the Company.

In his place, upon the nomination requested received from Punjab National bank ('PNB'), the Board appointed Sh. Kalyan Kumar (DIN: 09631251), Executive Director, Punjab National Bank ('PNB'), as an Additional Director (Non-Executive & Non-Independent) of the Company with effect from July 7, 2022. The members in their Annual General Meeting held on September 2, 2022 appointed Sh. Kalyan Kumar as Director (Non-Executive & Non-Independent). In terms of Article 98(2) of Articles of Association of the Company, he is the Chairman of the Company.

Smt. Uma Ajay Relan (DIN: 07087902) resigned as an Independent Director of the Company with effect from January 24, 2023 due to her personal reasons. She has confirmed that there are no other material reasons other than those provided.

The Board of Directors had, on the recommendation of the Nomination & Remuneration Committee, at their meeting held on March 27, 2023 appointed Smt. Neharika Vohra (DIN: 06808439) as Additional Director and designated her as an Independent Director of the Company with effect from March 27, 2023 for a term of 5 consecutive years, subject to approval of the members. Subsequently, the members had, vide resolution passed through postal ballot on June 16, 2023, approved the appointment of Smt. Neharika Vohra as an Independent Director of the Company with effect from March 27, 2023, for a term of 5 consecutive years.

Sh. Ashutosh Choudhury (DIN: 09245804), PNB nominated director, resigned as Non- Executive Non-Independent Director of the Company with effect from May 3, 2023 on account of his elevation as Executive Director of Indian Bank.

Your directors wish to place on record their appreciation for the contributions made by Smt. Uma Ajay Relan and Sh. Ashutosh Choudhury during their respective associations with the Company as Directors.

Also, based on the recommendation of Nomination & Remuneration Committee, the Board reappointed Sh. Vikas Goel (DIN: 08322541), Managing Director & CEO for three years w.e.f. February 1, 2023, subject to the members' approval. Subsequently, the members had, vide resolution passed through postal ballot on January 23, 2023, approved the said reappointment.

Pursuant to the provisions of the Companies Act, 2013 ("Act"), Sh. Satish Kumar Kalra (DIN: 01952165) was appointed as an Independent Director to hold office for 5 consecutive years for a term upto September 14, 2023 by the members of Company in the 22<sup>nd</sup> Annual General Meeting held on September 15, 2018. Sh. Kalra is eligible for reappointment as an Independent Director for another term of 5 consecutive years. Based on the recommendation of the Nomination and Remuneration Committee and after taking into account the performance evaluation of his first term of 5 years and considering the knowledge, acumen, expertise, experience and the substantial contribution he brings to the Board and its Committees, your Board recommended for approval of the members through a special resolution in the ensuing Annual General Meeting, re-appointment of Sh. Satish Kumar Kalra as an Independent Director for another term of 5 consecutive years from September 15, 2023 to September 14, 2028.

Further, Dr. Tejendra Mohan Bhasin (DIN: 03091429) was appointed as an Independent Director to hold office for 5 consecutive years for a term upto July 29, 2024 by the members of Company in the 23<sup>rd</sup> Annual General Meeting held on August 28, 2019. Dr. Bhasin is eligible for reappointment as an Independent Director for another term of 5 consecutive years. Based on the recommendation of the Nomination and Remuneration Committee and after taking into account the performance evaluation of his first term of 5 years and considering the knowledge, acumen, expertise, experience and the substantial contribution he brings to the Board and its Committees, your Board recommended for approval of the members through a special resolution in the ensuing Annual General Meeting, re-appointment of Dr. Tejendra Mohan Bhasin as an Independent Director for another term of 5 consecutive years from July 30, 2024 to July 29, 2029.

Further, in accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Sh. Kalyan Kumar (DIN: 09631251) shall retire by rotation in the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Also, upon the recommendation of the Nomination & Remuneration Committee/ Board of Directors of the Company, it is proposed to take the approval of members at the ensuing AGM for the following matters (detailed in the Notice of AGM) :

- a. To waive the recovery of excess managerial remuneration paid to Sh. Vikas Goel (DIN: 08322541), MD & CEO for the year ended March 31, 2023, in terms of Section 197 read with Schedule V of the Act in view of losses incurred for the year ended March 31, 2023; and
- b. To approve the remuneration payable to him for financial year 2023-24 in excess of the stipulated limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013.

None of the Directors are debarred from holding the office of Director pursuant to order of SEBI or any other authority.

### **Performance Evaluation**

In terms of the requirement of the Companies Act, 2013 and the SEBI Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with the aim to improve the effectiveness of the Board and its Committees. The Board along with the Nomination and Remuneration Committee has laid down the criteria of performance evaluation of Board, its Committees and Individual Directors which is available on the website of the Company at [https://www.pnbgilts.com/uploads/corporate\\_governance/Board\\_Evaluation\\_Policy.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Board_Evaluation_Policy.pdf). These criteria are broadly based on the Guidance note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

The Board evaluated its performance after seeking inputs from all the Directors based on criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the Committees was evaluated by the Board after seeking inputs from the committee members based on criteria such as the composition of committees, effectiveness of committee meetings, etc.

The NRC reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director like commitment, contribution, initiative for growth of company etc. preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of independent directors, performance of (a) non-independent directors; (b) the board as a whole; and (iii) the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

In the Board meeting and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The evaluation process endorsed the Board's confidence in the ethics standards of the Company, cohesiveness amongst the Board members, flexibility of the Board and management in navigating the various challenges faced from time to time and openness of the management in sharing strategic information, if any, with the Board. The Committees are also functioning well.

In general, the outcome of such evaluation process was found satisfactory.

### **Policy on Directors' Appointment and Remuneration etc.**

The policies of the Company on Directors' Appointment and Remuneration formulates the criteria for determining qualifications, competencies, positive attributes and independence of a Director and other matters like remuneration of directors, key managerial personnel, senior management and other employees. The policy relating to the remuneration of Directors, Key Managerial Personnel and other employees is framed with the object of attracting, retaining and motivating talent which is required to run the Company successfully.

During the year 2022-23, the remuneration policy was amended to keep it aligned with RBI circular no. DOR.GOV.REC.No.29/18.10.002/2022-23 dated April 29, 2022 dealing with guidelines on compensation of Key Managerial Personnel (KMP) and Senior Management of NBFCs. The amendment in the said policy include insertions of provisions on linking of variable remuneration with the risk exposure of the company, provisions on claw back of deferred variable pay and the provision that KMPs and senior management engaged in financial control, risk management, compliance and internal audit should be compensated independently of business targets and based on their Key Performance Indicators etc. There was no change in the policy related to Directors' appointment during FY 2022-23. The policies are available on the website of the Company at the link:

[https://www.pnbgilts.com/uploads/corporate\\_governance/Eligibility\\_Criteria\\_of\\_Directors.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Eligibility_Criteria_of_Directors.pdf) and [https://www.pnbgilts.com/uploads/corporate\\_governance/Remuneration\\_Policy.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Remuneration_Policy.pdf)

### **Declaration by Independent Directors**

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under the provisions of Companies Act, 2013 and SEBI Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, skills, experience (including proficiency) and expertise and they hold highest standards of integrity and are independent of the management.

### **Business Responsibility and Sustainability Report**

Business Responsibility and Sustainability Report for the year under review, as stipulated under Regulation 34(2) (f) of SEBI Listing Regulations, forms part of the Board's Report.

## **3. OTHER DISCLOSURES –**

### **Details of Committees**

The details in relation to the composition of Audit Committee, Corporate Social Responsibility Committee and other board level committees have been given in Report on Corporate Governance forming part of the Board's Report.

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

### **CSR**

The CSR Policy was amended for the purpose of giving effect to the amended CSR Rules i.e. Companies (Corporate Social Responsibility Policy) Amendment Rules, 2022. The CSR policy of the Company is available at Company's website at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/CSR\\_Policy\\_010423.pdf](https://www.pnbgilts.com/uploads/corporate_governance/CSR_Policy_010423.pdf). The CSR activity of the Company is carried out as per the instructions of the Committee and Board. The annual report on the CSR for the year 2022-23 in the prescribed format, inter-alia containing the brief of CSR Policy, CSR Committee along with objects and expenditure details, is presented at Annexure A 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. The mechanism also provides for direct access to the Audit Committee/Chairman of Audit Committee. During the year under review, no such matter has been reported to the Audit Committee. The said policy may be accessed on the Company's website at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/WHISTLE\\_BLOWER\\_POLICY.pdf](https://www.pnbgilts.com/uploads/corporate_governance/WHISTLE_BLOWER_POLICY.pdf)

### **Contracts and Arrangements with Related Parties**

Details of all the contracts/ arrangements/ transactions entered by the company which are (i) in ordinary course of business and not at arm's length; and (ii) those which are material in nature are given in form AOC-2 at Annexure B. Company's Policy/SOP on Related party Transactions can be accessed at the Company's website at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/SOP-Policy\\_on\\_Related\\_Party\\_Transactions\\_w e f\\_01\\_04\\_2023.pdf](https://www.pnbgilts.com/uploads/corporate_governance/SOP-Policy_on_Related_Party_Transactions_w e f_01_04_2023.pdf)

## Subsidiaries

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 2022-23 had already been considered by its parent bank i.e. Punjab National Bank for the purpose of 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, 2023, 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 judgments 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, 2023 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 Section 197(12) and Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided at Annexure C.

The information required pursuant to Section 134 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Board report and shall be provided to the members upon specific request. In terms of Section 136 of the Act, the report and accounts are being sent to members excluding the information on employee's particulars which is available for inspection by the members at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing General Meeting. Interested members may write to the Company. No employee is related to any Director of the Company.

## Sexual Harassment at Workplace

Your Company has complied with provisions relating to the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted Internal Complaints Committee and has put in place a formal policy for prevention of sexual harassment of its employees at workplace. There

were no pending complaints in the beginning of 2022-23 and no cases were filed pursuant to the said Act in the said financial year.

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

The Company, being a non-banking financial company registered with RBI and engaged in the business of acquisition of securities, is exempt from complying with the provisions of Section 186(4) of the Companies Act, 2013 in respect of loans given, investments made, security provided and guarantees given. Accordingly, the disclosures required under the aforesaid section have not been made in this Report.

#### **Annual Return**

As per Section 134(3)(a) of the Companies Act, 2013, the Annual Return referred to in Section 92(3) of the Companies Act, 2013 has been placed on the website of the Company and can be accessed at the Company's website at the link [https://www.pnbgilts.com/investors-relations#annual\\_report](https://www.pnbgilts.com/investors-relations#annual_report)

#### **Deposits**

During the year ended March 31, 2023, the Company has not accepted any deposit from the public and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

#### **Risk Management**

In terms of RBI guidelines for NBFCs and Primary Dealers, Risk Management Committee of the Board 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 composition of the said Committee and terms of reference are given in Report on Corporate Governance forming part of the Board's Report.

The Company also have a Asset–Liability Committee (ALCO) of executives of the Company comprising of the Managing Director & CEO, CFO and other senior executives of the Company.

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

The Risk Management Committee, IT Strategy Committee and Audit Committee, on periodic basis, oversees all the risks that the 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. Thus, in the opinion of the Board, there are no such risks, which may threaten the existence of the Company. For further details Business Responsibility and Sustainability Report may also be referred, which forms integral part of this Report.

#### **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 forms part of this Board's Report.

#### **Secretarial Standards**

The Company has complied with all mandatorily applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### **Non-applicability of Section 148 of Companies Act, 2013**

The Company is not required to maintain cost records in accordance with Section 148 of the Companies Act 2013.

### **Others**

No application has been made under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) (“the IBC, 2016”), hence, the requirement to disclose the details of application made or any proceeding pending under the IBC, 2016 during the year along with their status as at the end of the financial year is not applicable.

The requirement to disclose the details of difference between amount of the valuation done at the time of onetime settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable

## **4. AUDITORS, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

### **Statutory Auditor**

The Comptroller and Auditor General of India had appointed M/s Batra Deepak & Associates, Chartered Accountants (Firm Reg. No. 005408C) as the Statutory Auditor of the Company for the financial year ended March 31, 2023. Pursuant to the provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditor of the Company has not reported any incident of fraud during the FY 2022-23. The Auditor Report is self-explanatory and does not contain any qualification, reservation or adverse remark.

### **Comments of Comptroller & Auditor General of India (C&AG)**

The financial Statement for the Financial Year ended March 31, 2023 along with auditors’ report thereon were submitted to the C&AG for supplementary audit. The C&AG have conducted supplementary audit and issued NIL comments. The NIL comment certificate is attached in this Annual Report before the financial statements.

### **Secretarial Auditor**

The Board had appointed M/s Pranav Kumar & Associates, Company Secretaries, to conduct the Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report for the financial year ended March 31, 2023 is annexed as Annexure D to this Report. The Report is self-explanatory and does not contain any qualification, reservation, adverse remark or disclaimer.

### **Internal financial 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. The Company’s internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with corporate policies. The Company has a well-defined delegation of power with authority limits for approving transactions/contracts including expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down. M/s Batra Deepak & Associates, the statutory auditor of the Company has audited the financial statements included in this annual report and have issued a report on our internal control over financial reporting (as defined in section 143 of Companies Act 2013).

As a part of this control system, your Board appoints Internal Auditor and other auditors as well. Accordingly, these internal controls are routinely tested and certified by the auditors.

Your Board appointed M/s Lodha & Co. as the Concurrent Auditor of the Company and also framed a separate Internal Audit Function, headed by Head of Internal Audit, of the Company in compliance with RBI circular no. .DoS.CO.PPG./SEC.05/11.01.005/2020-21 dated February 3, 2021. Your Company also has in place a Risk Based Internal Audit (RBIA) Policy, in line with the RBI directions.

The scope of concurrent 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. The Internal Audit department as part of Risk Based internal audit does the testing of controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

All the reports of the Concurrent Auditor and Internal Auditor 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 Concurrent Auditor. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

#### **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 endeavor is made to ensure optimal use of energy, avoid wastages and conserve energy as far as possible. Some of these measures include switching off lights and computer systems when not in use, creating awareness among employees about the necessity of energy conservation etc. 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**



**(Kalyan Kumar)**  
Chairman  
DIN: 09631251

Date : July 21, 2023

Place: New Delhi

**REPORT ON CSR ACTIVITIES/ INITIATIVES**

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

**1. Brief outline on CSR Policy of the Company:**

As a responsible corporate citizen, Company 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 CSR Policy of the Company is in line with the provisions of section 135 of the Companies Act, 2013 and the Rules prescribed thereunder, and inter-alia covers the following:

- Guiding principles for selection and implementation of CSR activities
- Governance mechanism and formulation of the Annual Action Plan
- Mode of implementation of CSR activities of the Company
- Process for approval of CSR activities
- Monitoring mechanism
- Key focus areas for CSR activities

**2. Composition of CSR Committee:**

The composition of the CSR Committee during FY 2022-23 was as under:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	P. P. Pareek	Member, Independent & Non-Executive Director	2	2
2	Dr. T. M. Bhasin	Member, Independent & Non-Executive Director	2	2
3	Uma Ajay Relan (till 23.01.2023)	Chairperson, Independent & Non-Executive Director	2	2
4	Vikas Goel	Member, Non-Independent & Executive Director – CEO	2	2

**3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.**

The CSR Policy, Composition of the CSR Committee and CSR projects approved by the Board of the Company is available on the website of the Company (<https://www.pnbgilts.com>), at the following links:

- Composition of the CSR Committee  
<https://www.pnbgilts.com/uploads/announcement/BOD%20file%20PNB-Gilts%20website.pdf>
- CSR Policy [https://www.pnbgilts.com/uploads/corporate\\_governance/CSR\\_Policy\\_010423.pdf](https://www.pnbgilts.com/uploads/corporate_governance/CSR_Policy_010423.pdf)
- Approved CSR Projects [https://www.pnbgilts.com/uploads/corporate\\_governance/CSR\\_AAP\\_Website.pdf](https://www.pnbgilts.com/uploads/corporate_governance/CSR_AAP_Website.pdf)

**4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**

The same is not applicable to the company in current financial year 2022-23.

5. (a) Average net profit of the company as per sub-section (5) of section 135: ₹ 38,662.93 lacs
- (b) Two percent of average net profit of the company as per sub-section (5) of section 135: ₹ 773.25 lacs

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set-off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 773.25 lacs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 633.65 lacs

(b) Amount spent in Administrative Overheads: ₹ 14.45 lacs

(c) Amount spent on Impact Assessment, if applicable: Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 648.10 lacs

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in ₹ lacs)	Amount Unspent (in ₹ lacs)				
	Total Amount transferred to Unspent CSR Account as per subsection (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to subsection (5) of section 135.		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 648.10 lacs	₹ 125.15	24-04-2023	-	-	-

(f) Excess amount for set-off, if any:

Sl. No.	Particular	Amount (in ₹ lacs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 773.25
(ii)	Total amount spent for the Financial Year	₹ 648.10
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Not applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in ₹ lacs)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹ lacs)	Amount Spent in the Financial Year (in ₹ lacs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹ lacs)	Deficiency, if Any
					Amount (in ₹ lacs)	Date of transfer		
1	2021-2022	₹ 30.00	-	₹ 30.00	-	-	-	-
2	2020-2021	-	-	-	-	-	-	-
3	2019-2020	-	-	-	-	-	-	-

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes**

If yes, enter the number of Capital assets created/ acquired - 4

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

SI. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹ lacs)	Details of entity/ Authority/ beneficiary of the registered owner		
					6	Registered Address	CSR Registration Number, if applicable
1	<p><b>2</b></p>	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered Address
1	<p><b>1. WASH Infrastructure Activity for School</b> i. Construction of Toilet &amp; Urinals for Boys and Girls -1 Nos ii. Development of purified drinking water infrastructure - 1 Nos</p> <p><b>2. Provision of Digital learning Centres as part of KRC Activity for Schools</b> i. Provision of computer systems - 4 Nos, printer 1 Nos, UPS - 4 Nos ii. Provision of power backup for computer system - 1 Nos iii. Provision of furniture for KRC - a- Chair -4 Nos, b - Table - 4 Nos, c - Book Shelf - 1 Nos, d -Chairs for student with writing desk- 20 Nos <b>Address:</b> Khasra Number, 19//10, Rajkiya Primary School Lodhana, Gram Panchayat- Lodhana, Rewari (Haryana)</p> <p><b>Total Area – 2 Acre</b></p>	123401	17 March 23	₹ 13.63	NA	School Principal	Khasra Number, 19//10, Rajkiya Primary School Lodhana, Gram Panchayat- Lodhana, Rewari (Haryana)
2	<p><b>1. WASH Infrastructure Activity for School</b> i. Construction of Toilet &amp; Urinals for Boys and Girls -1 Nos ii. Development of purified drinking water infrastructure - 1 Nos</p> <p><b>2. Provision of Digital learning Centres as part of KRC Activity for Schools</b> i. Provision of computer systems -4 Nos, printer 1 Nos, UPS - 4 Nos</p>	123401	17 March 23	₹ 13.63	NA	School Principal	Khasra Number 19/2/20, Rajkiya Kanya Madhyamik School, Pithanwas, Gram Panchayat - Pithanwas, Rewari (Haryana)

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹ lacs)	Details of entity/ Authority/ beneficiary of the registered owner		
					6		
1	2	3	4	5	CSR Registration Number, if applicable	Name	Registered Address
	ii. Provision of power backup for computer system - 1 Nos iii. Provision of furniture for KRC - a- Chair -4 Nos, b - Table - 4 Nos, c - Book Shelf - 1 Nos, d -Chairs for student with writing desk- 20 Nos <b>Address:</b> Khasra Number 19/2/20, Rajkiya Kanya Madhyamik School, Pithanwas, Gram Panchayat – Pithanwas, Rewari (Haryana) <b>Total Area – 3 Acre</b>						
3	<b>1. WASH Infrastructure Activity for School</b> i. Construction of Toilet & Urinals for Boys and Girls -1 Nos ii. Development of purified drinking water infrastructure - 1 Nos <b>2. Provision of Digital learning Centres as part of KRC Activity for Schools</b> i. Provision of computer systems -4 Nos, Printer 1 Nos, UPS - 4 Nos ii. Provision of power backup for computer system - 1 Nos iii. Provision of furniture for KRC - a- Chair -4 Nos, b - Table - 4 Nos, c - Book Shelf - 1 Nos, d - Chairs for student with writing desk- 20 Nos <b>Address:</b> Khasra number 99, Government High School Kathuwas School, Gram Panchayat – Kathuwas, Rewari (Haryana) <b>Total Area: 3 Acre</b>	123401	17 March 23	₹ 13.63	NA	School Principal	Khasra number 99, Government High School Kathuwas School, Gram Panchayat – Kathuwas, Rewari (Haryana)
4	Basic infrastructure includes furniture like furniture and fixtures for school (122 numbers), 2 Almirah, Extension works of tin sheds, Electric panel, boards and fans, 3 laptops and one printer, Water Cooler, 6 Sewing Machines and 2 Security cameras	122101	31 March 23	₹ 6.06	CSR00014402	Better World Foundation	PV-66, The Palm Springs, Golf Course Road, Sector-54, Gurgaon, Haryana - 122002

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent (in ₹ lacs)	Details of entity/ Authority/ beneficiary of the registered owner		
1	2	3	4	5	6		
					CSR Registration Number, if applicable	Name	Registered Address
	<b>Address:</b> C36V+375, Rectangle No. 9, Killa NO. 6/2/1, Ullwash Sabji Mandi Road, Opposite site of JBB GYM, Sector 61, Village - Ullwash, Gurugram, Haryana  <b>Total Area:</b> 0.18 Acre						

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.**

In accordance with the Corporate Social Responsibility (CSR) policy and objectives set by the board for the current Financial Year, the board has allocated CSR funds for both ongoing and other than ongoing projects. Projects, other than ongoing ones have been finished by March 31, 2023, and all the allocated CSR funds for these projects have been utilized by the Company and its implementing partners. The Company has also allocated CSR funds for two ongoing projects, namely the restoration and beautification of Aravali Oxy Van in Gurgaon and the infrastructure development and capacity building of two Government Hospitals in Delhi NCR.

The "Aravalli Oxy Van project" also includes a maintenance cost for the project site over two years. All the planned activities for the financial year 2022-23 have been completed, and the allocated CSR budget for that period has been utilized. The unspent amount is related to the subsequent year's maintenance cost and has been transferred to the unspent CSR account.

Furthermore, the Board has provided support for the procurement of essential medical equipment, namely "ECMO" and "IABP," for two prominent Government Hospitals in Delhi, namely GB Pant Hospital and Rajiv Gandhi Super Specialty Hospital. The procurement of these machines was initially planned to be completed by the end of March 2023. However, due to the impact of the pandemic on the global supply chain, specifically affecting the availability of raw materials and technology hardware, as well as technological upgrades, the implementing partner has encountered delays in procuring these medical equipments.

The unspent amount has been transferred to Unspent CSR Account under Section 135 (6) of the Companies Act, 2013 and the same shall be utilized as per the agreed terms and statutory provisions.

**On behalf of Board of Directors**



**(Vikas Goel)**

Managing Director & CEO  
DIN: 08322541



**(Neharika Vohra)**

Chairperson - CSR Committee  
DIN: 06808439

Date : July 21, 2023

Place: New Delhi

**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 arm's length transactions under third proviso thereto:

1. Details of contracts / arrangements or transactions entered into during the financial year ended March 31, 2023, 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	Punjab National Bank (PNB), parent bank
2	Nature of contracts/ arrangements/ transactions	Availing or rendering of any services	Leasing of property (residential premises)	Leasing of property (business 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.	Residential Flats of the Company to PNB officers as per their entitlement in PNB for a period of 11 months, with two/more extensions.	Business premises from PNB taken on lease / rent sharing arrangement -  Mumbai Branch Office: The lease for 5 years is effective from September, 2016, renewable after every five years.
4	Salient terms of the contracts or arrangements or transaction including the value, if any	Same is being done in view of parent- subsidiary relationship and on mutual understanding. No charges are being paid	Residential premises: Rent is as per the lease entitlement of PNB officers in PNB.	Mumbai Branch Office: Rent at present is ₹ 273434/- p.m. plus taxes
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.	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. Further, the Company will also be able to get their residential flats vacated at any time they need the same for their officers/ sale.	The Company and parent bank are entering into these transactions due to its parent- subsidiary relationship.
6	Date(s) of approval by the Board	03.08.2015	29.01.2015	26.10.2016
7	Amount paid as advances, if any	Nil	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	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

Above transactions are in ordinary course of business.

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

(₹ in lacs)

(a)	Name(s) of the related party and nature of relationship	Punjab National Bank, promoter of the company holding majority stake	Dakshin Bihar Gramin Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	Sarva Haryana Gramin Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	Punjab Gramin Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	Himachal Pradesh Gramin Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	Prathama Up Gramin Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	Assam Gramin Vikash Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	Tripura Gramin Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	Bangiya Gramin Vikash Bank, Associate of Punjab National Bank, promoter of the company holding majority stake	PNB Housing Finance Ltd., Associate of Punjab National Bank, promoter of the company holding majority stake
(b)	Nature of contracts / arrangements / transactions	Security Purchase, Rent Paid for office premise, Bank Charges Paid, Overdraft facility, Bank Balance, Dividend Paid, Arranger Fee, Power, Fuel & Electricity, Fixed Deposit Receipts, Interest paid / payable on Line of credit/ OD facility, Processing Fees on LOC	Security Purchase, Security Cover Purchase Against Short Sale, Security Sale, Short Sale, Reverse Repo including Term Repo, Reverse Repo and interest thereon, Borrowing of Call, Notice & Term Money, Interest paid thereon, Fee income	Security Purchase, Security Sale, Repo including Term Repo, Interest Expense on Repo including Term Repo, Reverse Repo including Term Repo and interest thereon, Reverse Repo and, Interest Income thereon, Fee income	Security Purchase, Security Cover Purchase Against Short Sale, Security Sale, Reverse Repo including Term Repo, Reverse Repo, and, Interest Income thereon, Fee income	Security Purchase, Security Cover Purchase Against Short Sale, Security Sale, Borrowing of Call, Notice & Term Money, Interest paid thereon, Fee income	Security Purchase, Security Sale, Fee income,	Security Purchase, Security Cover Purchase Against Short Sale, Security Sale, Borrowing of Call, Notice & Term Money and Interest paid thereon, Fee income	Security Purchase, Security Cover Purchase Against Short Sale, Security Sale, Borrowing of Call, Notice & Term Money, Interest paid thereon, Fee income	Security Purchase, Security Cover Purchase Against Short Sale, Security Sale, Borrowing of Call, Notice & Term Money, Interest paid thereon, Fee income	Fee income
(c)	Duration of the contracts/ arrangements/ transactions	2022-23 to 2024-25									
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	91256.01	933777.25	109353.30	76709.92	26661.21	173364.46	1194881.28	381477.36	279197.99	0.44
		Generally, Transactions will be carried out as per the prevailing market price/fair value of securities or as may be approved by the Audit Committee / Board from time to time. Charges for services to constituents, whether related or nonrelated entity, will be per Business Policy of the Company. For, further details please refer notice of Extra Ordinary General Meeting held on March 29, 2022, available on the website of the Company i.e. www.pnbgilts.com.									

(e)	Justification for entering into such contracts or arrangements or transactions	<p>The said transactions are undertaken on regulated platforms at market place, since the related parties of the Company also undertaken similar transactions on the said platforms, therefore in the ordinary course of business, the Company executes such transactions with its related parties.</p> <p>The Company has great synergy with its related parties, as the nature of business is same and this business is expected to grow in future also at a healthy rate. The securities market is expected to become larger in the coming years and the financial sector is expected to participate in this growing pie at an accelerated pace.</p> <p>Punjab National Bank, Promoter cum majority shareholder of the Company, is one of the leading scheduled banks in India. This helps the Company in availing credit line(s) and other banking facilities on competitive terms along with ease of convenience, which helps the Company to execute business transactions much more efficiently. Further pan India presence of PNB also facilitates usage of its infrastructure for smooth business operations.</p>
(f)	Date(s) of approval by the Board, if any	March 7, 2022
(g)	Amount paid as advances, if any	Nil

On behalf of Board of Directors

Date : July 21, 2023

Place: New Delhi



**(Kalyan Kumar)**

Chairman

DIN: 09631251

**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 2022-23

(₹ in lacs)

Sl. No	Name of Director	Director's Remuneration	Employee Median Remuneration	Ratio (No. of times)
1	Sh. P. P. Pareek	9.65	18.45	0.52
2	Sh. S. K. Kalra	11.55		0.63
3	Smt. Uma Ajay Relan	9.20		0.50
4	Dr. T. M. Bhasin	10.45		0.57
5	Prof. Neharika Vohra	-		-
6	Sh. Vikas Goel	131.78*		7.14

\*Above 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, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2022-23, a variable pay of ₹ NIL lacs (Prev. Year: ₹ 40 lacs) was paid to the Managing Director & CEO at Sl. No. 6. Apart from this, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

Notes: 1. Sitting fee is payable to Independent Directors only. Directors at Sl. No. 1 to 5 above are Independent Directors.

2. No sitting fee is paid to Non-Independent Directors.

3. Out of pocket expenses incurred by directors for attending the meetings and GST not taken into account.

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

Sl. No	Name of Director and Key Managerial Personnel	% increase in remuneration
1	Sh. P. P. Pareek*	26.14
2	Sh. S. K. Kalra*	47.13
3	Smt. Uma Ajay Relan*	-
4	Dr. T. M. Bhasin*	72.73
5	Prof. Neharika Vohra	-
6	Sh. Vikas Goel	(19.85)**
7	Sh. Chandra Prakash	7.64***
8	Smt. Monika Kochar	(20.50)**

\* received only sitting fee during the year.

\*\* Above 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, as recommended by the Nomination & Remuneration Committee and approved by the Board. During 2022-23, a variable pay of ₹ Nil lacs (Prev. Year: ₹ 40 lacs) was paid to the Managing Director & CEO at Sl. No. 6 and ₹ Nil lacs (Prev. Year: ₹ 8.77 lacs) was paid to the Company Secretary at Sl. No. 7. Apart from this, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

\*\*\*No variable pay is being paid to CFO in accordance with policy.

Except above, there was no increase in remuneration of other Directors as either they were not directors/KMP in FY 2021-22 or were appointed/ceased to be director/KMP during FY 2022-23. Further with respect to Independent Directors (Sl. No. 1 to 4), increase in remuneration is on

account of a higher number of Board/Committee meetings in which respective director is member during FY 2022-23 as opposed to FY 2021-22 and the sitting fee has also been increased during FY 2022-23.

- (c) In the financial year 2022-23, there was an increase of (1.42) per cent in the median remuneration of employees. This decline was majorly due to reason that no performance linked incentive was given in FY 2022-23.
- (d) Total number of employees of the Company as on March 31, 2023 were 52 (including 1 employee on deputation from parent bank). The Company has maintained peaceful and harmonious relations with all its employees.
- (e) Average percentile increase already made in the salaries of employees other than the managerial personnel in FY 2022-23 was (1.79) per cent whereas the increase in managerial remuneration was (19.85) per cent in this period (as mentioned above in Sl. No. c above, the decline is majorly due to reason that no performance linked incentive was given in FY 2022-23).

Based on industry benchmarks and the respective employee's performance and contribution and the recommendations of Nomination and Remuneration Committee, the Board announces the performance linked incentive. Performance linked incentive i.e. variable pay is paid based on performance of the company and employee in the last financial year i.e. on deferred basis. Since the variable pay plan is being redesigned, the aforesaid Committee and Board are yet to announce it for FY 2021-22 which was payable in 2022-23.

The Company's remuneration philosophy is to ensure that it is competitive in the Primary Dealer (PD) industry in which it operates, for attracting and retaining the best talent. The remuneration is in line with the PD industry benchmarks.

- (f) It is hereby affirmed that the remuneration paid is as per the Remuneration policy of the Company.

**On behalf of Board of Directors**

Date : July 21, 2023

Place: New Delhi

A handwritten signature in black ink, appearing to read 'Kalyan Kumar'.

**(Kalyan Kumar)**

Chairman

DIN: 09631251

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

[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, 2023. Secretarial Audit was conducted in a manner that provided us with 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, the explanations and clarifications given to us and the representation made by the management, we hereby report that in our opinion, the Company has, during the audit period under consideration 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, 2023, 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, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021– Not applicable to the Company during the audit period;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 – Not applicable to the Company during the audit period;
  - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable to the Company during the audit period;
  - (h) The Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;
  - (i) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018 – Not applicable to the Company during audit period;
  - (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (k) The Securities and Exchange Board of India (Intermediaries) Regulations, 2008; and
  - (l) The Securities and Exchange Board of India (Stock Brokers and Sub brokers) Regulations, 1992.
- (vi) Other laws applicable specifically to the Company are:
- (a) Reserve Bank of India Act, 1934 and guidelines made there under; and
  - (b) Master Directions/ Guidelines issued for NBFCs/Systemically Important Non-deposit taking Non-Banking Financial Companies (NBFC-ND-SI) and Primary Dealers by the Reserve Bank of India from time to time.

We have also examined compliance with the applicable clauses of the 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.

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

We further report that, based on the information provided and the representation made by the Company and also on the review of the internal compliance reports taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable industry specific Acts, general laws like labour laws and environmental laws etc.

During the audit period, there were no major events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc. We report that during the period under consideration:

- i. In pursuance to Sections 152, 196, 197, 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and any other applicable law, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), the shareholders of the Company on 20th January, 2023 through postal ballot process have approved the re-appointment of Mr. Vikas Goel (DIN : 08322541) as the Managing Director & CEO of the Company for a period of 3 years w.e.f. February 1, 2023 to January 31, 2026, whose office shall be liable to be retire by rotation.

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 other than those held at shorter notice, 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 with requisite majority 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  
Firm Peer Review No. -1035/2020



Date: 30.06.2023  
Place: Bhopal

**(Arpita Saxena)**  
Partner

Mem. No : A23822: CP No.: 11962  
UDIN : A023822E000527974

*This report is to be read with our letter of even date which is annexed as Annexure 1 and forms an integral part of this report.*

**Annexure -1**

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

Our report of even date is to be read along with this letter.

1. It is the responsibility of management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
3. Wherever required, we have obtained reasonable assurance about whether the statements prepared, documents or Records, in relation to Secretarial Audit, maintained by the Auditee, are free from misstatement.
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of the financial records and Books of Accounts of the Company.
6. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
8. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Pranav Kumar & Associates**  
Company Secretaries  
Firm Peer Review No. -1035/2020



Date: 30.06.2023  
Place: Bhopal

**(Arpita Saxena)**  
Partner

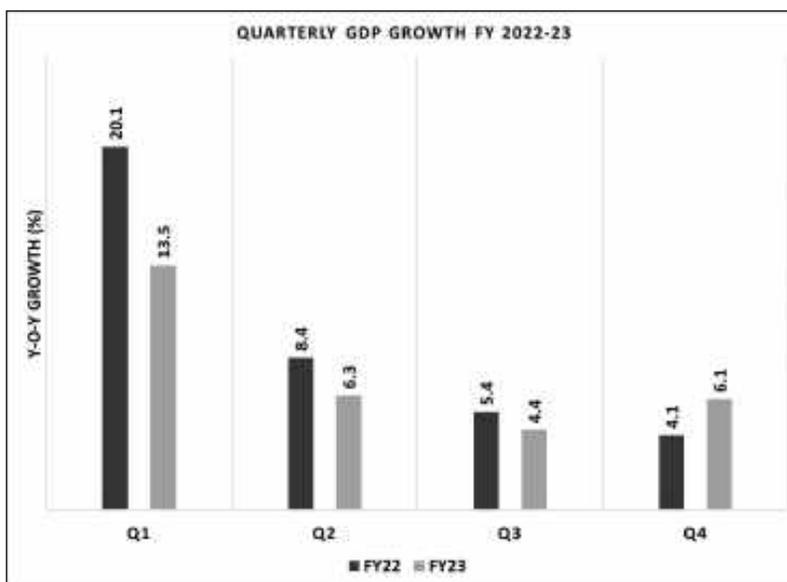
Mem. No : A23822: CP No.: 11962  
UDIN : A023822E000527974

# MANAGEMENT DISCUSSION AND ANALYSIS

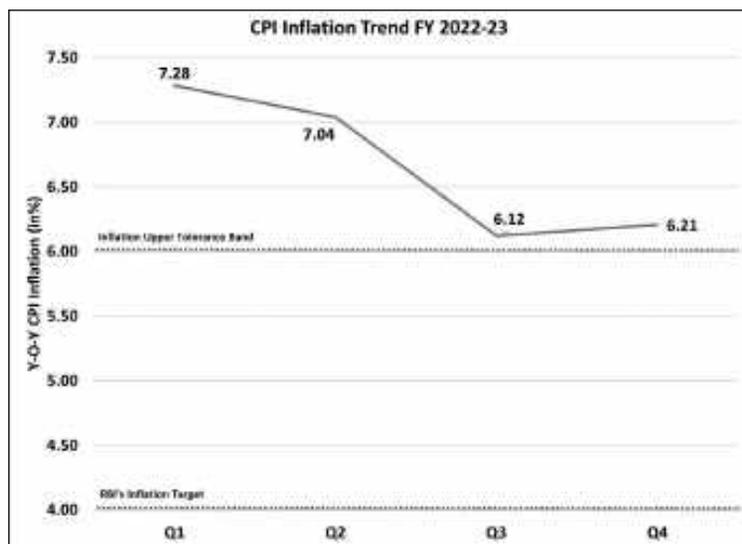
## MACROECONOMIC REVIEW: FY 2022-23

### Domestic Overview

Real gross domestic product (GDP) rose by 7.2 per cent in FY 2022-23 as per the provisional estimate, declining from the previous year's (2021-22) level of 8.7 per cent. During the early months of FY 2023, when the spillovers of the consecutive pandemic shocks were fading, a global turmoil arose due to the Russia-Ukraine war. Despite these strong global headwinds, the economy exhibited resilience and witnessed a sustained restoration of domestic activity and consumer confidence. Real GDP for Q1 FY 2023 was recorded at 13.5 per cent on the back of the base effect and a healthy rebound in growth. During the second quarter, the pace further gained momentum with the realignment of supply chains and release of pent-up demand in contact-intensive sectors. However, higher price pressures and a contraction in exports amidst recessionary fears weighed on the growth, and the economy registered a GDP growth of 6.3 per cent in Q2. The second half of the year continued to struggle against the persistent challenges in the form of contraction in exports and industrial growth as well as waning private consumption amid high inflationary pressures. Consequently, the growth for Q3 and Q4 was registered at 4.4 per cent and 6.1 per cent respectively.



Real gross domestic product (GDP) rose by 7.2 per cent in FY 2022-23 as per the provisional estimate, declining from the previous year's (2021-22) level of 8.7 per cent. During the early months of FY 2023, when the spillovers of the consecutive pandemic shocks were fading, a global turmoil arose due to the Russia-Ukraine war. Despite these strong global headwinds, the economy exhibited resilience and witnessed a sustained restoration of domestic activity and consumer confidence. Real GDP for Q1 FY 2023 was recorded at 13.5 per cent on the back of the base effect and a healthy rebound in growth. During the second quarter, the pace further gained momentum with the realignment of supply chains and release of pent-up demand in contact-intensive sectors. However, higher price pressures and a contraction in exports amidst recessionary fears weighed on the growth, and the economy registered a GDP growth of 6.3 per cent in Q2. The second half of the year continued to struggle against the persistent challenges in the form of contraction in exports and industrial growth as well as waning private consumption amid high inflationary pressures. Consequently, the growth for Q3 and Q4 was registered at 4.4 per cent and 6.1 per cent respectively.

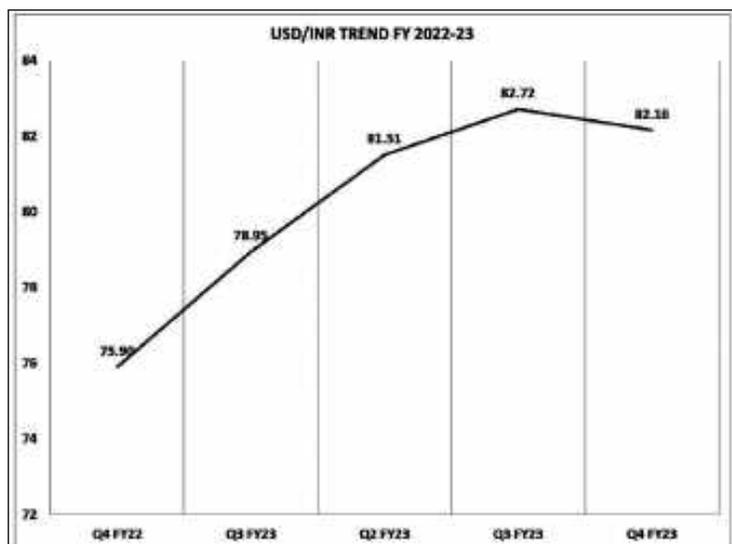
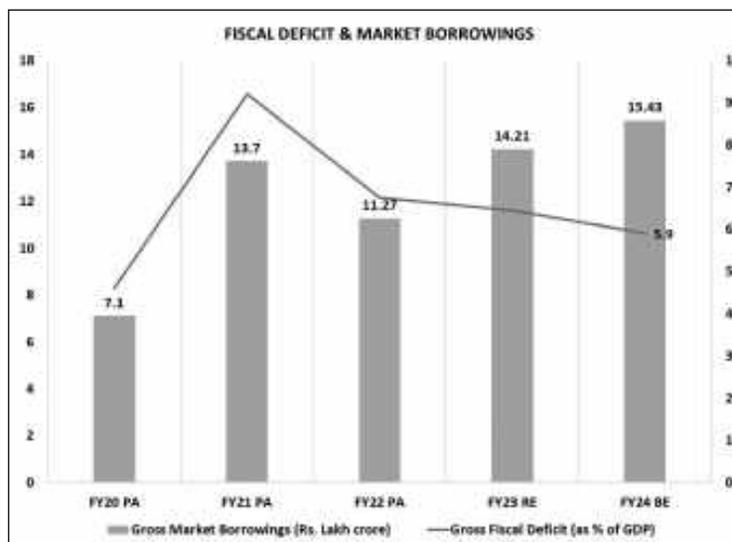


FY 2023 witnessed high inflationary pressures throughout the year, with the headline inflation print surpassing the upper tolerance band of 6 per cent for several months. The upsurge in prices, which was broad-based as well as sticky, was majorly on account of persistent supply shocks and pass-through of input costs. The economy suffered from elevated prices of crude oil and food in the first half of the fiscal year, with inflation reaching its peak in April 2022 at 7.8 per cent. During the second half, moderating commodity prices, realignment of supply chains and consecutive rate hikes by the Reserve Bank resulted in easing of inflation numbers. The average headline inflation stood at 6.7 per cent in FY 2023 as against 5.5 per cent in FY 2022. Following a spike in inflation in the early months of 2023, the MPC changed its stance to withdrawal of accommodation in April

2022 and then raised the policy repo rate by 40bps in an off-cycle meet held in May 2022, after the March 2022 inflation print touched a level of 7 per cent. During FY 2023, the MPC has cumulatively raised policy repo rate by 250 bps, from 4 per cent to 6.5 per cent in order to curb inflation.

On the back of prolonged geo-political tensions and the global economic slowdown, India's trade deficit widened during FY 2023, however, the deficit narrowed towards the second half of the year. Merchandise exports recorded

a growth of 6.7 per cent in FY 2023 over FY 2022 to reach at USD 450.4 billion. The merchandise imports posted a higher growth during the first half, however, during the second half, lower international commodity prices resulted in fall in imports. On account of a robust demand in the service sector, service exports increased by 27.9 per cent during FY 2023 on y-o-y basis. The Current Account Deficit (CAD) nearly doubled during FY 2023 to USD 67 billion (-2 per cent of GDP) as against USD 38.7 billion (-1.2 per cent of GDP) in FY 2022. Beside a wider trade deficit of USD 122 billion, a 31 per cent decline in financial flows (USD 58.99 billion) led to drawing down of reserves, amounting to USD 9.14 billion, as against an accretion of USD 47.51 billion in FY 2021-22.



During FY 2023, all major currencies experienced high volatility on the back of prolonged geo-political tensions and consecutive rate hikes by the US Federal Reserve. The Indian rupee also witnessed sharp fluctuations during the year with a depreciating bias amidst strong FPI equity outflows. Overall, INR closed at ₹78.97/USD on Q1 FY2023, and further weakened by 3.22% during Q2 FY23 to close at ₹81.51/USD. The second half also witnessed rupee a bearish trend in the rupee, due to a sharp appreciation in the USD following the Fed rate hikes. The rupee closed the fiscal year 2023 at ₹82.18/USD, recording a depreciation of around 8 per cent from the previous year. To curb this heightened uncertainty and volatility revolving around the rupee, the Reserve Bank had to intervene in the Foreign Exchange Market, which led to a loss of reserves, aggregating to nearly

USD 30 billion (till 24th March 2023) from its level of FY 2022 at USD 606 billion.

During FY 2022-23, the fiscal position of the Central Government improved on the back of higher revenues receipts. The gross fiscal deficit for FY 2023 stood at 6.45 per cent as against 6.75 per cent for FY 2022. The Centre's gross tax revenue increased during the year as corporate tax, income tax and GST collections posted robust growth. The government's revenue expenditure increased by ₹2.6 lakh crore against the Budget estimate amid soaring commodity and energy prices. Government's fiscal position is trading a path of fiscal consolidation and the FD to GDP ratio is projected at 5.9 per cent for FY 2023-24.

## Government Dated Securities

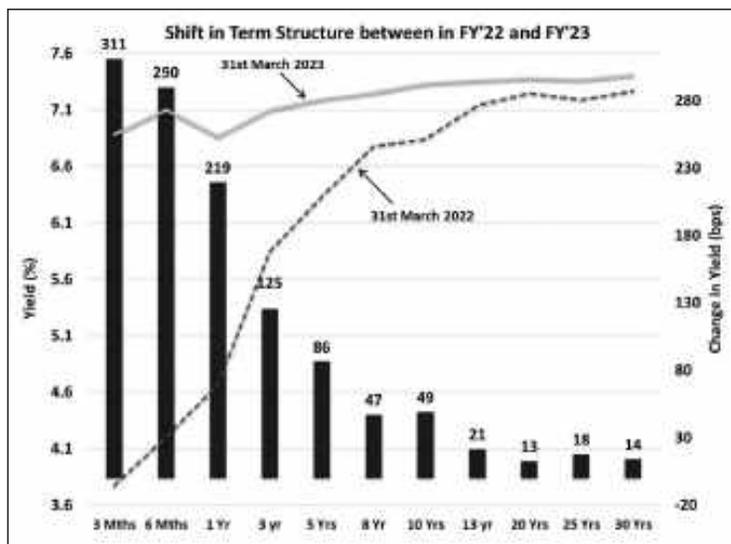
### Primary Market

During FY 2023, the gross borrowings through dated issuances stood at ₹14.21 lakh crore as against ₹11.27 lakh crore during FY 2022. Devolvments were observed with market anticipating RBI policy actions during FY 2023. The weighted average maturity of issuances stood lower at 16.05 years as against 16.99 years during the previous year. The weighted average yield of dated securities issued during FY 2023 rose to 7.32 per cent as against 6.28 per cent in FY 2022.

## Secondary Market

During Q1 FY 2022-23, the government securities market witnessed firming up of yields on account of a) monetary policy tightening across major global economies amid persisting inflationary pressure, b) higher crude oil prices and c) fiscal pressures due to rise in subsidies and reduction in excise duty on petrol and diesel. Q2 however, witnessed a bit of easing of yields on account of easing of crude oil prices and rising expectations over likely inclusion of India's bond in global bond indices. Thus, the 10-year yield closed H1 at 7.43 per cent vis-à-vis 6.90 per cent at the beginning of the FY 2022-23.

The second half of the year witnessed a steep rise in yields on account of adverse global and domestic factors. At the beginning of Q3 FY 2023, G-sec yields hardened taking cues from the sharp surge in US treasury yields following the 75 bps rate hike by the US Fed and its hawkish forward guidance. The policy repo rate hike by the Reserve Bank also firmed up bond yields. Subsequently, the market sentiment was also dented after JP Morgan held off the inclusion of Indian government bonds in its widely tracked emerging market bond index. However, the end of Q3 saw bond yields extending a softening bias in tandem with the easing of US treasury yields and the decline in international crude oil prices. Q4 FY 2023 saw the 10-year benchmark G-sec yield ease in response to the commitment to fiscal consolidation in the Union Budget 2023-24 and the announcement of lower than anticipated gross market borrowings. In March, the yields softened, taking cues from US yields following bank collapses, which drove investors to safe assets, which had a salutary impact on Indian yields as well. Overall, the 10-year yield closed H2 at 7.31 per cent vis-à-vis 7.47 per cent at the beginning of H2.

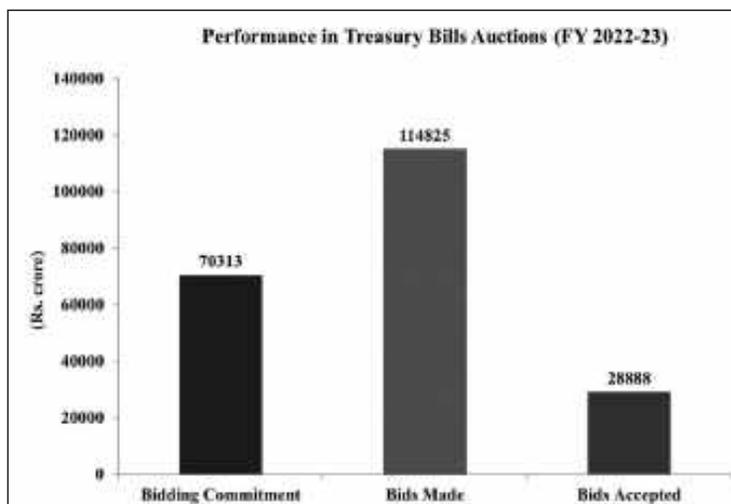


## COMPANY PERFORMANCE

### Primary Market

In the primary market, the Company continued to comply with all the regulatory requirements of bidding under Minimum Underwriting Commitments (MUC) and Additional Competitive Underwriting (ACU) for Primary Dealers. During FY 2023, the Company earned an underwriting commission of ₹3.03 crore as against the previous year's commission of ₹15.49 crore. During the year, government securities aggregating ₹1201 crore were devolved on the Company.

In treasury bill auctions, during H1 of FY 2023, GOI raised ₹7,05,000 crore as against ₹6,89,000 crore in the corresponding period of last fiscal. In the second half, GOI raised ₹7,16,000 crore through T-bills as against ₹6,54,000 crore raised in the corresponding period of last fiscal. Against these issuances of T-bills, Company submitted bids aggregating to ₹1,14,825 crore against the commitment of ₹70,313 crore (being 5 per cent of notified amount). Out of this, bids amounting to ₹28,888 crore were accepted. Fulfilling its primary market commitment, Company achieved a success ratio of 40.96 per cent and 41.21 per cent in H1 and H2 respectively in FY 2022-23, as against the statutory requirement of 40 per cent.



### Secondary Market

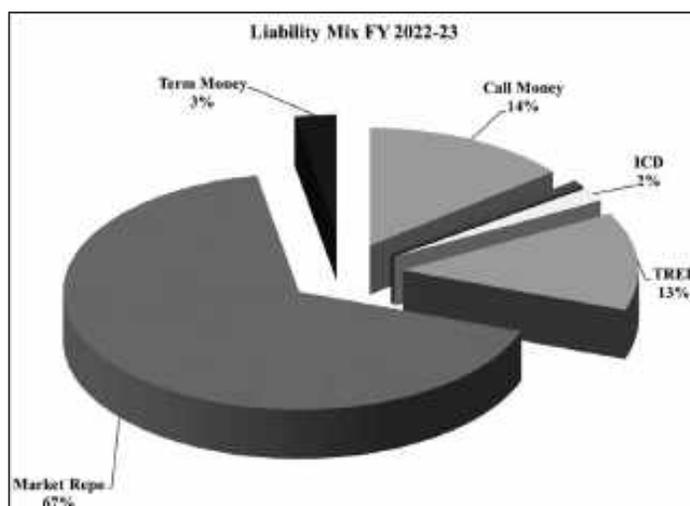
During FY 2022-23, total secondary market outright turnover registered by the Company stood at ₹6,12,608 crore as against ₹5,08,782 crore in FY 2021-22. The Central Government security segment recorded a turnover of ₹5,05,669 crore followed by SDLs which registered a turnover of ₹38,782 crore. Treasury bills recorded a turnover of ₹37,113 crore. Company achieved an outright turnover of 2.98 per cent for FY 2022-23, as against the outright turnover target of 1 per cent prescribed by RBI.

### Portfolio Size and Composition

During FY 2022-23, dated securities (central and state government) holding level in face value terms under FVTPL portfolio averaged at ₹10,744 crore (₹11,447 crore in FY 2022) with peak holding level of ₹14,558 crore (₹17,274 crore in FY 2022). Daily average holding in T-bills during FY 2023 stood flat at ₹2,460 crore (₹1,774 crore in FY 2022) whereas the peak holding in T-bills stood at ₹4,357 crore (₹3,115 crore in FY 2022). Company's holding under Amortized Cost portfolio as on March 31, 2023 stands at ₹3,409.27 crore.

### Liability Mix

During the year, the Company judiciously utilized different sources of borrowings viz. Call Money, TREP, Repo, LAF, etc. for active fund management. The average gross borrowings from all sources during FY 2023 amounted to ₹17,897 crore as against ₹14,964 crore in FY 2022. During FY 2023, Company did not raise any funds through issuance of Commercial Paper whereas, in FY 2022, it had raised funds of ₹200 crore through the issuance of Commercial Paper at a rate of 3.82 per cent with a tenor of 1 month. The average leverage during FY 2023 was 13.16 times against 10.86 times in FY 2022, while the maximum leverage for the year stood at 16.29 times the NOF. The average cost of funds during FY 2023 stood at 5.43 per cent, higher than 3.41 per cent during FY 2022 as successive rate hikes by RBI resulted in surge in overnight money market rates.



### Trading Stance & Financial Performance

During FY 2022-23, the market witnessed significant deterioration and firming up of yields due to reasons explained in the section on the secondary market. The two-year trend in the main financial parameters is tabulated as below:

(in ₹ Crore)

Particulars	FY 2021-22	FY 2022-23	per cent change
Net Owned Fund	1425.64	1238.06	-13.16
Profit Before Tax (PBT)	210.15	-85.07	-140.48
Profit After Tax (PAT)	165.71	-77.22	-146.60
Capital Adequacy Ratio (per cent)	66.41	31.83	-52.07
Debt to Equity Ratio	10.18	15.27	50.00
Debtors Turnover Ratio	9.68	6.66	-31.19
Interest Coverage Ratio	1.41	0.91	-35.46
Current Ratio	1995.35	700.34	-64.90
Operating Profit Margin (%)	21.09	-6.93	-132.86
Net Profit Margin (%)	16.63	-6.29	-137.82

Company operated in an unprecedented monetary policy environment during FY 2022-23 with RBI raising policy rates successively (total 250 bps rise in policy repo rate) and maintaining a hawkish guidance. Company's performance during the year was affected by sharp rise in bond yields, which resulted in, marked to market losses as well rise in borrowing cost due to sharp and quick rise in overnight money market rates, which resulted in compression of the net interest income. During the year, the short end of the G-sec term structure responded adversely to the steep hike in policy rates by RBI, with 1 year and 2 year yields surging by 265 bps and 200 bps respectively over March 2022 closing. Nonetheless, Company endeavored to contain the losses by adopting an agile investment strategy and a dynamic balancing of portfolio along with an active liability management.

Under the aforementioned circumstances, Company posted a PBT of ₹(85.06) crore and a PAT of ₹(77.22) crore as on March 31, 2023. The Company's trading income stood at ₹(303.23) during FY 2022-23 as against ₹(234.09) crore during FY 2021-22 while net interest income stood at ₹248.75 crore during FY 2022-23 as against ₹460.30 crore during FY 2021-22. Due to the loss booked during FY 2022-23 and dividend payout amounting to ₹90 crore (for dividend announced for FY 2021-22), Company's NOF reduced by 13.16 per cent from ₹1425.64 crore as on March 31, 2022, to ₹1238.06 crore as on March 31, 2023. Decreased profitability resulted in a lowering of Return on Net-worth for FY 2022-23 to (5.80) per cent as against 12.13 per cent for FY 2021-22. The overall debt to equity ratio stood at 15.27 as on March 31, 2023 as against 10.18 as on March 31, 2022. Debt to equity ratio was higher on account of increased portfolio size maintained to capture net interest income.

Despite the challenges faced by the company during FY 2023, company remained adequately capitalized with a capital adequacy ratio (CAR) of 31.83 per cent as on March 31, 2023 (66.41 per cent as on March 31, 2022), against RBI's minimum stipulation of 15 per cent. Robust risk management systems kept the Company's risk profile in check throughout the year.

The debtors turnover ratio was lower in FY 2022-23 as compared to FY 2021-22 as the arranger fee receivable as a percentage of the arranger fee income earned during the year was less. Interest coverage ratio was lower in FY 2022-23 as profit was higher in FY 2021-22 as compared to FY 2022-23 whereas the interest costs were higher during FY 2022-23 as compared to FY 2021-22. Current ratio declined during FY 2022-23 as Current liabilities were higher as on March 31, 2023 than as on March 31, 2022. Operating profit margin declined due to operating losses as on March 31, 2023 as compared to profits earned during FY 2022-23. Net profit margin stood lower as there was a net loss as on March 31, 2023 as compared to March 31, 2022.

### **Risk Management**

Company maintained a balanced composition of securities with an aim to maximize net interest income and also facilitate better trading opportunities. Risk management is a critical element of the Company's trading business. The Company's mid-office is primarily responsible for formulating, reviewing, and implementing the risk management policies, Value-at-Risk (VaR), PVBP limits, sensitivity analysis, and cut-loss policies form the core of the market risk management system. The impact of interest rate movements on the business and earnings profile, is mitigated by operating within a well-defined proactive stop-loss limit and value-at-risk (VaR) limit. The Company also conducts sensitivity analysis of its portfolio to assess the impact of parallel and non-parallel shifts in the yield curve on its earnings profile. 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 provided adequate defense against 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 a healthy exchange of ideas. Apart from skill enhancement training, emphasis is laid on exercises that re-engage, rejuvenate the employees and develop better bonds between co-workers translating into better team dynamics in the Company. Employees' morale is also boosted by recognizing and rewarding their consistent efforts and dedication to their work with STAR Employee Award bi-annually.

The details regarding employees are given in the Board's Report. Total number of employees of the Company as on March 31, 2023 were 52 (including 1 employee on deputation from the parent bank). The Company has maintained

peaceful and harmonious relations with all its employees. There were no material developments recently in the PD Industry.

### **Internal Control Systems**

The Company considers the internal control systems to be a very significant part of its Corporate Governance practices. Our 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. The Company's internal control systems are commensurate with the nature, size and complexity of business of the company. The controls have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, compliance with applicable statutes and corporate policies etc. The Company has well defined delegation of power with authority limits for approving transactions/contracts including expenditure. Batra Deepak and Associates, the statutory auditor of the Company has audited the financial statements and have also issued a report on our internal control over financial reporting. As a part of this control system, our Board also appoints Internal Auditor, Concurrent Auditor and other auditors as well. Accordingly, these controls are routinely tested and certified by the auditors. For the year 2022-23, the Board appointed M/s Lodha & Co., Chartered Accountants as the Concurrent Auditor of the Company. The scope of Concurrent 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 a monthly basis and key business processes, including IT systems of the Company on quarterly basis. All the reports of the Concurrent Auditor were submitted to the Audit Committee for necessary action. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations and suggestions. As a third line of defense and in line with the RBI guidelines, the Company had also setup an Internal Audit Department and appointed an Internal Head of Audit during FY 2022-23.

### **Registration obtained from other financial sector regulators**

During the FY 2023, Company has not taken membership from any regulator. During the current fiscal that is, 2023-24, the Company has received permission from RBI and it has authorised your Company to act as an 'Authorised Dealer – Category III', subject to certain conditions. Under this authorization, the Company may offer all foreign exchange market-making facilities to users, as currently permitted to Category-I Authorized Dealers, subject to adherence to the prudential regulations and other guidelines of RBI.

### **Corporate Social Responsibility**

The Company's CSR initiatives focus on creating social values by contributing to the field of education, healthcare, environmental conservation, etc. During the FY 2023, Company undertook several initiatives, contributing ₹6.48 crore towards various trusts and agencies.

### **Strengths, Weaknesses, Opportunities and Threat Analysis**

#### **Strengths and Weaknesses**

The Company is the only listed Primary Dealer in the country and has consistently displayed healthy financial performance over the years. The Company operates with a substantial Capital Adequacy Ratio (CAR) with comparatively low operational costs. CAR stood at 31.83 per cent for the year ended March 31, 2023. The Company has efficient risk management and research department responsible for monitoring, analysis, and compliance with the latest IT infrastructure through which prudent analysis of the portfolio is done on a regular basis. A strong compliance culture prevails across the organization, pursuant to its strategic goals of transparency and trust, among all its stakeholders. However, there are some constraining factors for Company like volatility in earnings because of interest rate movements and lack of diversity in revenue.

#### **Opportunities and Threats**

The FY 2023-24 started on a positive note witnessing resilient economic activity due to improved demand and supply conditions but due to sticky inflation in place, the central banks around the world have continued to either temper their rate hikes or have taken a pause. The RBI decided to keep the Repo rate unchanged at 6.50 per cent in both April

and June 2023 Monetary Policy meetings and focused on withdrawal of accommodation to make sure that inflation gradually aligns with the target. The Repo rate has increased by 250 bps since May 2022 and thus, these policy actions are still working through the system, following which the MPC kept the policy rate unchanged. The Indian banking system at present is stable and resilient, has a robust credit growth and domestic financial markets have evolved in an orderly manner. The CPI inflation lowered in Q1 FY 2023-24 owing to monetary policy tightening and supply side measures.

Going forward, MPC has pointed out that economic activity might decelerate in FY 2023-24 due to inflation remaining sticky and above the 4% inflation target of RBI, tight financial conditions and weak external demand. Also, volatility in global financial markets, continued geopolitical issues, crude oil pricing and the intensity impact of El Nino pose upside risks to inflation and interest rate movements. Thus, these factors might have an impact on the Company's earnings in FY 2023-24. However, the cumulate rate hike of 250 bps is gradually transmitting through the economy and MPC's resolution to keeping a close vigil on the inflation and growth outlook should keep inflationary pressures contained in the coming months.

Though much of the pain is behind us, the macroeconomic and policy environment is expected to remain uncertain in the ensuing period. The expected slowing of economic growth and inflation may provide opportunities for the bond markets to stabilize in the current year. This augurs well for Company's performance. Nonetheless, the macro economic environment remains highly uncertain, and Company would remain vigil in its approach. A dynamic and highly agile strategy will be deployed in order to ensure healthy returns from Company's core business operations. Company will also deploy astute derivative strategies to hedge against rising interest rates and exploit trading opportunities. Besides, Company will also explore opportunities in the non-core business, especially foreign exchange market (post granting of foreign exchange license by the regulator), and other segments such as equity market as well as fee generating business segments in order to bring in diversity in income.

**On behalf of Board of Directors**

A handwritten signature in black ink, appearing to read 'Kalyan Kumar'.

**(Kalyan Kumar)**  
Chairman  
DIN: 09631251

Date : July 21, 2023

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., maximization 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 various Committees at Board level namely Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Stakeholders' Relationship Committee, IT Committee etc. The Board may also 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. As on March 31, 2023, the Company has seven Directors, consisting of six Non-Executive Directors (out of which four are Independent Directors including a Woman Independent Director) and one Executive Director.

The members of the Board are from diverse background with requisite skills and experience in critical areas like finance, treasury, human resource, legal, 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, 2023, the composition of the Board was as follows –

**Sh. Kalyan Kumar** (DIN: 09631251), Executive Director – Punjab National Bank ("PNB" or "Promoter"), is the Non-Executive & Non-Independent Chairman related to Promoter of the Company. He started his journey in Union Bank of India as Rural Development Officer in the year 1995 and has served the bank for last 26 years in various capacities as Branch Head of VLBs, faculty at Staff Training Centres, Staff College Principal, stint in Vigilance and Business Process Transformation and Amalgamation Management at Corporate Office and lastly head as CGM HR of Union Bank of India. The successful amalgamation of Andhra Bank and Corporation Bank into Union Bank of India was steered under his supervision and control. He is Director on the Board of PNB Cards & Services Ltd. and India Infrastructure Finance Company Ltd. He is also member of Board of Governors of Management Development Society, Gurugram.

**Sh. P. P. Pareek** (DIN: 00615296), Independent Director, is a practicing Chartered Accountant. He is a senior partner of M/s S. Bhandari & Co. for the last 40 years. He was member of Central Council and Standing Committees like Executive Committee and Examination Committee of the Institute of Chartered Accountants of India. Presently, he is Director of Jamuna Dream Estates Pvt. Ltd. and Rajasthan State Mines & Minerals Ltd.

**Sh. S. K. Kalra** (DIN: 01952165), Independent Director, is having a rich experience of around 36 years in treasury and credit management, financial services and banking operations etc. in the banking industry. He retired from Andhra Bank as Executive Director. Prior to Andhra Bank, he was General Manager, Treasury Division of Allahabad Bank. Presently, he is Director of Can Fin Homes Ltd., J K Cement Ltd. and Indbank Merchant Banking Services Ltd.

**Dr. T. M. Bhasin** (DIN: 03091429), Independent Director having experience of around 40 years in treasury, banking operations and vigilance matters etc. in the banking industry. He was also appointed as Vigilance Commissioner in Central Vigilance Commission of India. Prior to his appointment as Vigilance Commission in the Central Vigilance Commission (CVC) in 2015, Dr. Bhasin served as the Chairman and Managing Director of Indian Bank. Presently, he is director of SBI Cards and Payment Services Ltd., SBI Life Insurance Company Ltd., PNB Housing Finance Ltd. and Patanjali Foods Ltd. He is also on Advisory Board for Banking Frauds, constituted by Central Vigilance Commission in consultation with RBI.

**Prof. Neharika Vohra** (DIN: 06808439), Independent Director is having rich experience of over 26 years collectively in varied Universities such as University of Manitoba, Canada, XIM- Bhubaneswar, Indian Institute of Management Ahmedabad, holding different designations such as Associate Professor, Professor, Vice Chancellor. She has served as Chairperson of Centre for Innovation and Incubation in Entrepreneurship Initiatives and also as member of Governing Council of School of Human Resources, TISS Mumbai etc. Presently, she is Professor at IIM, Ahmedabad and Director of Harsha Engineers International Ltd., CIIE Advisors Pvt. Ltd., CIIE Initiatives, CIIE Regional Innovation Foundation and Fig Tree Naturalist Foundation. She is also member of Advisory Council of Vidyashilp Academy and School of Human Management, XIM University and Trustee of Future Focus Initiative. She is also on the Board of Gyanshala (education support organization) and a professional member of Aastha Foundation.

**Sh. Ashutosh Choudhury**<sup>1</sup> (DIN: 09245804), Non- Executive & Non-Independent Director, is Chief General Manager and Group Chief Risk Officer of PNB. He has more than two decades of experience in Banking industry covering the areas of Risk Management, Corporate banking, Treasury, MSME Credit, Retail Asset, Financial Inclusion and Digital Lending.

**Sh. Vikas Goel** (DIN: 08322541) is the Managing Director and CEO of Company since February 2019. He has worked with three multi-national banks (American Express Bank, Credit Agricole Bank, and First Abu Dhabi Bank) in India for around 27 years in leadership roles in establishing and managing Global Market businesses, primarily the fixed income and currency asset class. He is Director on the Board of Primary Dealers' Association of India.

Other information regarding the Board as on March 31, 2023 is given below:

Name of the Director	Category	No. of other Directorships and other Committee Memberships/ Chairmanships			Directorship in other listed entity (Category of Directorship)
		Directorships	Committee Memberships <sup>1</sup>	Committee Chairmanships <sup>1</sup>	
Sh. Kalyan Kumar	Non-Executive, Non-Independent, Chairman	2	2	1	Punjab National Bank (Executive Director)
Sh. P. P. Pareek	Non-Executive, Independent	2	1	-	-

<sup>1</sup> resigned from directorship of the Company w.e.f. May 3, 2023, upon his elevation as Executive Director of Indian Bank and cessation as Chief General Manager and Group Chief Risk Officer of PNB.

Sh. S. K. Kalra	Non-Executive, Independent	3	2	1	Independent Director of- • Can Fin Homes Ltd. • J K Cement Ltd. • Indbank Merchant Banking Services Ltd.
Dr. T. M. Bhasin	Non-Executive, Independent	4	7	3	Independent Director of- • SBI Cards and Payment Services Ltd. • PNB Housing Finance Limited • Patanjali Foods Ltd. • SBI Life Insurance Company Limited
Prof. Neharika Vohra <sup>2</sup>	Non-Executive, Independent	5	-	-	Harsha Engineers International Ltd. (Independent Director)
Sh. Ashutosh Choudhury <sup>3</sup>	Non-Executive, Non-Independent	-	-	-	-
Sh. Vikas Goel	Executive, Non-Independent	1	-	-	-

1. In terms of Regulation 26 of Listing Regulations, the limit of the committees on which a Director may serve in all public limited companies, whether listed or not, are included and all other companies including private limited companies, foreign companies, high value debt listed entities and companies under Section 8 of the Companies Act, 2013 are excluded and for the purpose of determination of limit, chairpersonship and membership of the audit committee and the Stakeholders' Relationship Committee alone are considered.
2. Appointed as a Non-Executive and Independent Director w.e.f. March 27, 2023.
3. Resigned from directorship of the Company w.e.f. May 3, 2023, upon his elevation as Executive Director of Indian Bank and cessation as Chief General Manager and Group Chief Risk Officer of Punjab National Bank (Promoter Bank).

As on March 31, 2023, none of the Directors (except Sh. P. P. Pareek, who holds 1,333 equity shares of the Company) holds any shares / convertible instruments of the Company.

There is no inter-se relationship between the Directors.

#### **Familiarization Programme of the Independent Directors**

The Company conducts 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 details of familiarisation programme imparted to the Independent Directors during the year are available on the website of the Company at the link [https://www.pnbgilts.com/uploads/annoucement/Familiarization\\_Programme.pdf](https://www.pnbgilts.com/uploads/annoucement/Familiarization_Programme.pdf) Quarterly updates on relevant statutory and regulatory changes are also circulated to the Directors.

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

<b>Professional Competencies</b>	
Business and Management experience	Experience in, or is able to demonstrate knowledge or expertise in, sound management and operational business processes and practices in the private or public sector.
Legal, technology etc.	Exposure in handling regulatory and technology matters or providing legal/regulatory/technology advice and guidance to an organization.
Risk Management	Knowledge and experience in enterprise risk management in the relevant industry and understanding of the Board's role in the oversight of risk management principles.
Strategic Planning	Ability to generate and apply strategic thinking in regard to the unique business insights and opportunities of relevance to the organization.
Board service and Governance	Experience in Board governance practices in private or public sector. Understanding of roles and responsibilities of Board of a Company and responsibilities as Director.
HR	Experience in developing strategies or handling matter like development of talent and retention, succession planning and driving change and long term growth etc.
Finance	An understanding of financial statements and the accounting principles used by entities to prepare its financial statements; including the ability to assess the general application of such accounting principles in connection with the accounting for the company.
Banking	Experience in Credit/Treasury/ International Business etc. in banking industry.
Capital market	Strategic and operational understanding of the working of capital markets in order to provide oversight to management strategies.
Debt Market	Experience in driving Fixed Income, capital or any other market as may be permitted by Reserve Bank of India, from time to time, with an understanding of diverse business environments, economic conditions, regulatory frameworks and a broad perspective on Indian and/or Global market opportunities.
Diversity (gender, ethnic or others)	Representation of gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of clients, employees, governments and other stakeholders.
Leadership	Ability to inspire, motivate and offer direction and leadership to others.
Analytical and visionary	Ability and aptitude of showcasing analytical and visionary skills towards the organization in the long term. Ability to work as part of a team, and demonstrate the passion and time to make a genuine and active contribution to the Board.
Commitment	Commitment to the organization, its Board, its culture, values and people.

In the below table, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of mark against a member's name doesn't necessarily mean the member doesn't possess the corresponding qualification or skill.

	<b>Sh. Kalyan Kumar</b>	<b>Sh. P. P. Pareek</b>	<b>Sh. S. K. Kalra</b>	<b>Dr. T. M. Bhasin</b>	<b>Prof. Neharika Vohra</b>	<b>Sh. Ashutosh Choudhury</b>	<b>Sh. Vikas Goel</b>
Business and Management experience	✓	✓	✓	✓	✓	✓	✓
Legal, technology etc.	✓	✓	✓	✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓
Board service and Governance	✓	✓	✓	✓	✓	✓	✓
HR	✓	✓	✓	✓	✓	✓	✓

Finance	✓	✓	✓	✓	✓	✓	✓
Banking	✓	✓	✓	✓	✓	✓	✓
Capital market	✓	✓	✓	✓	✓	✓	✓
Debt Market	✓	✓	✓	✓	✓	✓	✓
Diversity (gender, ethnic or others)	✓	✓	✓	✓	✓	✓	✓
Leadership	✓	✓	✓	✓	✓	✓	✓
Analytical & visionary	✓	✓	✓	✓	✓	✓	✓
Commitment	✓	✓	✓	✓	✓	✓	✓

## 2. Independent Directors

### a. Performance Evaluation of Independent Directors:

The Company believes that an effective governance framework requires periodic evaluation of the functioning of the Board as a whole, its committees and individual director's performance evaluation. Accordingly, the Company on the recommendation of the Nomination and Remuneration Committee (NRC) has devised a policy for performance evaluation of Independent Directors, other Directors, Board and its which includes criteria for performance evaluation as well.

As per process given in the policy, the evaluation exercise shall be carried out on annual basis. The process involves evaluation of the whole Board, which is to be done by all the Members of the Board; evaluation of the Committees of the Board, which is to be done by all the Members of the respective Committee; and evaluation of the individual which is carried out by the NRC.

Structured questionnaires form key part of the evaluation process for reviewing the functioning and effectiveness of the Board. The evaluation process focused on various aspects of the Board and Committees functioning such as structure, composition, quality, board meeting practices and overall Board effectiveness. The Independent Directors are additionally required to fulfill the criteria of Independence from the other directors, management and that they exercise their own judgment and voice their opinion freely. The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017. An indicative list of factors on which evaluation exercise to be conducted internally includes participation and contribution by a director, commitment, knowledge and competency, integrity and maintenance of confidentiality and independence of behavior and judgment.

Annual Performance Evaluation: During the year, questionnaires were circulated to the members of the Board and respective Committees soliciting their feedback on the performance of the Board, its Committees and individual Directors for the financial year 2022-23.

Your Board of Directors carried out an annual evaluation of its own performance, board committees and directors including independent directors pursuant to the provisions of the Act and SEBI Listing Regulations.

As part of evaluation exercise, the outcome of feedback from Directors was discussed at the respective meetings of NRC and Board.

The Nomination and Remuneration Committee reviewed the performance of individual directors including Independent Directors on the basis of criteria such as the contribution of the individual director to the Board and committee meetings like meaningful and constructive contribution and inputs in meetings, etc.

Also, in a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-executive Directors.

In the Board Meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its committees, and individual directors was also discussed. Discussion on Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

The Directors were individually briefed about their performance.

Outcome of Evaluation Process: The Board was satisfied with the professional expertise and knowledge of each of its Directors. All the Directors effectively contributed to the decision making process by the Board. Further, all the Committees were duly constituted and were functioning effectively. The Board also expressed its satisfaction in relation to the provision of supporting documents to the Board enabling it to assess the policy & procedural requirements for proper functioning of the Company. The Board expressed its satisfaction with the decision making and decision implementing procedure followed by it.

**b. Confirmation on Independence of Independent Directors:** In terms of Regulation 25(8) of the Listing Regulations, all the independent directors of the company have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors confirms that all the Independent Directors of the Company meet the criteria of independence as mentioned under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 and that they are independent of the management. A formal letter of appointment to Independent Directors as provided in Act has been issued and the draft of the same is disclosed in Investors Relations section on website of the Company viz. [https://www.pnbgilts.com/uploads/disclosures/ID\\_Letter.pdf](https://www.pnbgilts.com/uploads/disclosures/ID_Letter.pdf)

**c. Resignation by Independent Director during FY 2022-23:** During the year 2022-23, Smt. Uma Ajay Relan resigned from the office of independent director w.e.f. January 24, 2023 on account of personal reasons. There are no material reasons other than provided by her.

### 3. Meetings of the Board

During the financial year 2022-23, eight Board meetings were held on May 5, 2022, July 26, 2022, September 2, 2022, October 21, 2022, November 2, 2022, December 20, 2022, January 23, 2023 and March 27, 2023. The gap between any two meetings not exceeded 120 days as per the requirements of Regulation 17 (2) of the Listing Regulations and Section 173 of the Companies Act, 2013 ("the Act").

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

Name of Director	No. of Board Meetings attended	Attended last AGM held on September 2, 2022
Sh. S. K. Saha <sup>1</sup>	1	N.A.
Sh. Kalyan Kumar <sup>2</sup>	7	Yes
Sh. P. P. Pareek	8	Yes
Sh. S. K. Kalra	8	Yes
Smt. Uma Ajay Relan <sup>3</sup>	7	Yes
Dr. T. M. Bhasin	8	Yes
Prof. Nehraika Vohra <sup>4</sup>	-	N.A.
Sh. Ashutosh Choudhury	7	Yes
Sh. Vikas Goel	7	Yes

1. Resigned from the Directorship and Chairmanship of the Company, w.e.f. June 3, 2022, due to his elevation as Managing Director & CEO of Punjab and Sind Bank and cessation as an Executive Director of Punjab National Bank (PNB)
2. Appointed as a Non-Executive and Non-Independent Chairman w.e.f. July 7, 2022.
3. Resigned as a Non-Executive and Independent Director w.e.f. January 24, 2023.
4. Appointed as a Non-Executive and Independent Director w.e.f. March 27, 2023.

### 4. Committees of the Board

#### (A) Audit Committee

The Audit Committee has been formed in pursuance of the Listing Regulations, Section 177 of the Act, and RBI guidelines. The powers, role and terms of reference of the Audit Committee covers the areas as contemplated

under Regulation 18 read with Part C to Schedule II of the Listing Regulations and Section 177 of the Act, as applicable, besides other terms as referred by the Board of Directors.

The role, inter alia, includes oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors; reviewing with the management quarterly results and annual financial statements before submission to the Board for approval; approval or any subsequent modification of any transactions of the Company with related parties; review and monitor the auditor's independence and performance and effectiveness of audit process; evaluation of internal financial controls and risk management system; reviewing the functioning of the vigil mechanism / whistle blower policy; reviewing the compliance with provisions of Securities Exchange Board of India (Prevention of Insider Trading) Regulation, 2015 (including any amendment(s) or modification(s) from time to time) at least once in a financial year and verify that the systems for internal controls for ensuring compliance to these Regulations, are adequate and are operating effectively.

The Committee mandatorily reviews information such as internal audit reports related to internal control weakness (if any), management discussion and analysis of financial condition and result of operations, statement of related party transactions and such other matters as prescribed.

During the financial year 2022-23, five meetings of the Committee were held on May 5, 2022, July 26, 2022, October 21, 2022, January 23, 2023 and March 23, 2023. The composition and attendance of Members is as under:

Name of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. P. P. Pareek	Chairman	5
Sh. S. K. Kalra	Member	5
Smt. Uma Ajay Relan <sup>1</sup>	Member	4
Dr. T. M. Bhasin	Member	5

1. Ceased to be member of the Committee post resignation as Director of the Company w.e.f. January 24, 2023.

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 read with Para A of Part D to Schedule II of the Listing Regulations, Section 178 of the Companies Act, 2013 and RBI's directions, besides other terms as referred by the Board of Directors.

The role of Nomination and Remuneration Committee, inter-alia, includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on diversity of Board of Directors; and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board their appointment, removal and noting their cessation; recommendation on extension or continuation of the terms of appointment of the Independent Directors; and recommendation to the Board of all remuneration, in whatever form, payable to senior management.

The Company is also having "Directors' Fit and Proper Policy" in place for ascertaining the 'fit and proper criteria' to be adopted at the time of appointment of Directors and on continuing basis, in line with the regulatory framework issued by RBI. 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.

During the financial year 2022-23, eight Committee meetings were held on May 5, 2022, June 7, 2022, July 26, 2022, October 11, 2022, November 2, 2022, December 7, 2022, December 20, 2022 and March 27, 2023. The composition of Committee and attendance of the Members is as under:

Name of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. P. P. Pareek <sup>1</sup>	Chairman	1
Dr. T. M. Bhasin <sup>2</sup>	Chairman	7
Sh. S. K. Kalra	Member	8
Smt. Uma Ajay Relan <sup>3</sup>	Member	7
Sh. Ashutosh Choudhury	Member	7

1. Ceased to be member and Chairman of the Committee w.e.f. May 6, 2022.
2. Inducted as member and Chairman of the Committee w.e.f. May 6, 2022.
3. Ceased to be member of the Committee post resignation as Director of the Company w.e.f. January 24, 2023.

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

### (c) Stakeholders' Relationship Committee

The role and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 read with applicable Rules framed thereunder and Regulation 20 read with Para B of Part D to Schedule II of the Listing Regulations. The terms of reference of Stakeholders' Relationship Committee, inter-alia includes, overseeing the redressal of stakeholders' grievances; to review the measures taken for effective exercise of voting rights by shareholders; review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent etc. During the year 2022-23, two meetings of the Committee were held on July 26, 2022 and March 27, 2023.

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

Name of Director	Position held in the Committee	No. of Committee Meetings attended
Smt. Uma Ajay Relan <sup>1</sup>	Chairperson	1
Sh. P. P. Pareek	Member	2
Sh. Ashutosh Choudhury <sup>2</sup>	Member	1
Sh. Vikas Goel	Member	2

1. Ceased to be member and Chairperson of the Committee post resignation as Director of the Company w.e.f. January 24, 2023.
2. Inducted as member of the Committee w.e.f. May 6, 2022.

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 FY 2022-23, the Company had received 146 complaints from the shareholders/ investors. All the complaints have been redressed to the satisfaction of the complainants.

No shareholder / investor complaint was pending as on the beginning of the financial year i.e. on April 1, 2022 as well as at the end of the financial year i.e. on March 31, 2023.

Company Secretary acts as Compliance Officer.

### (D) Corporate Social Responsibility (CSR) Committee

The 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 financial year 2022-23, two CSR Committee meetings were held on September 2, 2022 and October 20, 2022. The composition of the Committee and attendance of the Members is as under:

Name of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. P. P. Pareek <sup>1</sup>	Chairman	2
Smt. Uma Ajay Relan <sup>2</sup>	Chairperson	2
Dr. T. M. Bhasin	Member	2
Sh. Vikas Goel	Member	2

1. Ceased to be Chairman of the Committee w.e.f. May 6, 2022. However, he continued as member of said Committee.
2. Inducted as Chairperson of the Committee w.e.f. May 6, 2022 (was already member). Ceased to be member and Chairperson of the Committee post resignation as Director of the Company w.e.f. January 24, 2023.

The terms of reference of the CSR Committee are as per the provisions of the Companies Act, 2013. A detailed Report on CSR activities/ initiatives is also attached with the Board's Report.

### **(E) Risk Management Committee**

The Risk Management Committee framed in accordance with the RBI guidelines for Primary Dealers and NBFCs and the Listing Regulations reviews the overall risk management plan and framework and recommend changes to ensure their adequacy. The Committee ensures that the Company is complying with the internal policies already documented, controls, and procedures concerning the operation of the risk measurement system.

The role of Committee, inter-alia, include the following:

1. To formulate a detailed risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
7. monitoring and reviewing of the risk management plan, cyber security function and such other functions as the Board may deem fit .

During the financial year 2022-23, two Risk Management Committee meetings were held on August 24, 2022 and February 19, 2023. The composition of the Committee and attendance of the Members is as under:

Name of Director	Position held in the Committee	No. of Committee Meetings attended
Sh. S. K. Kalra	Chairman	2
Smt. Uma Ajay Relan <sup>1</sup>	Member	1
Sh. Ashutosh Choudhury	Member	2
Sh. Vikas Goel	Member	2

1. Ceased to be member of the Committee post resignation as Director of the Company w.e.f. January 24, 2023.

## II Directors' Remuneration

The Company's Remuneration Policy for Directors, Key Managerial Personnel and other employees is available on the website of the Company at the link:

[https://www.pnbgilts.com/uploads/corporate\\_governance/Remuneration\\_Policy.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Remuneration_Policy.pdf)

The Company's remuneration policy is directed towards rewarding performance based on achievement of results and attracting and retaining the best talent. During the year 2022-23, the remuneration policy was amended to keep it aligned RBI circular no. DOR.GOV.REC.No.29/18.10.002/2022-23 dated April 29, 2022 dealing with guidelines on compensation of Key Managerial Personnel (KMP) and Senior Management of NBFCs. The amendment in the said policy include insertions of provisions on linking of variable remuneration with the risk exposure of the company, provisions on claw back of deferred variable pay and the provision that KMPs and senior management engaged in financial control, risk management, compliance and internal audit should be compensated independently of business targets and based on their Key Performance Indicators etc.

Matters of remuneration of Managing Director are considered by the Board of Directors of the Company, with the Interested Directors not participating. The terms of remuneration of the Director are approved by the shareholders at the general body meeting. The details of remuneration paid to the Managing Director in the financial year 2022-23 are as under:

(₹ in lacs)

	Sh. Vikas Goel, Managing Director & CEO
Salary	122.26
Perquisites and allowances	2.33
Company's Contribution to PF	7.19
Performance Linked Incentive	-

Based on industry benchmarks and the respective employee's performance and contribution and the recommendations of Nomination and Remuneration Committee, the Board announces the performance linked incentive. This performance linked incentive i.e. variable pay is paid based on performance of the company and employee in the last financial year i.e. on deferred basis. Since the variable pay plan is being redesigned, the aforesaid Committee and Board are yet to announce it for FY 2021-22 which was payable in 2022-23. During 2022-23, variable pay of ₹ NIL lacs (Prev. Year: ₹ 40 lacs) was paid to Sh. Vikas Goel.

Apart from above, benefit on account of leave encashment, which is provided based on actuarial valuation for the company as a whole, is also available.

The tenure of office of Sh. Vikas Goel, Managing Director & CEO was upto January 31, 2023. Based on the recommendation of Nomination & Remuneration Committee, the Board extended his tenure for three years w.e.f. February 1, 2023. This was also approved by the members through passing a resolution via postal ballot on January 20, 2023. His tenure is upto January 31, 2026.

Service conditions of the Managing Director & CEO are governed by the service regulations of the Company. As per Regulation 15(iii) of the service regulations, his services can be terminated by a notice period of 3 months. No other severance fees is payable.

### Criteria for making payment to Non- Executive Directors:

Sitting fee is payable only to Independent Directors. The sitting fee structure payable to Independent Directors during FY 2022-23 w.e.f. 05.05.2022 was as under –

	Sitting fee payable per meeting (in Rs.)
Chairman of Board	60000
Member of Board	50000
Chairman of Board/non-Board level Committee	35000
Member of Board/non-Board level Committee	30000
Only Independent Directors Meeting	35000
Honorarium (sitting fee) for taking interviews for holding the interviews for promotion to senior management	10000

Further w.e.f. 21.10.2022, the sitting fee structure payable to Independent Directors was as under –

Meeting	New Sitting fees for independent directors (payable per meeting)*
For attending and chairing meetings of the Board	Rs. 70,000/- plus Rs. 20,000/- for chairing the meeting. This will be subject to change thereafter in accordance with such fee structure of promoter i.e. PNB.
For attending and chairing meetings of Committees of Board.	Rs. 35,000/- plus Rs. 10,000/- for chairing the meeting. This will be subject to change thereafter in accordance with such fee structure of promoter i.e. PNB.
For attending and chairing meetings of any other committee/group/panel which may or may not be at Board level but such a forum is statutorily or operationally required to meet	Same as that of Committees of the Board.
*Fee in respect of Board Meetings shall not exceed the limit as provided for in respect of companies under the Companies Act, 2013 and Rules made thereunder. Fee in respect of Committees of Board should not exceed one half of fee for attending the meetings of Board. Further, the above fees shall be subject to overall ceiling of Rs. 25 lacs per annum.	

In addition to the sitting fee, the Company also reimburses out of pocket expenses if incurred by them in connection with performance of duties as a Director.

The details of sitting fee paid to Independent Directors during the financial year 2022-23 are as under:

(₹ in lacs)

Name of the Director	Sitting Fees*
Sh. P. P. Pareek	9.65
Sh. S. K. Kalra	11.55
Smt. Uma Ajay Relan	9.20
Dr. T.M. Bhasin	10.45
Prof. Neharika Vohra	-

\* Applicable GST paid extra. Out of pocket expenses, if any incurred by them, not taken into account.

No other remuneration or stock option is in place. Apart from the sitting fees and reimbursement of expenses, there are no other pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company.

### 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 convening 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](http://www.pnbgilts.com)). All the Board Members and Senior Management Personnel have affirmed the compliance of the said Code during the year 2022-23. A declaration of Managing Director to this effect is also appended to this report at Annexure A.

#### V Certificate on Corporate Governance

As required under Schedule V of the Listing Regulations, a certificate from practicing company secretaries regarding compliance of conditions of corporate governance is appended to this report as Annexure B.

#### VI CEO/CFO Certification

The Chief Executive Officer 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 Regulation 17(8) read with Para B of the Schedule II of the Listing Regulations.

#### VII General Body Meetings

Location and time of last three General Meetings are as under:

Financial year	Type of Meeting	Venue	Date and time
2021-22	Annual General Meeting (AGM)	Meeting conducted through Video Conferencing pursuant to the MCA Circular(s) and SEBI circulars	September 2, 2022 at 1100 hrs
2021-22	Extra Ordinary General Meeting (EGM)		March 29, 2022 at 1100 hrs
2020-21	Annual General Meeting (AGM)		September 20, 2021 at 1100 hrs
2019-20			September 30, 2020 at 1030 hrs

In the AGM held on September 30, 2020, a special resolution was passed for alteration of articles of the association of the company. In AGM held on September 20, 2021, no special resolution was passed.

In the EGM held on March 29, 2022, a special resolution for increase in borrowing power limit as required under Section 180(1)(c) of the Companies Act, 2013 was also passed. In AGM held on September 2, 2023, no special resolution was passed.

The members of the Company on January 20, 2023 passed an ordinary resolution for Re-appointment of Mr. Vikas Goel as Managing Director & CEO of the Company and the voting pattern of the same, was as follows:

Particulars	Remote e-Voting
Total number of Valid Votes	133891882
Votes cast in favour of the Resolution	133874717
Votes cast against the Resolution	17165
Number of Invalid Votes	Nil

Post closure of FY 2022-23, on June 16, 2023, a special resolution through postal ballot for appointment of Prof. Neharika Vohra as an Independent Director for a period of 5 years from March 27, 2023 was passed. Voting pattern of the same, was as follows:

Particulars	Remote e-Voting
Total number of Valid Votes	133894439
Votes cast in favour of the Resolution	133880894
Votes cast against the Resolution	13545
Number of Invalid Votes	Nil

As on the date of this report, no business is proposed to be conducted through postal ballot.

**Procedure followed for Postal Ballot/ E-voting:**

- a) In terms of the General Circular No.14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020 and General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 03/2022 dated May 5, 2022 and General Circular No. 11/2022 dated December 28, 2022 (the “MCA Circulars”), issued by the Ministry of Corporate Affairs, Government of India (the “MCA”), the postal ballot process was conducted by way of electronic voting only. The Company engaged the services of National Securities Depository Limited (“NSDL”) for the purpose of providing e-voting facility.
- b) In accordance with the MCA Circulars, the Notices of Postal Ballot along with the instructions regarding e-voting were sent only by e-mail to all those Shareholders.
- c) Mr. Ankit Singhi, Partner of PI & Associates, Practicing Company Secretaries, was appointed as the Scrutinizer to conduct the Postal Ballot processes in a fair and transparent manner.
- d) After due scrutiny of e-voting, scrutinizer submitted its final reports on 20.01.2023 (for postal ballot dated 20.01.2023) and 20.06.2023 (for postal ballot dated 16.06.2023). The results of the postal ballot/ e-voting were declared on 23.01.2023 and 20.06.2023.
- e) As on date of this report, your Company does not propose to pass any Special Resolution for the time being by way of Postal Ballot.

**VIII Management Discussion and Analysis**

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

**IX Disclosures**

- a) **Related Party Transactions:** During financial year 2022-23, the Company did not enter into any ‘materially significant related party transactions’, which are 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 procedure for dealing with such transactions. The said policy is also available on the website of the Company at the link [https://www.pnbgilts.com/uploads/corporate\\_governance/SOP-Policy\\_on\\_Related\\_Party\\_Transactions\\_w\\_e\\_f\\_01\\_04\\_2023.pdf](https://www.pnbgilts.com/uploads/corporate_governance/SOP-Policy_on_Related_Party_Transactions_w_e_f_01_04_2023.pdf) Details of all related party transactions including transactions with PNB, promoter having shareholding of 74.07% in the company and others are given in Note No. 34A and 34B of the Financial Statements. No other entity is holding more than 1% of shareholding in the Company.
- b) **Compliance by the Company:** 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.
- c) **Whistle Blower Policy/Vigil Mechanism:** 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 person has been denied access to the Audit Committee and its Chairman. For further detail(s), please refer the Board’s Report.
- d) **Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 –**
  - i. Number of complaints filed during FY 2022-23 : Nil
  - ii. Number of complaints disposed of during FY 2022-23 : Nil
  - iii. Number of complaints pending as on end of the FY 2022-23: Nil
  - iv No. of complaints pending at the beginning of FY 2022-23 : Nil

- e) **Commodity price risk or foreign exchange risk and hedging activities:** The Company does not deal in commodities and foreign exchange. Since there is no exposure in commodities and foreign exchange, the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. Regarding, exposure in hedging activities, the Company is having exposure in Interest Rate Swaps and other derivatives. Details of the same are given in Note No. 5 of the Financial Statements.
- f) **Certificate from Practicing Company Secretary as required under Part C of Schedule V of Listing Regulations:** A certificate has been received from M/s Ashu Gupta & Co., Company Secretaries, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority. The certificate is annexed with this Report at Annexure C.
- g) **Total fees paid to Statutory Auditors of the Company:** During the financial year 2022-23, a fee of Rs. 36.00 lacs plus GST thereon (totaling to Rs. 42.48 lacs) for all services, was paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.
- h) **List of Credit Ratings obtained and any revisions thereto for debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad:** CRISIL and ICRA have rated A1+ to ₹ 1000 crore Commercial Paper programme of the Company. The rating indicates highest safety. There was no revision in the said ratings. During the year, your Company issued commercial papers and as on March 31, 2023, outstanding value of commercial papers of the Company was ₹ Nil.

The Company is also having 'IND A1+' rating for INR 20 billion Short-term bank loans (of which limit of INR19000 million has been utilized) and 'IND A1+' rating for INR 10 billion Inter-corporate deposit, both ratings from India Ratings & Research Pvt. Ltd.

**i) Others**

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.

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 not given any loans and advances in the nature of loans to firms/companies in which directors are interested.

The Company has complied with all the applicable corporate governance requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations as well as disclosure requirements as enumerated in Schedule V of the Listing Regulations.

Your company is having following officers in senior management position in the Company (as defined under Regulation 16 of the Listing Obligations)-

Name	Designation	Date of joining in Company	Brief Profile
Mr. Vijay Sharma	SEVP (Operations)	22.03.2011	He is B.E. (Chemical) from Malviya National Institute of Technology, Jaipur and MBA from Narsee Monjee Institute of Management Studies (NMIMS) Mumbai. He has over 25 years of experience, mainly in the Indian Fixed income markets and has been associated with the Primary Dealership Industry as well the organization almost since inception.

Ms. Seema Misra	SEVP (Support)	27.07.2016	She is M.Sc in statistics from BHU and joined Punjab National Bank as Management Trainee in 1986. She is having wide banking experience of 30 years in various departments including fifteen years in Bank Treasury. She has also worked in Bhartiya Mahila Bank since its inception for 3 years in Treasury being part of their initial team before joining PNB Gilts Ltd..
Mr. Chandra Prakash	Chief Financial Officer	26.02.2021	He is M.Com and CAIIB. He is also a fellow member of the Institute of Chartered Accountants of India. He is having more than 10 years of post-qualification experience. He has worked earlier with Punjab National Bank and has experience in the field of Credit Appraisal, Credit Monitoring, Finance and Risk. He is on deputation from Punjab National Bank, promoter.
Ms. Monika Kochar	Company Secretary	12.05.2006	She is B.Com (Hons.), M.Com, LL.B and also a fellow member of the Institute of Company Secretaries of India. She is having around 18 years of post-qualification experience in handling matters related to secretarial accounts, legal and corporate affairs etc.
Mr. Neeraj Aggarwal	Head of Internal Audit	17.05.2022*	He is B.Com and associate member of the Institute of Chartered Accountants of India. He is having around 11 years of post-qualification experience in area of internal audit, risk, financial controls, fraud control and investigation

\* appointed in senior management position w.e.f. 26.07.2022.

Further, in terms of Regulation 30A of Listing Regulations, there no such agreements which are required to be disclosed in the Annual Report.

## X 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 in 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, other notices / communications were also published in the same newspapers. The Quarterly/Annual Financial Results are also available on the Company's website and Stock Exchange websites [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).

All material information about the Company is promptly sent to the stock exchanges.

### Internet

For the financial results, official news and other information, shareholders may log on to the website of the Company i.e. [www.pnbgilts.com](http://www.pnbgilts.com).

No presentations were made to institutional investors or to the analysts.

## XI General Shareholder Information

### 1. Annual General Meeting

Date and time	:	September 8, 2023 at 11.00 A.M.
Venue	:	Annual General Meeting through Video Conferencing/ Other Audio Visual Means (VC/OAVM facility)
Financial Year	:	April 1, 2022 to March 31, 2023
Record Date (Cut off date for E-Voting)	:	September 1, 2023
Dividend Payment Date	:	Not Applicable

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.

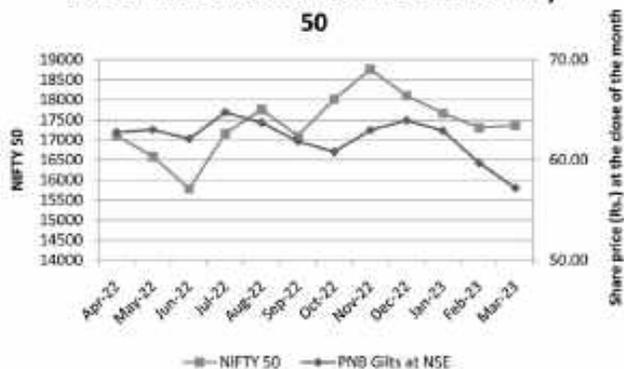
Annual listing fee of the above-mentioned Stock Exchanges has been paid in time.

3. **Market Price Data:** High/low share price data in each month during 2022-23 on the National Stock Exchange of India Ltd. and BSE Ltd. is given as under:

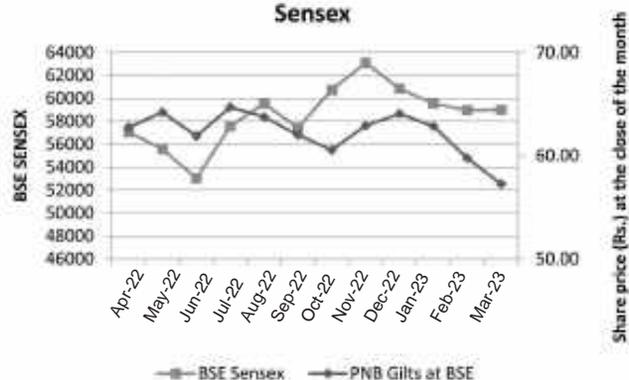
(₹)

Month	NSE		BSE	
	High	Low	High	Low
Apr-22	67.30	59.70	67.35	59.55
May-22	71.25	57.40	78.95	61.50
Jun-22	67.70	58.30	68.65	58.15
Jul-22	68.50	59.35	68.25	59.45
Aug-22	73.90	61.80	73.95	62.00
Sep-22	64.85	59.95	64.85	60.00
Oct-22	63.00	60.10	63.25	60.35
Nov-22	65.20	60.10	65.20	60.30
Dec-22	70.95	60.10	70.90	60.10
Jan-23	69.25	60.50	69.15	60.60
Feb-23	63.50	59.55	64.00	59.10
Mar-23	60.85	55.60	60.75	55.25

Share Price Performance: PNB Gilts Vs Nifty 50



Share Price Performance: PNB Gilts Vs BSE Sensex



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 and from the websites of BSE Ltd. and National Stock Exchange of India Ltd. i.e. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com). The Company has been marked under group B by BSE.

The Stock Code at BSE and NSE is as under:

BSE: 532366

NSE: PNBGILTS

#### 4. 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.

Further, during the financial year 2022-23, the Company has not raised the funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of Listing Regulations.

#### 6. For the shareholders holding shares in physical form: Investors' queries/requests for change in address/bank details, 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. Further the Company in compliance of the provisions of SEBI Circular No: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023 on 'Common and Simplified Norms for processing investor's service request by RTAs and Norms for furnishing PAN, KYC details and Nomination has sent necessary Intimation of all shareholders holding in physical form.

#### 7. For the shareholders holding shares in dematerialized form: Shareholders holding shares in electronic/dematerialized 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 transmission etc. were received by the Company/Registrar in physical mode and were attended by the Stakeholders' Relationship Committee. In accordance with Regulation 40 of Listing Regulations, physical transfer of shares is prohibited with effect from April 1, 2019. 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 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.

#### 10. Distribution of Shareholding as on March 31, 2023

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of shares held	% of Shareholding
Upto 500	72639	84.80	8066340	4.48
501-1000	6670	7.79	5351912	2.97
1001-2000	3375	3.94	5118578	2.84
2001-3000	990	1.16	2572540	1.43
3001-4000	475	0.55	1736387	0.96
4001-5000	405	0.47	1918878	1.07
5001-10000	656	0.77	4838927	2.69
10001 and above	444	0.52	150406572	83.56
<b>Total</b>	<b>85654</b>	<b>100.00</b>	<b>180010134</b>	<b>100.00</b>

### 11. Shareholding pattern as on March 31, 2023

Particulars	No. of shares held	% of Shareholding
Promoter (PNB)	133333333	74.07
Bodies Corporate, Trust & Foundations and NBFCs	2084105	1.16
Indian Public and Directors	42453116	23.58
NRIs and FPIs	1923737	1.07
Investor Education and Protection Fund Authority	215843	0.12
<b>Total</b>	<b>180010134</b>	<b>100.00</b>

### 12. 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
July, 2013	Issue of Bonus shares in the ratio of 1:3	44992534	180010134	18001.01

### 13. Dematerialisation of shares

The shares of the Company are traded compulsorily in demat mode. As on March 31, 2023, 179685803 equity shares i.e. 99.82 per cent of the shareholding is in demat mode.

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

### 14. Unclaimed dividend

Dividends that are not claimed, within seven years from the date of its transfer to unpaid/unclaimed dividend account, will, in terms of the provisions of Section 124 of the Companies Act, 2013, be transferred to Investor Education and Protection Fund (IEPF) established by the Government. In respect of transfers made after coming into effect of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), shareholders will be entitled to claim the dividend transferred from IEPF in accordance with such procedure and on submission of such documents, as may be prescribed by the IEPF Authority.

The details of unclaimed dividend as on March 31, 2023 are as follows:

Financial Year	Amt of dividend (₹ Lacs)	Unclaimed Dividend as on 31.3.2023 (₹ Lacs)	Unclaimed dividend Percentage	Last date for making claim*	Last date for making transfer to IEPF
2015-16 (Final Dividend)	1980.11	8.94	0.45	19 <sup>th</sup> Oct 2023	18 <sup>th</sup> Nov 2023
2016-17 (Final Dividend)	4500.25	23.40	0.52	16 <sup>th</sup> Oct 2024	15 <sup>th</sup> Nov 2024

2017-18 (Final Dividend)	1800.10	8.73	0.48	15 <sup>th</sup> Oct 2025	14 <sup>th</sup> Nov 2025
2018-19 (Final Dividend)	2520.14	9.59	0.38	29 <sup>th</sup> Sep 2026	29 <sup>th</sup> Oct 2026
2019-20 (Final Dividend)	5400.30	17.97	0.33	30 <sup>th</sup> Oct 2027	29 <sup>th</sup> Nov 2027
2020-21 (Interim Dividend)	5400.30	18.48	0.34	13 <sup>th</sup> Dec 2027	12 <sup>th</sup> Jan, 2028
2020-21 (2 <sup>nd</sup> Interim Dividend)	7200.40	25.63	0.36	7 <sup>th</sup> Mar 2028	6 <sup>th</sup> Apr, 2028
2020-21 (Final Dividend)	5400.30	21.00	0.39	20 <sup>th</sup> Oct 2028	19 <sup>th</sup> Nov 2028
2021-22 (Final Dividend)	9000.51	33.38	0.37	3 <sup>rd</sup> Oct 2029	2 <sup>nd</sup> Nov 2029

\*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](http://www.pnbgilts.com)).

In addition, as per above Rules, all the shares, in respect of which dividend has not been claimed by the shareholders for seven consecutive years, will also be transferred to IEPF. During the year 2022-23, the company had transferred 60930 shares to IEPF Authority. The shareholders whose dividend/ shares has been transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority <http://iepf.gov.in/IEPFA/refund.html>

For shares which are due for transfer in FY 2023-24, the Company would be sending a specific communication to the concerned shareholders at their address registered with the Company/Depository Participant, inter alia, providing the details of the shares liable for such transfer and for taking appropriate action. These details will also be made available on the Company's website ([www.pnbgilts.com](http://www.pnbgilts.com)).

**15. 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.

**XII.** The Board had accepted all the recommendations of the Board level Committees in the FY 2022-23.

**XIII. The Company complies the following non-mandatory requirements under the Listing Regulations: -**

**1. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer**

Separate persons have been appointed for the post of Chairperson and Managing Director & CEO. The Chairperson is non-executive director and not related to the Managing Director & CEO of the Company.

**2. Unmodified audit opinions / reporting**

During the year under review, there is no audit qualification on the Company's financial statements. The Company continues to adopt best practices to ensure regime of unmodified audit opinion.

### 3. Reporting of Internal Auditor

The Head of Internal Audit (HIA) reports to Audit Committee. HIA participate and discuss freely in each meeting of the Audit Committee and the reports submitted by them, are discussed by the Audit Committee. On quarterly basis, the HIA also meet the Audit Committee without the presence of management (including Managing Director & CEO).

#### XIV Compliance Officer and contact details:

Ms. Monika Kochar,

Company Secretary and Sr. 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 21, 2023

Place: New Delhi

**On behalf of Board of Directors**



**(Kalyan Kumar)**

Chairman

DIN: 09631251

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## DECLARATION

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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](http://www.pnbgilts.com)).

Based on the affirmations received from Directors and Senior Management Personnel as covered under the said Code, I, Vikas Goel, 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 2022-23.

For and on behalf of Board of Directors

A handwritten signature in black ink, appearing to read 'Vikas Goel', written over a horizontal line.

Dated : June 27, 2023  
Place : New Delhi

**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541

**PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

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

We have examined the compliance of conditions of Corporate Governance by **PNB GILTS LIMITED** ("the Company"), for the year ended on March 31, 2023, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to a review of the 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 our examination of the relevant records and the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended March 31, 2023.

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

For **Pranav Kumar & Associates**  
Company Secretaries  
Firm Peer Review No. -1035/2020

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

**(Arpita Saxena)**  
Partner

Mem. No : A23822: CP No.: 11962  
UDIN : A023822E000528029

Date: 30.06.2023  
Place: Bhopal

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)

To,  
The Members of  
PNB GILTS LIMITED  
5, Sansad Marg,  
New Delhi- 110001

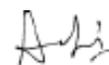
We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of PNB GILTS LIMITED (hereinafter referred to as 'the Company') having Registered office at 5, Sansad Marg, New Delhi- 110001, produced before us by the company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in), as considered necessary and explanations furnished to us by the Company & its directors, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2023, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority :

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Sh. Prem Prakash Pareek	00615296	10/02/2009
2	Sh. Satish Kumar Kalra	01952165	15/09/2018
3	Sh. Tejendra Mohan Bhasin	03091429	30/07/2019
4	Sh. Ashutosh Choudhury	09245804	19/07/2021
5	Sh. Vikas Goel	08322541	01/02/2019
6	Sh. Kalyan Kumar	09631251	07/07/2022
7	Smt. Neharika Vohra	06808439	27/03/2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ashu Gupta & Co.  
Company Secretaries



**Ashu Gupta**  
(Prop.)

FCS No.: 4123  
CP No. : 6646

**UDIN: F004123E000489841**  
PR No. : 730/2020

Place : New Delhi  
Date : July 23, 2023

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# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

2022-23



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## Business Responsibility & Sustainability Report 2022-23

### SECTION A: GENERAL DISCLOSURES

#### I. Details of the listed entity:

1. Corporate Identity Number (CIN) of the Listed Entity: L74899DL1996PLC077120
2. Name of the Listed Entity: PNB Gilts Limited
3. Year of incorporation: 1996
4. Registered office address: 5, Sansad Marg, New Delhi – 110001
5. Corporate address: 5, Sansad Marg, New Delhi – 110001
6. E-mail: pnbgilts@pnbgilts.com
7. Telephone: 011 – 23325759
8. Website: www.pnbgilts.com
9. Financial year for which reporting is being done: 2022-23
10. Name of the Stock Exchange(s) where shares are listed: BSE Ltd., National Stock Exchange of India Ltd.
11. Paid-up Capital: 18001.01 lacs rupees
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report:

Ms. Monika Kochar, Company Secretary

Telephone Number: 011 – 23325759

E-mail Id: [m.kochar@pnbgilts.com](mailto:m.kochar@pnbgilts.com)

13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).

Disclosures made in this report are on a standalone basis

#### II Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	RBI licensed primary dealer involved in providing a gamut of fixed income products such as Government Securities, Treasury Bills, Floating Rate Bonds, and State Development Loans.	Underwriting & bidding in primary auctions of Government Securities conducted by RBI. Acting as Arrangers to privately placed debt securities and non-convertible redeemable preference shares.	100%
		Trading in Govt. Securities, Treasury Bills, money market instruments, NSLR etc. in secondary market.	
		Handling of Constituent Subsidiary General Ledger (CSGL) Accounts.	

## Business Responsibility & Sustainability Report 2022-23

### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total turnover contributed
1	Central Government Securities	NIC Code – 6499	100%
2	Treasury Bills		
3	Corporate Bonds		
4	Money Market Instruments		
5	Gilts Account		
6	Debt Capital Market		
7	Retailing		

### III Operations

#### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	—	6	6
International	—	—	—

#### 17. Markets served by the entity:

##### a. Number of locations

Locations	Number
National (No. of States)	6*
International (No. of Countries)	—

\*NOTE: We are serving all over India through our head office and branches with a physical presence in Delhi, Mumbai, Chennai, Ahmedabad, Bangalore, & Kolkata.

##### b. What is the contribution of exports as a percentage of the total turnover of the entity?

0%

##### c. A brief on types of customers

PNB Gilts Ltd has a wide client base ranging from Provident Funds Trusts, Regional Rural Bank, Co-operative Banks, Corporates, Individuals etc and has an independent marketing and sales team to cater to the specific client requirements. Corporate entities may seek to invest in government securities for both short and long-term durations. These investments serve various purposes, such as diversifying their investment portfolio, securing stable returns, or leveraging the safety and reliability offered by government-backed securities.

Institutional investors, including mutual funds, insurance companies, and pension funds, also form a significant portion of PNB Gilts' client base. These investors allocate a portion of their portfolios to government securities to meet their regulatory requirements and investment objectives. By investing in government securities, they can ensure stability and liquidity in their investment portfolios.

Furthermore, banks and financial institutions are another key clientele for PNB Gilts Ltd. These entities invest in government securities as part of their mandatory Statutory Liquidity Ratio (SLR) requirements. SLR mandates that banks maintain a certain percentage of their total net demand and time liabilities in the form of liquid assets, including government securities. PNB Gilts provides these institutions with the necessary government securities to fulfill their SLR obligations.

## Business Responsibility & Sustainability Report 2022-23

Overall, PNB Gilts Ltd caters to a wide range of clients, including corporate entities, institutional investors, banks and financial institutions, by offering government securities and other fixed income instruments to meet their investment objectives, regulatory requirements, and liquidity needs.

### IV Employees

#### 18. Details as at the end of Financial Year:

##### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No.(B)	%(B/A)	No.(C)	%(C/A)
<b>EMPLOYEES</b>						
1.	Permanent(D)	52	34	65.38	18	34.62
2.	Other than Permanent (E)	0	0	N/A	0	N/A
3.	<b>Total employee (D+E)</b>	52	34	65.38	18	34.62
<b>WORKERS</b>						
4.	Permanent(F)		Not Applicable			
5.	Other than Permanent(G)					
6.	<b>Totalworkers (F+G)</b>					

##### b. Differently abled Employees and workers:

S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	<b>Total differently abled employees (D + E)</b>	0	0	0	0	0
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)		Not Applicable			
5.	Other than permanent (G)					
6.	<b>Total differently abled workers (F + G)</b>					

#### 19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	%(B / A)
<b>Board of Directors*</b>	7	1	14.29
<b>Key Management Personnel**</b>	3	1	33.33

\*NOTE:As on 31<sup>st</sup> March, 2023 we had 7 directors of whom 1 also served as KMP. Sh. Vikas Goel is the Managing Director who also serves as a CEO i.e., KMP.

## Business Responsibility & Sustainability Report 2022-23

### 20. Turnover rate for permanent employees and workers

	FY_23			FY_22			FY_21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	5.88	5.56	5.77	10.71	5.88	8.70	8.33	5.88	7.14
Permanent Workers	Not Applicable								

### V Holding, Subsidiary and Associate Companies (including joint ventures)

#### 21 (a) Names of holding / subsidiary / associate companies / joint ventures:

S. No.	Name of the holding/ Subsidiary/ associate companies/joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Punjab National Bank	Holding Company	PNB, having shareholding of 74.07% in the company	No

The Company, being a RBI regulated Primary Dealer, is prohibited to form any subsidiary

### VI CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) ?Yes. The company has allocated an amount of ₹ 569.54 lacs for various projects to be implemented by selected implementing agencies and transferred ₹ 189.42 lacs in Schedule VII accounts. The rest has been utilised in monitoring and executing these CSR activities.

(ii) Turnover (in Rs.):3,48,59,900 Lakhs

(iii) Net worth (in Rs.): 125,977.54 Lakhs

### VII Transparency and Disclosures Compliances

#### 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stake holder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No)	FY_23			FY_22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	0	0		0	0	

## Business Responsibility & Sustainability Report 2022-23

Investors (other than shareholders)	Yes <a href="https://www.pnbgilts.com/assets/data/Grievance-Redressal-Mechanism_638166770219058802.pdf">https://www.pnbgilts.com/assets/data/Grievance-Redressal-Mechanism_638166770219058802.pdf</a>	146	0		116	0	
Shareholders	Yes <a href="https://www.pnbgilts.com/assets/data/Grievance-Redressal-Mechanism_638166770219058802.pdf">https://www.pnbgilts.com/assets/data/Grievance-Redressal-Mechanism_638166770219058802.pdf</a>	0	0		0	0	
Employees and workers	Yes*	0	0		0	0	
Customers	Yes <a href="https://www.pnbgilts.com/assets/data/Grievance-Redressal-Mechanism_638166770219058802.pdf">https://www.pnbgilts.com/assets/data/Grievance-Redressal-Mechanism_638166770219058802.pdf</a>	0	0		0	0	
Value chain partners	No	0	0		0	0	
Others	No	0	0		0	0	

\*NOTE: The grievance redressal mechanism for employees is available in the intranet and hence cannot be published in the public domain. There are no workers in the company.

### 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

While the company will undertake more substantial material assessment of ESG issues in due course of time, the company has identified some pertinent material issues which are detailed here.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	<b>Privacy and Data Security</b>	Opportunity & Risk	<b>Risk:</b> The rapid digitization and exponential growth of digital users has significantly increased the risk posed by the compromise of data privacy and security.	The Company implements social welfare initiatives through its CSR policy, focusing on community development, social responsibility, and environmental sustainability.	<b>Positive:</b> Smoother process automation, enhanced PR and credibility of stakeholders, better data management and increased trust <b>Negative:</b> Breach of Privacy and Data Security

## Business Responsibility & Sustainability Report 2022-23

			<p><b>Opportunity:</b> Implementation of a robust information security structure can effectively mitigate the cyber threats and safeguard the sensitive information of all stakeholders. By prioritizing data privacy and security, we not only protect our business and customers but also create opportunities for growth and expansion in the digital landscape.</p>	<p>The pillars of health and sanitation, education, and environment drive their efforts. The Company aims to bring substantial positive changes in society and support the most disadvantaged individuals and communities.</p>	
2	<b>Climate change &amp; Governance</b>	Opportunity & Risk	<p><b>Risks:</b> Climate change has increased reputational risks for businesses. There has been an increase in shareholder activism on governance practices.</p> <p><b>Opportunities:</b> Opting for sustainable solutions, providing awareness sessions with insights into their personal carbon footprint saves natural resources and also saves money.</p>	<p>The Company's BRSR Committee will be monitoring the ESG related factors.</p> <ul style="list-style-type: none"> <li>– The Company has implemented a BRSR policy as per the SEBI's guidelines</li> <li>– The Company greatly understands the impact of climate change and acts responsibly to reduce the impact on the environment in its capacity</li> </ul>	<p><b>Negative:</b> Physical and Regulatory risks.</p> <p><b>Positive:</b> Enhanced risk management, improves brand image, energy and water saving</p>

## Business Responsibility & Sustainability Report 2022-23

3	<b>Community and Social Impact</b>	Opportunity	<p>PNB Gilts is dedicated to Corporate Social Responsibility (CSR). Through its CSR initiatives, the Company is committed to design and implement projects that work towards socio-economic upliftment of underprivileged and marginalised sections of the society.</p> <p>In partnership with various implementing agencies, the company has extended its support towards social issues like promotion of education, providing healthcare &amp; restoring the environment etc.</p>	Not applicable	<p><b>Positive:</b> We are devoted in making a difference in the lives of the marginalized and vulnerable, and supporting CSR initiatives is a key aspect of this effort. By actively participating in such activities, we aim to create a positive impact and contribute to the betterment of society.</p>
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**SECTION B: MANAGEMENT AND PROCESS DISCLOSURES**

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
<b>1. a. Whether your entity’s policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)</b>	Y	*See NOTE below	Y	Y	Y	Y	Y	Y	Y
<b>b. Has the policy been approved by the Board? (Yes/No)</b>	Y		Y	Y	Y	Y	Y	Y	Y
<b>c. Web Link of the Policies, if available</b>	All the policies will be appropriately communicated within the Company across all level and shall also be disclosed on the Company’s website <a href="https://www.pnbgilts.com/uploads/corporate_governance/BRSR_Policy.pdf">https://www.pnbgilts.com/uploads/corporate_governance/BRSR_Policy.pdf</a>								
<b>2. Whether the entity has translated the policy into procedures. (Yes / No)</b>	Y	*See NOTE below	Y	Y	Y	Y	Y	Y	Y
<b>3. Do the enlisted policies extend to your value chain partners? (Yes/No)</b>	Y		Y	Y	Y	Y	Y	Y	Y
<b>4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.</b>	The company’s commitment is to provide a safe, healthy, and inclusive culture for all of its employee. Hence, the company has established employee-centered measures like Diversity equity and Inclusion, employee benefits, and the prevention of sexual harassment in the workplace. These actions foster care, support, and opportunities for employees to achieve their professional goals. The Code of Conduct, Risk Management, Whistleblower Policy, HR Policy, Grievance Redressal as well as other policies and procedures of the company comply with national laws, regulations, promote ethical practices, and professional standards. Besides, the company complies with regulations governing its products and services. The company promotes fairness, transparency, suitability of products/services, privacy, and grievance redressal mechanisms as basic customer rights.								
<b>5. Specific commitments, goals and targets set by the entity with defined timelines, if any.</b>	PNB Gilts doesn’t have specific mandated targets, commitments, or goals. However, our processes evaluate parameters like customer/shareholder complaints, employee awareness programs on human rights, consumption of resources, inclusivity, CSR policies that creates a positive impact in the lives of communities.								
<b>6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.</b>	Y	*See NOTE below	Y	Y	Y	Y	Y	Y	Y

\*NOTE: The Company is a Non -Banking Financial Company and is not engaged in a business concerning design of products and related activities that could raise economic risks and opportunities. Accordingly, keeping in view the business of the Company, the Company is not required to undertake product life cycle sustainability.

## Business Responsibility & Sustainability Report 2022-23

Policies	Principle
Dividend distribution policy	P1 Ethics & transparency, P7 Public Policy Advocacy
Policy on determination of Materiality of events or information	P1 ethics and transparency
Remuneration policy	P3 wellbeing of employees, P5 Respect for Human Rights
Web archival Policy	P1 ethics and transparency
Eligibility Criteria of Directors and Policy on Board Diversity	P8 Inclusive Growth, P5 Respect for Human Rights
Human Resources policy	P1 Ethics & transparency, P3 wellbeing of employees, P7 Public Policy Advocacy
A policy for performance evaluation of Board of its own performance	P1 Ethics & transparency, p3 wellbeing of employees, P7 Public Policy Advocacy
CSR policy	P4 Responsive to stakeholders, particularly the marginalized, P6 Protecting the environment, P5 Respect for Human Rights
Whistle blower policy	P3 wellbeing of employees, P1 Ethics & transparency, P5 Respect for Human Rights
Policy on Related party Transactions	P1 Ethics & transparency
Sexual harassment of Women at Workplace	P3 wellbeing of employees, P1 Ethics & transparency, P5 Respect for Human Rights
Leave policy	P3 wellbeing of employees
Directors' Fit and Proper Policy"	P1 Ethics & transparency, P7 Public Policy Advocacy
Policy on cyber security	P9 valuing the consumers in a responsible manner, P1 Ethics & transparency
Fair practice code	P9 valuing the consumers in a responsible manner, P1 Ethics & transparency, P8 Inclusive Growth, P5 Respect for Human Rights, p3 wellbeing of employees, P7 Public Policy Advocacy
Code of Conduct for Directors and Senior Management	P1 Ethics & transparency, P9 valuing the consumers in a responsible manner

### Governance, leadership, and oversight

#### 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements

Serving for more than 26 years has taught us that, nothing is more important than growth and development but in a sustainable way. Since, sustainability is a fundamental catalyst for enduring prosperity, we are dedicated to implementing measures that mitigate our ecological footprint, foster societal well-being, and uphold robust principles of governance. Soon we intend to formulate strategy, encompassing a diverse range of initiatives such as minimizing our carbon emissions, responsible use of resources, fortifying the diversity and inclusivity of our workforce, financial accessibility etc. We are proactively involved in ongoing dialogue with our stakeholders to fully grasp their perspectives and jointly explore remedies to the issues we encounter.

#### 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Mr. Vikas Goel  
Managing Director & CEO

## Business Responsibility & Sustainability Report 2022-23

<p><b>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</b></p>	<p>The company has constituted an internal BRSR Committee that will be responsible for reporting &amp; publishing the BRSR guidelines. The Managing Director &amp; CEO of the Company shall be responsible for implementing the Policy. BRSR Head shall be the Company Secretary of the Company. The Managing Director &amp; CEO/ Company Secretary may take support of such functional heads and internal and external experts, which he/she may deem fit for effective implementation of the Policy. Functional Heads – SEVPs shall be the other members of BRSR Committee.</p>
---	---

### 10. Details of Review of NGRBCs by the Company

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2*	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Performance against above policies and follow up action</b>	All policies are subject to approval by the Board. All policies are subject to review by Managing Director & CEO who is also the BRSR Committee head and subsequent approval by board or other competent authority as per company's procedures.																	
<b>Compliance with statutory requirements of relevance to the principles, &amp;, rectification of any non-compliances</b>	The Company has necessary procedures in place to ensure the compliance with all relevant regulations.																	

\* P2 not applicable.

### 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

The internal audit function of the Company periodically looks at the implementation of the policy, in general.

### 12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	NA	Refer to Section B, question 1 column P2 (NOTE), page 10	NA						
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	NA		NA						
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	NA		NA						
It is planned to be done in the next financial year (Yes/No)	NA		NA						
Any other reason (please specify)	NA		NA						

**SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURES**

**Principle 1: Business should conduct and govern themselves with ethics transparency and accountability**



**Essential Indicators**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of Training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors*	1	ESG governance practices, prevention of insider trading, global practices in corporate governance etc.	100
	1		75
Key Managerial Personnel	2	Programme for CEOs by RBI and Programme for CCOs by RBI	100
Employees other than BoD and KMPs	50	various programmes like POSH	100
Workers	NA		

\*NOTE: The two programs were arranged for Independent Directors. While the first program was attended by all 4 directors, the second program was attended by 3 directors as one of the independent directors was on leave.

2. Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/lawenforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine	P1	RBI	248,500	A penalty of INR 248,500 has been imposed on the company by the RBI for bouncing	No

## Business Responsibility & Sustainability Report 2022-23

				of SGL due to a shortage of balance in certain securities in the company's SGL account on August 23, 2022. The penalty has been imposed in accordance with RBI Circular No. IDMD. DOD.17/11.01.01 (B) 2010-11 dated July 14, 2010.	
Settlement				Nil	
Compounding fee				Nil	
<b>Non Monetary</b>					
Imprisonment				Nil	
Punishment					

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company is committed to conducting business by following the highest ethical standards. All forms of bribery and corruption are prohibited. The Company conducts its business in adherence to all statutory and regulatory requirements. The Code of Conduct for Directors and Senior Management of the Company has been posted at the Company's website at ([www.pnbgilts.com](http://www.pnbgilts.com)). The company has conduct & discipline rules as part of its HR Policy, which include do's and don'ts for Employees, while being in employment of the company.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

Particulars	FY_23	FY_22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil

## Business Responsibility & Sustainability Report 2022-23

### 6. Details of complaints with regard to conflict of interest:

Particulars	FY_23	FY_22
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil
Number of complaints received in relation to issues of Conflict of interest of the KMPs		

### 7. Provide details of any corrective action taken or underway on issues related to fines /penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

#### Leadership Indicators

### 1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered	% of value chain program (by value of business done with such partners) under the awareness program
NIL		

The code of conduct is applicable to Board of Directors and employees which is communicated to them via company's internal systems. The Code of Conduct for BODs is available on the website of the Company. The Company expects all the third parties to be transparent and ethical in all their dealings.

### 2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No). If yes, provide details of the same.

Yes, the company has code of conduct for directors. Board members declare their interest, if any, during meetings. All board members also affirm compliance of the said code annually. The Board of Directors abide by the code of conduct formulated by the organization. PNB Gilts has established its own set of guidelines, called the Code of Conduct for Directors and Senior Management, which are in compliance with the Regulation 17 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code of Conduct sets code of ethics and standards for all Directors of the Company and Senior Management Personnel i.e., Chief Executive Officer (if not director), Chief Financial Officer, Company Secretary and officers in Sr. Executive Vice President cadre and Head of Internal Audit (HIA). These guidelines provide instructions for the Directors to follow, including policies related to conflicts of interest. It is important to note that, in FY 23, PNB Gilts did not partake in any significant transactions with its Directors or their relatives that could potentially result in a conflict of interest, except for ordinary business dealings. Additionally, all members of the Board of Directors, KMPs & Senior Management have confirmed that they have adhered to the applicable Codes for the FY 23.

## Principle 2: Business should provide goods and services in a manner that is sustainable and safe



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The Company is a Non -Banking Financial Company and is not engaged in a business concerning design of products and related activities that could raise economic risks and opportunities. Accordingly, keeping in view the business of the Company, the Company is not required to undertake product life cycle sustainability.

### Principle 3: Business should promote the well-being of all employees



#### Essential Indicators

#### 1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B /A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E /A)	Number (F)	% (F /A)
<b>Permanent employees</b>											
Male	34	34	100	0	0	0	N/A	34	100	0	0
Female	18	18	100	0	0	18	100	0	N/A	0	0
<b>Total</b>	<b>52</b>	<b>52</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>100</b>	<b>34</b>	<b>100</b>	<b>0</b>	<b>0</b>
<b>Other than permanent employees</b>											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B /A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent workers</b>											
Male	Not Applicable										
Female											
<b>Total</b>											
<b>Non Permanent workers</b>											
Male	Not Applicable										
Female											
<b>Total</b>											

## Business Responsibility & Sustainability Report 2022-23

### 2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY_2023 Current Financial Year			FY_2022 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	NA	Y	100 %	NA	Y
Gratuity	100%	NA	Y	100 %	NA	Y
ESI	0	NA	N.A.	N.A.	NA	N.A.
Others	0	NA	N.A.	N.A.	NA	N.A.

### 3. Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The corporate office space has facilities for easy movement of differently abled visitors/employees, like ramps, wheel chair friendly elevators etc. Since the company is committed with strong respect for human rights, inclusive environment & safe work conditions and ethically sound business practices for employees, it intends to discuss with the landlords on the possibilities of making the branch offices more inclusive as per the RPWD Act in coming years.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The company policies are equal for all the employees, without any deviation of rights of persons with disabilities. The Company has Code of Conduct Under Regulation 17(5) of the SEBI Listing Regulations regarding Corporate Governance. The policy suggests that the Directors and Senior Management Personnel to be scrupulous in avoiding 'conflicts of interest' with the company i.e. [https://www.pnbgilts.com/uploads/corporate\\_governance/Code\\_of\\_Conduct\\_Directors.pdf](https://www.pnbgilts.com/uploads/corporate_governance/Code_of_Conduct_Directors.pdf) In case there is chance of conflict of interest, the Senior Management Personnel are expected to make full disclosure of all facts and circumstances to the Managing Director. Also, a prior written approval is expected to be obtained. For Managing Directors/Executive Directors, the policy suggests that he/she should make full disclosure of all facts and circumstances to the Chairman of the Board. The Chairman and any Director of the Board in like circumstances should make full disclosures to the Board.

Apart from Code of Conduct, other policies like Eligibility Criteria of Directors and Board Diversity Policy and measures on inclusivity and employee benefits are in place. These policies strongly upholds the values of diversity and inclusivity in its organizational culture, and encourages employees to express their true selves at work and utilize their unique skills, expertise, and perspectives to deliver unparalleled benefits to all stakeholders.

The Company is free from any bias and encourages all applicants to exhibit their true potential. This approach ensures that the Company has a sufficient range of diverse thoughts within the organization, which is crucial in creating products and services that provide the Company with a competitive edge in the marketplace. The Company is steadfast in its commitment to recruiting and nurturing talent from diverse backgrounds and in fostering a work environment that values every individual for their unique skills, experiences, and perspectives.

The Company has a firm stance against any type of discrimination or harassment of its employees in the workplace. The Company fosters a culture of open communication where employees can confidently share their concerns with their Superiors or HR Manager regarding their well-being. The Company offers various communication channels to its employees to discuss and resolve any issues.

During FY23, the company did not partake in any noteworthy dealings with its directors or their immediate family members that had the potential to generate a conflict of interest between the company and those individuals, except for transactions that were performed as a part of routine operations.

Furthermore, all members of the Board of Directors have attested to their adherence to the applicable Codes throughout FY23.

## Business Responsibility & Sustainability Report 2022-23

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	NA	
Female	0*	0		
<b>Total</b>	100%	100%		

\*NOTE: Employees took maternity leave, but were not due to return back.

### 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	NA
Other than Permanent Workers	NA
Permanent Employees	As stated below
Other than Permanent Employees	NA

All the employees have access to raise if they have any complaint or grievance to the management/HODs. For this, the due confirmation is also obtained from various departments and put up to the Company Secretary quarterly, and then to the holding company.

Our company's growth strategy includes diversity and inclusiveness. we have measures in place on diversity and Inclusion, and human rights for wellbeing of our employees. It is our commitment to address every grievance from our employees fairly and impartially. we provide various channels for redressal and ensure that employees are protected from any form of victimization.

The company has also implemented a Whistle-Blower Policy for reporting unethical behavior, fraud, or violations of our Code of Business Conduct and Ethics.

We have a zero-tolerance policy for sexual harassment in the workplace, and we comply with the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013, by establishing an Internal Complaints Committee.

### 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Gender	FY_23			FY_22		
	Total employees / workers in respective category (A)	No. of employees/ Workers in respective category, who are part of association (s)/ Union (B)	% (B / A)	Total employees/ workers in respective category (A)	No. of employees/ Workers in respective category, who are part of association (s)/ Union (B)	% (B / A)
<b>Total Permanent employees</b>	52	0	0	45	0	0
Male	34	0	0	28	0	0
Female	18	0	0	17	0	0

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<b>Total Permanent Workers</b>	NA
Female	
Male	

### 8. Details of training given to employees and workers:

Category	FY_23					FY_22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	34	34	100	34	100	28	28	100	5	17.86
Female	18	18	100	18	100	17	17	100	0	0.00
<b>Total</b>	<b>52</b>	<b>52</b>	<b>100</b>	<b>52</b>	<b>100</b>	<b>45</b>	<b>45</b>	<b>100</b>	<b>5</b>	<b>11.11</b>
<b>Workers</b>										
Male	NA									
Female										
<b>Total</b>										

### 9. Details of performance and career development reviews of employees and worker:

Category	FY_23			FY_22		
	Total(A)	No.(B)	%(B/A)	Total(C)	No.(D)	%(D/C)
<b>Employees</b>						
Male	34	34	100	28	28	100.00
Female	18	18	100	17	17	100.00
<b>Total</b>	<b>52</b>	<b>52</b>	<b>100</b>	<b>45</b>	<b>45</b>	<b>100.00</b>
<b>Workers</b>						
Male	NA					
Female						
<b>Total</b>						

### 10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

At our company, we place a high priority on the safety and well-being of our employees. While we do not typically encounter significant occupational health and safety risks in our line of business, we provide regular training on fire safety, fire-fighting equipment, and evacuation procedures to ensure that our employees are prepared for emergencies. We maintain fully stocked fire extinguishers, smoke detectors, and fire alarm systems in all our facilities, and we inform our employees about assembly points and display floor plans and emergency contact information prominently throughout our offices. Our goal is to equip our personnel to respond effectively and

## Business Responsibility & Sustainability Report 2022-23

efficiently to any potential fire or other emergency. The PoSH Act and the Whistleblower policy is also in place to ensure a safe and ethical work environment.

In health management, other than medical insurance, a health checkup facility is given to all employees who can avail these facilities on a yearly basis. The company is also providing in house facility of Physician and Physiotherapist, who regularly visit the company. Additionally, during the COVID-19 pandemic, we have adhered to all government directives and issued travel and health advisories to our employees. To further ensure employee safety and business continuity, we have advised our employees to work from home as needed or on a rotational basis.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

While the type of our business does not typically pose significant occupational health and safety risks, we remain committed to providing a safe and secure environment for our employees and customers.

To ensure the safety of our employees, we often conduct fire drills that train employees on identifying and mitigating potential dangers. Our security personnel and contractual workers are also trained in fire safety equipment to further reduce risks. Additionally, we issue advisories to every employee on various safety-related concerns, such as weather warnings, fire safety, and security.

In response to the ongoing COVID-19 pandemic, we have taken necessary precautions to identify and manage associated risks as directed by the Government of India

- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

As a financial institution, PNB Gilts does not employ workers in the traditional sense. Therefore, the question about having processes for workers to report work-related hazards and remove themselves from such risks is not applicable to the company.

- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

To cater to the non-occupational healthcare needs of the employees, the company offers a Group Term Life Insurance and a Mediclaim policy. We educate our employees about these policies during their induction and also make them available on our internal portal for easy access. Additionally, we provide medical consultation services and regular health check-ups to our employees to ensure their overall well-being.

### 11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY_23	FY_22
Lost Time Injury Frequency Rate (LTIFR) (per one million - person hours worked)	Employees	No instance to report	
	Workers		
Total recordable work-related injuries	Employees		
	Workers		
No.offatalities	Employees		
	Workers		
High consequence work - related injury or ill-health (excluding fatalities)	Employees		
	Workers		

### 12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

- Regular equipment checks are done to mitigate any wear and tear due to continued use, e.g.: Air Conditioners and UPS.

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- We also conduct Fire Drill Training at all our Branches and Corporate offices; this helps employees counter any fire related dangers in premises.
- Covid protocols are reiterated periodically to all employees.
- Sanitizers/masks/thermometers are in place across all branches and corporate offices as per safety protocol.
- Employees are made aware of assembly points for larger premises.
- Premise Floorplans are displayed at crucial locations.
- Fire alarm systems and smoke detectors are installed at all premises.
- Fire extinguishers are kept filled to ensure effective use during any untoward incidents.
- Emergency Contact details such as Police, Hospitals and Fire Brigade are also displayed on the display board.
- Company has a provision of a medical practitioner who offers online medical consultations.

### 13. Number of Complaints on the following made by employees and workers:

	FY_23			FY_22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	Nil					
Health & Safety						

### 14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	The company periodically reviews and assesses the effectiveness of health and safety practices, working conditions of its offices. No assessment has been done by statutory authorities or third parties.
Working Conditions	

### 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health and safety practices and working conditions.

Although the question is not directly applicable to our business, the response is covered in point no 12. There have been no safety-related incidents reported within the past 3 years and the company's periodic review of its health and safety practices did not reveal any significant concerns.

#### Leadership Indicators

### 1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

While our company has not had any unfortunate incidents of this nature, we do have policies in place to provide support to affected families. These policies include Group Term coverage and retirement benefits like Provident Fund, Gratuity and Employees Deposit Linked Insurance Scheme, which are accessible to all employees. The company has been taking term insurance for all of its employees for three times of their annual TFC.

## Business Responsibility & Sustainability Report 2022-23

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company places great importance on business responsibility principles and expects its value chain partners to share its commitment to transparency and accountability. The company requires that any statutory dues applicable to transactions within the Company's purview are deducted and deposited in compliance with regulations. To ensure adherence to these requirements, PNB Gilts carefully monitors the statutory dues of the contractors and verify that they are deposited promptly. In the contracts, a clause requires service providers to deposit all their statutory dues promptly as they become due. This clause ensures that the service providers fulfill their legal obligations by timely submitting payments for all applicable statutory requirements. Furthermore, contractual agreements with the service provider also ensure that their employees receive their wages in a timely manner.

**3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY 23	FY 22	FY 23	FY 22
Employees	Nil			
Workers				

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)**

Yes, at board's discretion. The Company is committed to providing its employees with opportunities to develop their domain-specific knowledge, skills, and leadership abilities through various training programs. The specific decisions are taken by the board of directors of the company, if they so desire.

**5. Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	Although the company works in financial sector, we expect our partners to comply with government policies related to health and safety & working condition. However no assessment of value chain partners has been conducted
Working Conditions	

**6. Provide details of any corrective actions taken or under way to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners**

Not applicable due to the reason stated above.

**Principle 4: Business should respect the interest of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**



## Business Responsibility & Sustainability Report 2022-23

### Essential Indicators

#### 1. Describe the processes for identifying key stakeholder groups of the entity.

Stakeholders are identified by considering the extent of their influence on the business, as well as the effect that the business has on them. The initial recognition was done through focused group discussion of the senior management people. Impact was assessed based on the categories. Significant categories are customers, employees, business associates which includes intermediaries.

#### 2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder groups	Whether identified as vulnerable & marginalised (Yes / No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website, others)	Frequency of engagement (Annually/Half yearly/ Quarterly/ others- please specify)	Purpose and scope of engagement including key topics raised during such engagements
Directors and Promoters through nominated directors	No	Email, board meetings	The Company values the support of all its stakeholders and respects their interest and concerns. The Company has continuous engagement with its various stakeholders to understand their concerns, assess their requirements and respond to their needs in an effective manner. Based on the requirement, the frequency changes. It could be monthly, or more frequent communications with some of the stakeholders like Promoter through nominated directors, employees, customers.	Key business decisions, business planning, review, and approval of various policies
Employees	No	Email, internal meetings		Evaluating employee performance and offering incentives, providing opportunities for professional growth and skill enhancement, and implementing measures to promote employee health and safety.

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Customers	No	Email, SMS, Website, Phone, Meetings		Providing excellent customer service throughout the entire customer journey and ensuring continuous awareness of product features, advantages, and potential drawbacks.
Business associates	No	Email, SMS, Website, Phone, Meetings		To stay up-to-date with the latest advancements within the company and its industry, monitor the performance of the company.
Shareholders & Investors	No	Email, newspapers, Meetings, Notice board, Website, Phone		To stay up to date with the latest developments within the company and its industry, monitor the performance of the company.
Suppliers	No	Email, newspapers, Meetings, Notice board, Website, Phone		Ensuring the quality and support of products and services, negotiating commercial and technical terms and conditions in contracts, providing custodial services and adhering to statutory compliances.
Regulatory agencies	No	In-person meeting, email, their portals		Conversations regarding various approvals, circulars, guidelines, recommendations, modifications, and other related topics, reports and filings.
CSR implementation agencies	No	Email, SMS, Website		Monitoring & implementing the CSR projects and activities.
Receiver of CSR initiatives	Some of these receivers could be vulnerable and marginalised	SMS, Phone, Email		Monitoring & implementing the CSR projects and activities.

### Leadership Indicators

- 1. Provide the processes for consultation between take holders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feed back from such consultations provided to the Board.**

The company emphasizes continuous and proactive interaction with its stakeholders in order to enhance the communication of its strategies and achievements. Enabling frequent communication between the board and various stakeholders and community members on social matters has been instrumental in reinforcing our dedication to social responsibility.

- 2. Whether stake holder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated in to policies and activities of the entity.**

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Our CSR initiatives are intentionally designed to create a positive impact on the lives of underprivileged communities and on the environment. We have prepared our CSR operational manual on the basis of inputs received from CSR consultants and receivers and it has been approved by the board. We analyze customer complaints/interactions to improve our services and acknowledge the need for continuous learning. Stakeholder interactions and insights from consultants and experts help us understand and meet expectations. We have put in place the BRSR committee, which will analyze the developments on the ESG front in the regulatory space. Based on the recommendation of the committee, the decision will be taken on the organization need to work towards ESG in the next year.

### 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company through its CSR activities has partnered with implementing agencies towards projects aimed at underprivileged and marginalised sections of the society. The company has been supports CSR activities under 3 pillars: Health and Sanitisation, Education & Environment. The organization maintains constant communication with CSR implementing agencies to address the needs of vulnerable and marginalized stakeholder groups. Through its CSR initiatives, the Company is committed to design and implement projects that work towards socio-economic upliftment of underprivileged and marginalised sections of the society. In FY 23, the company has extended its support towards social issues like strengthening access to health care and sanitization services by providing infrastructure support to hospitals and Schools, improving education through capacity building and infrastructure support & providing support for restoration and beautification of city forest and rejuvenation of existing water bodies.

## Principle 5: Business should respect and promote human rights.



### Essential Indicators

#### 1. Employees and workers who have been provided training on human rights issue sand policy(ies) of the entity, in the following format:

Category	FY_23			FY_22		
	(A) Total	(B) (Number of employees)	% (B/A)	(C) Total	(D) (Number of employees)	% (D/C)
<b>Employees</b>						
Permanent	52	50	96.15	45	45	100
Other than permanent	-	-	-	-	-	-
Total	52	50	96.15	45	45	100
<b>Workers</b>						
Permanent	NA					
Other than permanent						
Total						

## Business Responsibility & Sustainability Report 2022-23

### 2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY_23					FY_22				
	(A) Total	Equal to minimum wage		More than minimum wage		(D) Total	Equal to minimum wage		More than minimum wage	
		(B) (Number of employees)	% (B/A)	(C) (Number of employees)	% (C/A)		(E) (Number of employees)	% (E/D)	(F) (Number of employees)	% (F/D)
<b>Employees</b>										
Male	34	-	-	34	100	17	-	-	17	100
Female	18	-	-	18	100	28	-	-	28	100
<b>Total</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>52</b>	<b>100</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>100</b>
<b>Workers</b>										
Male	NA									
Female										
<b>Total</b>										

### 3. Details of remuneration/salary/wages, in the following format

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category (Rs. lacs)	Number	Median remuneration/ salary/wages of respective category (Rs. lacs)
Board of Directors (BoD)*	6	11.00	1	9.20
Key Managerial Personnel*^	2	75.96	1	35.86
Employees other than BoD and KMP	32	18.34	17	18.45

\* includes Managing Director & CEO

\*^ includes Managing Director & CEO, CFO and CS

### 4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business?(Yes/No)

Yes, the Company has formulated a BRSR Committee which is compliant with Sustainable Development Goals. The committee supervises various topics related to Environmental, Social and Governance including diversity and human rights. For instance, the Company has zero tolerance for sexual harassment at workplace and is compliant with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company also has a whistle blower policy in place.

### 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company places great importance on upholding and respecting human rights, which are considered fundamental and core values. We strive to ensure that all business and employment practices are conducted fairly and ethically, while also promoting and protecting human rights. To maintain transparency and accountability, we review the position of the redressal of complaints/grievances received from our employees, vendors, or customers on a quarterly basis. We have implemented policies and committees to handle human rights-related

## Business Responsibility & Sustainability Report 2022-23

issues effectively. The Company has a zero-tolerance policy for all forms of physical, sexual, psychological, or verbal abuse.

### 6. Number of Complaints on the following made by employees and workers:

	FY_23 Current Financial Year			FY_22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment			Nil			
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						
Wages						
Other human rights related issues						

### 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company prioritizes a safe and inclusive workplace for all, regardless of their caste, class, religion and background. We promote human rights and ethical business practices and have policies and committee to handle grievances. For instance, we have Internal Committee in place under the Sexual Harassment of Women at Workplace Act. We also have Whistle Blower Policy. Moreover, regular employee awareness sessions are conducted to prevent sexual harassment and other human rights related issue.

### 8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the company has made a decision to include clauses related to human rights in its business contracts and agreements where appropriate.

### 9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	100% through our internal policies & assessment
Discrimination at workplace	
Child Labour	Not applicable as PNB Gilts is a financial organisation
Forced Labour/ Involuntary Labour	
Wages	
Others—please specify	

### 10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.

Not Applicable

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### Leadership Indicators

**1. Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

No human rights related complaints have been received by the company till date but our organisation has worked on modifying some of the clauses and from the coming financial years we plan to include them. The company is open to make any required changes, based on complaints, if any. The Company prioritizes a safe and inclusive workplace for all, regardless of their caste, class, religion and background. We promote human rights and ethical business practices and have policies and committees in place. For instance, we have Internal Committee under the Sexual Harassment of Women at Workplace Act. We also have Whistle Blower Policy. Moreover, regular employee awareness sessions are conducted to prevent sexual harassment and other human rights related issue.

**2. Details of the scope and coverage of any Human rights due-diligence conducted.**

Nil

**3. Is the premise/ office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

The corporate office space has facilities for easy movement of differently abled visitors/employees, like ramps, wheelchair friendly elevators etc. Since the company is committed with strong respect for human rights, inclusive environment & safe work conditions and ethically sound business practices for employees, it intends to discuss with the landlords on the possibilities of making the branch offices more inclusive as per the RPWD Act in coming years.

**4. Details on assessment of value chain partners**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	The company expects its value chain partners to abide by the highest standards of business ethics and principles.
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Others—please specify	

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

Not Applicable

### Principle 6: Business should respect, protect and make efforts to restore the environment.



## Business Responsibility & Sustainability Report 2022-23

### Essential Indicators

#### 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY_23	FY_22
Total electricity consumption (A) (Kilojoules)	940519204.96	866793444.84
Total fuel consumption (B) (Kilojoules)	271456417.68	281257295.62
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C), Gigajoules	1212	1148.05
Energy intensity per rupee of turnover, kilojoules/Rs (Total energy consumption/turnover in rupees)	0.10	0.12
Energy intensity (optional) – the relevant metric may be selected by the entity Gigajoule/ FTE	23.31	25.51

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency?(Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, company intends to do so as and when the regulation gets applicable.

#### 2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

#### 3. Provide details of the following disclosures related to water, in the following format:

Water is primarily used for human consumption only

Parameter	FY_23	FY_22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others (Drinking Water) (Liters)	33492.4	24898.2
Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v)	33.49	24.90
Total volume of water consumption (in kiloliters)	33.49	24.90
Water intensity per rupee of turnover (Water consumed / turnover) (ml/Rs profit)	0.0027	0.0025
Water intensity (optional) – the relevant metric may be selected by the entity (lit/FTE)	644.08	553.29

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, company intends to do so as and when the regulation gets applicable.

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4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Not applicable, as the company only uses water for human consumption.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY_23	FY_22
NOx	The company's focus is on providing financial services, therefore, any emissions from air that are not related to greenhouse gases are not considered significant by the company.		
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)			
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others—please specify			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

6. **Provide details of green house gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit (Metric Tonnes ofCO <sub>2</sub> e )	FY_23	FY_22
<b>Total Scope 1 emissions</b>	tonnes CO <sub>2</sub> e	21.89	22.61
(Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	tonnes CO <sub>2</sub> e	(CO <sub>2</sub> : 18.5, methane:0.02, N <sub>2</sub> O: 0.1, Refrigerants:3.23)	(CO <sub>2</sub> : 19.25, methane:0.02, N <sub>2</sub> O: 0.1, Refrigerants: 3.23)
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> ,NF <sub>3</sub> , if available)	tonnes CO <sub>2</sub> e	209.01	193.63
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>	Gram/Rs	0.019	0.022
<b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity	tonnes CO <sub>2</sub> e/FTE	4.44	4.78

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However company intends to do so as and when the regulation gets applicable.

7. **Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

PNB Gilts is committed to responsible natural resources utilization at its best capacity. The company has installed energy efficient electric bulbs and sensor-based taps in its offices to reduce its energy and water consumption. With the CSR initiatives, the Company has partnered with an NGO "I am Gurgaon" to restore and beautify parts of Aravalli Oxy Van, a 95-acre forest in Gurgaon's Aravali range. The aim of this project is to achieve and improve the Storm water Management, Ecological Restoration, Eco Heritage trail and Creation of interactive spaces for the community. Finally, PNB Gilts would be able to contribute towards the environment by

## Business Responsibility & Sustainability Report 2022-23

- Conserving and creating the biodiversity by planting local species leading to improve quality of life for the residents of the city. Through reforestation, the company intends to lower the CO<sub>2</sub> concentration from air.
- Increasing ground water recharge capacity by creating wetland that captures rainwater.
- Providing urban flood protection.
- Developing Heritage trails through adaptive building, interpretation signages and trail experience

The company has partnered with TERI to restore two ponds in Pithunwas and Kathuwas Villages, Rewari district, Haryana. The project -

- Intends to replenish the water bodies and increase water resources through recharge and pond rejuvenation.
- Intends to promote green solution and technologies.

### 8. Provide details related to waste management by the entity, in the following format:

Parameter	FY_23	FY_22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	-	-
E-waste (B)	0	0
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	0	0
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)	0	0
Other Non-hazardous waste generated (H). Please specify, if any.	0	0
(Break-up by composition i.e. by materials relevant to the sector)		
Total (A+B + C + D + E + F + G+ H)	0	0
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
<b>Total</b>	-	-
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Incineration	-	-
(ii) Land filling	-	-
(iii) Other disposal operations	-	-
<b>Total</b>	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However company intends to do so as and when the regulation gets applicable.

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9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

PNB Gilts Limited provides plethora of services in the fixed income space such as Gilts account, Debt capital Market, Retailing etc. This requires the use of resources such as electricity, and paper for forms and statements. However, the company is committed to reducing its resource consumption and enhancing energy efficiency and thus has adopted methods described above. The company is working towards reducing the paper waste and hence has moved to DESS-portal. The company has adopted glass bottles, washable cups to remain plastic free. Our E-waste is comprised of computers, servers, scanners, UPSs, Batteries, Air conditioners etc. The Company collaborates with authorized vendors for recycling of electronic waste. This is done to ensure that the disposal of electronic waste is carried out in accordance with relevant government regulations. Additionally, the company does not utilize any hazardous or toxic chemicals in its operations, resulting in the absence of any hazardous or toxic waste or by-products. We are conscious about our practices and no waste disposal took place in FY 22 and FY 23.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wet lands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S.No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with?(Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable because PNB Gilts operates from rented offices, making the question regarding offices in ecologically sensitive areas not applicable to the company. Additionally, it is important to note that PNB Gilts does not have any offices located in ecologically sensitive areas.			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant Weblink
Not Applicable					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S.No.	Specify the law/ regulation/guidelines which was not complied with	Provide details of the non compliance	Any fines/penalties/ action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
The Company adheres to relevant environmental regulations.				

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### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY_23	FY_22
<b>From renewable sources</b>		
Total electricity consumption (A)	Nil	Nil
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
<b>Total energy consumed from renewable sources (A+B+C)</b>	Nil	Nil
<b>From non-renewable sources</b>		
Total electricity consumption (D) Kilojoules	940519204.96	866793444.84
Total fuel consumption(E)* Kilojoules	271456417.68	281257295.62
Energy consumption through othersources(F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F) Gigajoules</b>	1212	1148.05

\* Calculated from petrol expenditure

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However company intends to do so as and when the regulation gets applicable.

2. Provide the following details related to water discharged:

Parameter	FY_23	FY_22
<b>Water discharge by destination and level of treatment (in kiloliters)</b>		
(i) To Surface water	Not applicable as the organization is a primary dealer & thus works in financial sector. The water is used for human consumption only	
-No treatment		
-With treatment–please specify level of treatment		
(ii) To Ground water		
-No treatment		
-With treatment–please specify level of treatment		
(iii) To Sea water		
-No treatment		
-With treatment–please specify level of treatment		
(iv) Sent to third-parties		
-No treatment		
-With treatment–please specify level of treatment		
(v) Others		

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-No treatment		
-With treatment–please specify level of treatment		
<b>Total water discharged (in kiloliters)</b>		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However company intends to do so as and when the regulation gets applicable.

### 3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters): For each facility /plant located in areas of water stress, provide the following information:

- (i) Name of the area: Delhi, Kolkata, Mumbai, Chennai, Bangalore, Ahmedabad
- (ii) **Nature of operations:** PNB Gilts is a primary dealer & thus works in financial sector
- (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY_23	FY_22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	-	-
(ii) Ground water	-	-
(iii) Third party water	-	-
(iv) Sea water/desalinated water	-	-
(v) Others (Liters)	33492.4	24898.2
<b>Total volume of water withdrawal (in kiloliters)</b>	33.49	24.90
<b>Total volume of water consumption (in kiloliters)</b>	33.49	24.90
<b>Water intensity per rupee of turnover</b> (Water consumed/turnover)	0.0027	0.0025
<b>Water intensity (optional)</b> – the relevant metric may be selected by the entity	644.08	553.29
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	Not applicable as the organization is a primary dealer & thus works in financial sector.	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Ground water		
- No treatment		
- With treatment– please specify level of treatment		
(iii) Into Sea water		
- No treatment		
- With treatment– please specify level of treatment		

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(iv) Sent to third-parties	
- No treatment	
- With treatment – please specify level of treatment	
(v) Others	
- No treatment	
- With treatment– please specify level of treatment	
<b>Total water discharged (in kilolitres)</b>	

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However, company intends to do so as and when the regulation gets applicable.

#### 4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Assessment of scope 3 emission is not conducted

Parameter	Unit	FY_23	FY_22
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	-	-
<b>Total Scope 3 emissions per rupee of turnover</b>		-	-
<b>Total Scope 3 emission intensity</b> (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No, the company has not sought any external or 3<sup>rd</sup> party assurance for the above metrics. However company intends to do so as and when the regulation gets applicable.

#### 5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.

Not Applicable

#### 6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Installation of low consumption, energy-efficient fittings, sensor taps etc.		
2	Replacing plastic water bottles with glass/steel bottles.		
3	Moving to DESS-portal to reduce paper waste		

Low-consumption and energy-efficient fittings reduce the amount of water and energy consumed, contributing to resource conservation. Sensor taps help minimize water wastage by automatically controlling the flow, only dispensing water when needed. Energy-efficient measures also has led to significant cost savings for the company in terms of reduced energy and water bills.

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Replacing plastic water bottles with glass or steel bottles helps in reducing plastic waste. By promoting reusable alternatives, the company decreases its environmental footprint and contributes to mitigating plastic pollution. Moreover, transitioning to reusable bottles eliminates the need for continuous purchases of single-use plastic bottles.

The use of DESS portal has also reduced the need for paperwork leading to lessening of paper waste.

Overall, these measures contribute to resource efficiency, waste reduction, cost savings, and the company's environmental stewardship. By implementing these changes, PNB Gilts demonstrates its dedication to sustainable practices and sets a positive example for others to follow.

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/web link.**

The company has conducted a thorough Business Impact Analysis and Risk Assessment, identified Recovery Goals, and established a backup site (NDRS) in Gurugram. The Mumbai Fort location serves as the current Disaster Recovery Site (DRS). There are defined procedures for Emergency Response, Resumption, Recovery, and Restoration, along with minimum activities during system unavailability. Various teams with defined roles and responsibilities, including Business Continuity Management Team (BCMT), Damage Assessment, Technical, and Operations teams, have been proposed to react to disasters. The Managing Director holds the authority to declare a disaster, and a Notification Call Tree and Alert List for team members and critical vendors are included in the plan. Periodic testing (quarterly basis), is conducted to ensure the effectiveness of the plan with review and presentations to the IT Strategy Committee. The procedure for routine maintenance to reduce downtime of IT and supporting infrastructure encompasses several key steps. Firstly, any incidents related to power failure, hardware failure, software failure, air conditioning failure, or compliance failure of hardware and software should be promptly reported. Next, a thorough verification process is conducted to assess and assure the impact of the incident on operations. Finally, based on the findings, the appropriate recovery plan is selected and implemented to mitigate the effects of the incident and minimize downtime. This structured procedure ensures that maintenance activities are carried out efficiently and effectively, minimizing disruptions to the company's IT and supporting infrastructure.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard**

Not Applicable

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Not Applicable

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**



**Essential Indicators**

**1. a. Number of affiliations with trade and industry chambers/associations.**

The Company was a member of two trade and industry chambers/ associations during FY 23.

**b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of / affiliated to.**

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S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Primary Dealers Association of India (PDAI)	National
2	The Fixed Income Money Market & Derivatives Association of India (FIMMDA)	National

### 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities

Name of authority	Brief of the case	Corrective action taken
	The company was compliant and it did not receive any orders from regulatory authorities that would have required it to take action against any anti-competitive behavior, indicating that there were no instances of such behavior during FY 2023.	

### Leadership Indicators

#### 1. Details of public policy positions advocated by the entity.

S.No	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web link, if available
	There is no direct representation made, but participation happened through Industry Associations of which PNB Gilts is the member. Also there are some advocacy positions which are confidential and hence cannot be disclosed in public domain. Moreover, we have given our suggestions to RBI on industry matters through our parent bank PNB during an intra regulatory forum and also through PDAI.				

## Principle 8: Business should support inclusive growth and equitable development



### Essential Indicators

#### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name & brief/ details of the project	SIA Notification no.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not applicable					

## Business Responsibility & Sustainability Report 2022-23

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

This statement may not apply to our operations due to the nature of the business. Nevertheless, it's important to mention that we engage various implementing agencies to carry out our CSR initiatives and address concerns of the community via them.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY_23 Current Financial Year	FY_22 Previous Financial Year
Directly sourced from MSMEs/ small producers	1.20%	2.80%
Sourced directly from within the district and neighboring districts	9.14%	14.20%

### Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	Description	State	Aspirational District	Amount spent (In INR)
1.	Infrastructure development and capacity building of G B Pant Hospital and Rajiv Gandhi Super Specialty Hospital.	In NCR region		42,94,505 (remaining Rs 10,754,095.00)
2.	WASH infrastructure activity in Rajkiya Kanya Madhyamik School, GHS Kathuwas School, and Rajkiya Primary School in Rewari			1,99,83,014
3.	Digital learning Centres for 3 Schools			
4.	Water conservation through rejuvenation of ponds			
5.	Project Saakshar - Education to the underprivileged children			11,16,030
6.	Restoration and beautification of Aravali Oxy Van, Gurgaon			1,90,29,320 (remaining Rs 1,761,032.00)
7.	Contribution to PM-national relief fund			-

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3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)
- (b) From which marginalized /vulnerable groups do you procure?
- (c) What percentage of total procurement (by value) does it constitute?

PNB Gilts only uses resources that are necessary for carrying out its business operations. Additionally, it holds the belief in providing equal and fair opportunities to all vendors.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your Company (in the current financial year), based on traditional knowledge.**

Being a primary dealer, PNB Gilts is not involved in the utilization of traditional knowledge or the generation of intellectual properties associated with traditional knowledge. Hence this is not applicable.

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Being a primary dealer, PNB Gilts is not involved in the utilization of traditional knowledge or the generation of intellectual properties associated with traditional knowledge. Hence, this is not applicable.

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### 6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Infrastructure development and capacity building of two government hospitals. The Company partnered with "Doctors for You" to aid two Delhi government hospitals. They provided funds for essential medical equipment: an ECMO machine with kits for G B Pant Hospital, and an Intra-Aortic Balloon Pump for Rajiv Gandhi Super Specialty Hospital. Staff will also receive training on equipment usage. ECMO is critical for severe cardiac and pulmonary dysfunction, while the Balloon Pump helps patients with cardiac issues.	The Company does not conduct any Social Impact Assessment, so it is difficult to comment on the numbers. However, it is noteworthy to mention that it has been undertaking various social welfare initiatives for creating lasting social impact. The objective of CSR policy of the Company is to participate in activities that benefit community development, social responsibility, environmental sustainability, and to reach out to socially and economically disadvantaged sections of the society. These activities happen through 3 pillars; health and sanitation, education and environment and is focused on communities. So, beneficiary number cannot be estimated. The Company strives to bring about substantial changes in society and assists those who are the least advantaged.	
2	The company has taken up corporate social responsibility initiatives to assist the Rajkiya Kanya Madhyamik School, GHS Kathuwas School, and Rajkiya Primary School in Rewari, Haryana, to implement the following activities: - Construction of Toilet and Urinals - Development of purified drinking water infrastructure		
3	Project Saakshar– Education to the underprivileged children: The company has demonstrated its dedication to social welfare by providing resources to the Pankh Centre in Gurugram, operated by the Betterworld Foundation (BWF). BWF manages three centers in Gurgaon, offering free education to over 350 economically disadvantaged children. Thanks to the company's CSR initiatives, the Pankh Centres have received upgrades. As part of this CSR initiative, the company also supports infrastructure setup for a skill center at BWF. The selected skill areas include stitching, salon/parlor training, and basic soap-making for mothers who wait for their children at the center.		
4	Digital learning Centres for 3 Schools: The Company partnered with TERI for CSR initiatives benefiting schools in Rewari, Haryana. Activities include providing computer systems, power backup, and furniture for Knowledge cum Recreational Centres. Teachers and students receive training and environmental education. KRC setup, including computers, furniture, and power backup, is completed. Awareness programs conducted for stakeholders, and beneficiaries are trained for project sustainability.		
5	Restoration and beautification of Aravali Oxy Van, Gurgaon.		
6	Water conservation through rejuvenation of ponds		
7	Contribution to PM-national relief fund		

## Business Responsibility & Sustainability Report 2022-23

### Details of CSR amount spent against ongoing projects for the last financial year:

S. No.	Name of the Project	Location of the project	Project duration	Amount allocated for the project (in lacs)	Amount Spent in the current financial Year (in ₹ lacs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in lacs)	Implementing Agency
1	Integrated development of urban/rural schools leading to learning and development through intervention of sustainable technologies	Haryana Rewari	FY 2021-22 to FY 2022-23	150	135	15	The Energy and Resources Institute (TERI)
2	Procurement of medical equipment for better treatment of poor patients in Radiotherapy department and surgical oncology department of Hospital	Rajasthan Jaipur	FY 2021-22 to FY 2022-23	68.32	53.32	15.00	Jaipur Cancer Relief Society

**Principle 9: Business should engage with and provide value to their customers and consumers in a responsible manner.**



### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company is a Primary Dealer, duly registered with Reserve Bank of India. The Company is permitted to maintain Constituent Subsidiary General Ledger account (CSGL account) with Reserve Bank of India for its clients. The transactions on behalf of constituents and the operations in the CSGL accounts are conducted in accordance with the guidelines issued by RBI on CSGL accounts. However, the Company provides Updates/statements in accordance with RBI guidelines to all its CSGL account holders.

## Business Responsibility & Sustainability Report 2022-23

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., maximization of value of all the stakeholders. The Company values the support of all its stakeholders and respects their interest and concerns. The Company has continuous engagement with its various stakeholders to understand their concerns, assess their requirements and respond to their needs in an effective manner.

### 2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not applicable to our products and services
Safe and responsible usage	
Recycling and/or safe disposal	

### 3. Number of consumer complaints in respect of the following:

	FY_23		Remarks	FY_22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	
Other	0	0		0	0	

### 4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary Recalls	Not Applicable	
Forced Recalls		

### 5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

PNB Gilts has a dedicated IT Strategy committee that inter-alia looks after cyber security & risks related to data privacy. This committee is responsible for overseeing cyber security and risk management thereof. They assess and mitigate cyber risks, develop and enforce security policies, plan for incident response, monitor IT systems, and promote awareness. By actively managing cyber security and risks, the committee ensures the protection of the company's digital assets and data, as well as the maintenance of operational resilience in the face of evolving cyber threats. The cyber security policy is confidential and is available on intranet, hence cannot be published.

## Business Responsibility & Sustainability Report 2022-23

6. **Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products/ services**

Not Applicable

### Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

All the Information are available on website. <https://www.pnbgilts.com/government-securities>

<https://www.pnbgilts.com/gilts-account>

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

PNB Gilts complies 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. All the Information is regularly updated on website. Also, regular email, SMS and Notifications are sent to the clients and counter parties.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

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. Also, the Company assesses the impact of potential environmental risks and has an active Business Continuity Plan (BCP) in case of exigencies/Natural Calamities.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Yes, product information on the website of PNB Gilts is displayed, as mandated under local laws. The Company is a Primary Dealer, duly registered with Reserve Bank of India. The Company is permitted to maintain Constituent Subsidiary General Ledger account (CSGL account) with Reserve Bank of India for its clients, which is different from its own SGL account and used exclusively for maintaining Government securities of its constituents in dematerialized form. The transactions on behalf of constituents and the operations in the CSGL accounts are conducted in accordance with the guidelines issued by RBI on CSGL accounts. However, the Company provides Updates/statements in accordance with RBI guidelines to all its CSGL account holders.

The Company does not sell any physical product; hence it is not required to carry out any consumer satisfaction survey. However, the Company complies with all regulatory requirements relating to its business.

5. **Provide the following information relating to data breaches:**

a. **Number of instances of data breaches along-with impact**

b. **Percentage of data breaches involving personally identifiable information of customers**

No such instance occurred last year

On behalf of Board of Directors



(Kalyan Kumar)

Chairman

DIN: 09631251

Date : July 21, 2023

Place: New Delhi

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# Financial Review

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## INDEPENDENT AUDITOR'S REPORT

To

**The Members of PNB Gilts Ltd,**

This revised Independent Auditor's Report is being issued in supersession of our earlier Independent Auditors' Report dated 3<sup>rd</sup> May 2023, at the instance of Comptroller & Auditor General (C&AG) of India, which do not affect the true & fair view and our opinion as expressed earlier in any manner. The revised report is being issued in view of certain modification as pointed out by C&AG of India in our earlier report. Further, we confirm that none of the figures have undergone any change in the Financial Statements of the Company as at 31st March 2023.

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of PNB Gilts Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Cash Flow Statement for the year ended on that date and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, its loss, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the standards on Auditing as specified under section 143(10) of the Act (SAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are Independent to the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Evaluation of uncertain income tax positions:</p> <p>The Company has material uncertain income tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Note 37 to the Financial Statements</p>	<p>Principal Audit Procedures:</p> <p>Obtained summary of tax demand for various assessment years, from the management. Obtained certificate from tax retainers of the Company, for reason of such demand of Income Tax, mitigation measures taken by the Company and result thereof. We engaged our experts to cross check management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p>

<p>2.</p>	<p>Classification and Valuation of Investments, Identification of and provisioning for Non-Performing Investments (Note 7) to the financial Statements). Investments include investments made by the Company in various Government Securities, Bonds, Debentures, Shares, Security receipts and other approved securities. Investments constitute more than 86% of the Company's total assets. These are governed by the circulars and directives of the RBI. These directions of RBI, interalia, cover valuation of Investments, classification of investments, identification of non-performing Investments, the corresponding non-recognition of income and provision there against.</p> <p>The valuation of unquoted investments and thinly traded Investments is an area of inherent risk because of market volatility, unavailability of reliable prices and macroeconomic uncertainty.</p> <p>Accordingly, our audit was focused on valuation of investments, classification, identification of non-performing investments and provisioning related to Investments. The valuation of each category (type) of the aforesaid securities is to be done as per the method prescribed in circulars and directives issued by the RBI which involves collection of data/information from various sources such as FIMMDA rates, rates quoted on BSE/ NSE, financial statements of unlisted companies etc. Considering the complexities and extent of judgement involved in the valuation, volume of transactions, investments on hand and degree of regulatory focus, we determined the above area as a Key Audit Matter.</p>	<p>Our audit approach towards Investments with reference to the RBI Circulars/directives included the understanding of internal controls and substantive audit procedures in relation to valuation, classification, identification of non-performing investments (NPIs), provisioning related to Investments. In our audit –</p> <ol style="list-style-type: none"> <li>In respect of 'Amortized Cost Portfolio', the valuation output from the software deployed by the Company, comprising factor like effective interest rate (EIR) was used by us.</li> <li>Wereviewed Company's internal control system on compliance with applicable RBI guidelines regarding valuation and provisioning related to investments.</li> <li>For the selected sample of investments in hand, we test checked accuracy and compliance with the RBI Master Circulars and directions by reperforming valuation.</li> <li>We assessed and evaluated the process of identification of NPIs and corresponding reversal of income and creation of provision;</li> <li>We carried out substantive audit procedures to recompute independently the provision to be maintained in accordance with the circulars and directives of the RBI.</li> </ol> <p>Accordingly, we selected samples and tested for NPIs as per the RBI guidelines and recomputed the valuations and provision to be maintained in accordance with the RBI Circular for those selected sample.</p>
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### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility & Sustainability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and those charged with Governance for the Financial Statement

The Company's Management / Board of Directors is responsible for the matters stated in Section 134(5) of 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, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in
  - (i) planning the scope of our audit work and in evaluating the results of our work; and
  - (ii) to evaluate the effect of any identified misstatements in the financial statements.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The books of accounts of the company are maintained at head office. Hence, there is no separate branch audit report by any other auditor of any branch office. The audit of the company is conducted at head office only.
  - d. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - e. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - f. There is no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the company.
  - g. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - h. There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected herewith.
  - i. 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 A".
  - j. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/payable by the Company to its directors during the year is broadly in accordance with the provisions of section 197 of the Act. However, final approval for the same from the members / shareholders of the company is to be obtained.
  - k. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (iv) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
  - (v) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
  - (vi) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused to believe that the representations under sub-clause (iv) and (v) contain any material misstatement.
- l. The Dividend declared or paid during the year by the Company is in Compliance with Section 123 of the Act.
  - m. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- 2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure "B", a statement on the matters specified in paragraphs 3 and 4 of the Order.
  - 3. As required by the Comptroller and Auditor General of India through directions issued under section 143(5) of the Act, we give a report in the attached Annexure "C".

**For Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)

Sd/-  
**(CA Ashish Mittal)**  
Partner

Date: June 08, 2023  
Place : New Delhi

Membership No. 511442  
UDIN: 23511442BGVOBL5646

## **“Annexure- A” to the Independent Auditor’s Report**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of PNB Gilts Limited of even date)

### **Report on the Internal Financial Controls with reference to Financial Statements 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 31st March, 2023 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 Board of Directors of the Company 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. 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 respective 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 internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 unauthorized 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, to the best of our information and according to the explanations given to us, 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 March 31, 2023, based on the internal control over financial reporting criteria approved by the Company's Board, 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 Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)

Sd/-  
**(CA Ashish Mittal)**  
Partner

Date: June 08, 2023  
Place : New Delhi

Membership No. 511442  
UDIN: 23511442BGVOBL5646

## Annexure B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of PNB Gilts Limited of even date).

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

- (i)
  - (a)
    - (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment;
    - (B) The Company has maintained proper records showing full particulars of intangible assets;
  - (b) As reported by the management of the company, the physical verification of Property, Plant and Equipment is conducted by its own staff on quarterly basis for the head office and annually for the branch offices. No discrepancies were reported during the physical verification of these assets.
  - (c) The Company owns 21 flats as immovable properties and 1 flat as Investment Property. The title deeds of the flats are in the name of the company.
  - (d) The Company has not revalued any of its assets during the year.
  - (e) During the year under consideration, no proceedings have been initiated against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (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 certificates 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 discrepancies were observed during the physical verification of inventory as compared to book records.
  - (b) The Company has a working capital limit of Rs.1,90,000 Lakhs from Punjab National Bank against pledge of securities having market value of Rs. 19,817 Lakhs as on 31.03.2023. During the current Financial Year, the company has taken overdraft facility of Rs. 9,500 Lakhs against the Fixed Deposit of Rs. 10,100 Lakhs. No returns or statements is required to be submitted to bank, hence no question of our verification of the Information submitted arises.
- (iii)
  - (a) During the year, the Company has not provided any loan or advances in the nature of loan, or stood guarantee, or provided security to any other entity except to its employees.
  - (b) The terms and conditions of the investments made by the company are not prejudicial to the company's interest. During the year, the company has not given any guarantees for other entity.
  - (c) The Company has not given any loans except to its employees and all the staff loans are regular in repayments.
  - (d) No loan is overdue for payment as at year end.
  - (e) During the year, no loan has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
  - (f) The Company has not granted any loans or advances in the nature of loans repayable on demand or without specifying any terms or period of repayment.
- (iv) 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) 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 to 76 of the Companies Act, 2013 or any other relevant provisions of the Companies Act, 2013 and rules framed there under.
- (vi) 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) According to the information/explanations given to us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, 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) According to the information/explanations given to us, the Company has some disputes which have resulted into demands under the Income Tax Act, 1961 which have been not deposited. The details of which are given below:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Period to which, the amount relates (Assessment Year)	Forum where dispute is pending	Remarks, If any
Income Tax Act, 1961	Income Tax	1.77	2008-09	AO	Rectification applied by the company
Income Tax Act, 1961	Income Tax	0.13	2008-09	AO	Updation on IT portal is pending
Income Tax Act, 1961	Interest on Income Tax	6.48	2017-18	CIT(A)	-
Income Tax Act, 1961	Income Tax	328.17	2020-21	AO	Rectification applied by the company
<b>Total</b>		<b>336.55</b>			

- (viii) According to the information/explanations given to us, no transaction has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial Institution or banks.
- (b) According to the information/explanations given to us, the Company is not declared willful defaulter by any bank or financial institution or other lender;
- (c) Term loans, raised by the Company, were applied for the purposes for which those are raised.
- (d) The Company is a RBI approved primary dealer of Gilts securities. As its principal line of business, company borrows funds from call money market, bankers, financial institution etc on overnight and short-term basis to invest in securities held for trading as well as long term investments. As at the close of the year, the company has long-term investment held at amortised cost amounting to Rs. 3,52,007.49 Lakhs.
- (e) According to the Information/explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The Company has not raised any loan during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- (x) (a) 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). Term loans and short-term borrowings through commercial paper raised by the company, were applied for the purposes for which those are raised.
- (b) 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.
- (xi) (a) 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.
- (b) No report under sub-section (12) of section 143 of the Companies Act, 2013, has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the information and explanations given to us, during the year, no Whistle blower complaint has been received by the company.
- (xii) 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) 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. 34 Related Party Information.
- (xiv) (a) The Company has an Internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the Internal Auditors for the period under audit.
- (xv) 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) (a) According to the information and explanations given to us, the Company is a NBFI duly registered under section 45 I-A of the Reserve Bank of India Act, 1934.
- (b) The Company has a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) None of the Group, the Company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (xvii) The Company has incurred cash loss of Rs. 1,801.39 Lakhs in the financial year but the company had not incurred any cash losses in the immediately preceding financial year.
- (xviii) During the year under review, there has been change in the statutory auditors, as Comptroller & Auditor General (CAG) has appointed new auditor in place of the retiring auditor.
- (xix) On the basis of the information provided, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee

nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) The Company has no unspent amount of CSR activity, in respect of other than ongoing projects.
  - (b) In respect of ongoing projects, the Company has transferred unspent amount to a special account with in a period of 30 days from the end of the financial year in compliance with sub-section (6) of section 135 of the said Act.
- (xxi) Not applicable being a standalone financial statement.

For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)

Sd/-  
**(CA Ashish Mittal)**  
Partner

Membership No. 511442

UDIN: 23511442BGVOBL5646

Date: June 08, 2023

Place : New Delhi

### Annexure 'C' to the Independent Auditor's Report

Directions indicating the areas to be examined by the Statutory Auditors during the course of Audit of annual accounts of PNB Gilts Limited for the year 2022-23 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

Sr. No.	Area Examined	Observations/Findings
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial Implications, if any, may be stated.	The Company has system of processing of accounting transactions partially through system with human intervention and partially by direct feeding manually. The implication of processing of accounting transactions outside IT system has no effect on the integrity of the accounts.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for Statutory Auditor of lender company).	There is no case of restructuring/ waiver/ write off of debts/ loans/ interest reported by the Management and/or observed during our audit of the year.
3.	Whether funds (grant/subsidy etc) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its terms and condition? List the cases of deviations.	There is no case of funds (grant/subsidy etc) received/ receivable for specific schemes from Central/ State Government or its agencies reported by the management and/or observed during our audit of the year.

For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)

Sd/-  
**(CA Ashish Mittal)**  
Partner

Date: June 08, 2023  
Place : New Delhi

Membership No. 511442  
UDIN: 23511442BGOBL5646

## Non-Banking Financial Companies Auditor's Report for the Year Ended 31.03.2023

To  
The Board of Directors  
PNB Gilts Limited  
5, Sansad Marg, New Delhi-110001

In terms of Reserve Bank of India, Master Direction-Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 dated September 29, 2016, we report that –

The Company is engaged in the business of Non-Banking Financial Institution as Primary Dealer (PD). The Company has received Registration Certificate No.14.00007, 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 Principal Business criteria (financial asset/income pattern) as on March 31, 2023.

The Company is meeting the required net owned fund required in terms of Master Direction Non-Banking Financial Company-Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve bank) Directions, 2016.

A resolution for non-acceptance of any public deposits was passed in the meeting of the Board held on April 19, 2022 and the Company has not accepted any public deposits during the year ended March 31, 2023.

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 in terms of Master Direction Non- Banking Financial Company-Systemically Important Non- Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

There is no requirement to file form NBS-7 exists for the year under review, hence we are unable to comment on that.

For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)

A handwritten signature in black ink, appearing to be 'Ashish Mittal', written over a diagonal line.

**(CA Ashish Mittal)**  
Partner

Membership No. 511442  
UDIN: 23511442BGOBL5646

Date: May 03, 2023  
Place : New Delhi

## Balance Sheet as at 31st March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2023	As at 31st March, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	1,537.86	5,012.78
Bank balance other than above	4	30,280.13	160.31
Derivative financial instruments	5	96,992.27	82,632.48
Loans	6	1,20,226.32	25,999.09
Investments	7	18,51,791.60	15,26,726.17
Other financial assets	8	45,143.95	33,368.79
		<b>21,45,972.13</b>	<b>16,73,899.62</b>
<b>Non- financial assets</b>			
Current tax assets (net)	9	625.47	591.30
Deferred tax assets (net)	10	983.25	132.81
Investment property	11A	6.75	17.49
Biological assets other than bearer plants		-	-
Property, plant and equipment	11B	255.75	226.51
Capital work-in-progress	11C	153.81	-
Right of use asset	11D	435.42	95.67
Intangible assets	11E	11.23	14.74
Intangible assets under development	11F	1,176.51	-
Goodwill		-	-
Other non-financial assets	12	81.89	59.83
		<b>3,730.07</b>	<b>1,138.35</b>
	<b>TOTAL</b>	<b>21,49,702.20</b>	<b>16,75,037.98</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Derivative financial instruments	5	96,033.47	78,059.48
Payables	13	-	-
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		113.92	98.02
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		1.87	3.01
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		609.59	68.50

## Balance Sheet as at 31st March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	Notes	As at 31st March, 2023	As at 31st March, 2022
Debt Securities		-	-
Borrowings (other than debt securities)	14	19,23,836.47	14,53,029.99
Lease Liability	11D(ii)	442.14	99.47
Other financial liabilities	15	2,083.86	325.34
		<b>20,23,121.31</b>	<b>15,31,683.81</b>
<b>Non financial liabilities</b>			
Current tax liabilities (net)	16	126.95	126.95
Provisions	17	321.50	438.88
Deferred tax liabilities (net)	10	-	-
Other non-financial liabilities	18	132.77	57.17
		<b>581.22</b>	<b>623.00</b>
<b>Equity</b>			
Equity share capital	19	18,001.01	18,001.01
Other equity	20	1,07,998.66	1,24,730.16
		<b>1,25,999.67</b>	<b>1,42,731.17</b>
<b>TOTAL</b>		<b>21,49,702.20</b>	<b>16,75,037.98</b>

Significant accounting policies and notes to accounts 1 to 63 are an integral part of these financial statements.

### For and on behalf of the Board



**(Kalyan Kumar)**  
Director  
DIN: 09631251



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)



**(CA Ashish Mittal)**  
Partner  
Membership No. 511442

Date: May 03, 2023  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Statement of Profit and Loss for the year ended 31st March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

	Notes	2022-2023	2021-2022
<b>Revenue from operations</b>			
Interest income	21	1,22,162.52	97,072.68
Dividend income		0.85	0.06
Rental income	22	3.90	8.40
Net gain on securities (Realised & Unrealised)	23	-	-
Fees and commission income	24	809.44	1,891.04
<b>Total revenue from operations</b>		<b>1,22,976.71</b>	<b>98,972.19</b>
Other income	25	17.60	90.98
<b>Total income</b>		<b>1,22,994.31</b>	<b>99,063.16</b>
<b>Expenses</b>			
Finance costs	26	97,287.74	51,042.72
Fees and commission expense	27	1,687.13	1,404.77
Net loss on securities (Realised & Unrealised)	23	30,322.52	23,408.55
Employees benefit expense	28	1,157.11	1,509.38
Other expenses	29	1,695.49	1,358.87
Depreciation, amortization and impairment	11A,B,C,D	135.97	115.07
<b>Total expenses</b>		<b>1,32,285.95</b>	<b>78,839.35</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(9,291.65)</b>	<b>20,223.82</b>
Exceptional items (Income)/ Expense	30	(785.03)	(791.28)
<b>Profit/(loss) before tax</b>		<b>(8,506.62)</b>	<b>21,015.10</b>
Tax expense/(credit):			
(1) Current tax		-	4,738.71
(2) Earlier year taxes		63.10	57.91
(3) Deferred tax		(847.48)	(352.67)
<b>Total Tax Expenses</b>		<b>(784.38)</b>	<b>4,443.96</b>
<b>Profit for the year</b>		<b>(7,722.23)</b>	<b>16,571.14</b>

## Statement of Profit and Loss for the year ended 31st March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Notes	2022-2023	2021-2022
<b>Other comprehensive income</b>		
(i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	(11.71)	(102.77)
(ii) Income tax relating to items that will not be reclassified to profit or loss	2.95	25.86
<b>Other comprehensive income</b>	<b>(8.77)</b>	<b>(76.90)</b>
<b>Total comprehensive income for the year (comprising profit/ (loss) and other comprehensive income for the year)</b>	<b>(7,731.00)</b>	<b>16,494.23</b>
Earnings per share (for continuing operations) 31		
Basic (Rs.)	(4.29)	9.21
Diluted (Rs.)	(4.29)	9.21

Significant accounting policies and notes to accounts 1 to 63 are an integral part of these financial statements.

### For and on behalf of the Board



**(Kalyan Kumar)**  
Director  
DIN: 09631251



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)



**(CA Ashish Mittal)**  
Partner  
Membership No. 511442

Date: May 03, 2023  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Statement of Changes in Equity for the year ended 31st March, 2023

### a. Equity share capital

(Amounts in Rs. Lakhs, unless otherwise stated)

#### (1) Current Reporting Period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated Balance at the beginning of the current reporting period	Changes in Equity Share capital during the current year	Balance at the end of the current reporting period.
18,001.01	-	18,001.01	-	18,001.01

#### (2) Previous Reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated Balance at the beginning of the current reporting period	Changes in Equity Share capital during the current year	Balance at the end of the current reporting period.
18,001.01	-	18,001.01	-	18,001.01

### b. Other equity

Particulars	Reserves and surplus						Total
	Statutory reserve	Securities premium	General reserve	Market fluctuation reserve	Capital reserve	Retained earning	
<b>Balance as at 31st March, 2021</b>	<b>37,964.13</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>50,774.27</b>	<b>1,13,636.25</b>
Profit for the year	-	-	-	-	-	16,571.13	16,571.13
Other comprehensive income for the year	-	-	-	-	-	(76.90)	(76.90)
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>37,964.13</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>67,268.50</b>	<b>1,30,130.48</b>
Transactions with owners in their capacity as owners:							
Dividends	-	-	-	-	-	(5,400.30)	(5,400.30)
Transferred from retained earnings	<b>3,314.23</b>	-	-	-	-	-	<b>3,314.23</b>
Other adjustments	-	-	-	-	-	(0.02)	(0.02)
Transferred to other reserves	-	-	-	-	-	(3,314.23)	(3,314.23)
<b>Balance as at 31st March, 2022</b>	<b>41,278.36</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>58,553.95</b>	<b>124,730.16</b>
Profit for the year	-	-	-	-	-	(7,722.23)	(7,722.23)
Other comprehensive income for the year	-	-	-	-	-	(8.77)	(8.77)
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>41,278.36</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>50,822.96</b>	<b>1,16,999.17</b>

## Statement of Changes in Equity for the year ended 31st March, 2023

Particulars	Reserves and surplus						Total
	Statutory reserve	Securities premium	General reserve	Market fluctuation reserve	Capital reserve	Retained earning	
<b>Transactions with owners in their capacity as owners:</b>							
Dividends	-	-	-	-	-	(9,000.51)	(9,000.51)
Transferred from retained earnings	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Transferred to other reserves	-	-	-	-	-	-	-
<b>Balance as at 31st March, 2023</b>	<b>41,278.36</b>	<b>2,501.27</b>	<b>9,776.54</b>	<b>6,300.00</b>	<b>6,320.04</b>	<b>41,822.45</b>	<b>1,07,998.66</b>

Loss of Rs. 8.77 lakhs (P.Y. Rs. 76.90 lakhs) on remeasurement of defined employee benefit plans (net of tax) is recognised as a part of retained earnings for the year ended March 31, 2023 and March 31, 2022 respectively

Significant accounting policies and notes to accounts 1 to 63 are an integral part of these financial statements.

### For and on behalf of the Board



**(Kalyan Kumar)**  
Director  
DIN: 09631251



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)



**(CA Ashish Mittal)**  
Partner  
Membership No. 511442

Date: May 03, 2023  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Statement of Cash Flows for the year ended 31st March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

	2022-23	2021-22
<b>Profit before tax</b>	<b>(8,506.62)</b>	<b>21,015.10</b>
<i>Adjustments for</i>		
Add: Depreciation and amortisation expense	135.97	115.07
Changes in provisions	(129.10)	(904.85)
Loss/(profit) on sale of property, plant and equipment	(2.14)	(5.01)
Interest expense on leased liability	12.92	5.20
Interest paid	97,274.82	51,037.52
Less: Discount and interest received	(1,22,162.52)	(97,072.68)
Dividend received	(0.85)	(0.06)
<b>Operating Profit/(loss) before changes in operating activities</b>	<b>(33,377.50)</b>	<b>(25,809.72)</b>
<b>Cash flow from operating activities</b>		
Add: Discount and interest received	1,22,162.52	97,072.68
Dividend received	0.85	0.06
Less: Interest expense on leased liability	(12.92)	(5.20)
Interest paid	(97,274.82)	(51,037.52)
<i>Adjustment for changes in operating activities</i>		
Changes in investments in FDR	(30,119.82)	467.45
Changes in investments at fair value through profit and loss	(3,21,451.23)	(4,41,577.12)
Changes in financial assets and non-financial assets	(1,06,024.45)	(29,003.77)
Changes in financial liability and non-financial liabilities	2,368.28	(256.32)
<b>Cash used in operations</b>	<b>(4,63,729.11)</b>	<b>(4,50,149.45)</b>
Less: Net taxes paid	(98.63)	(6,206.06)
<b>(A) Net cash used in operating activities</b>	<b>(4,63,827.74)</b>	<b>(4,56,355.51)</b>
<b>Cash flow from investing activities</b>		
<i>Adjustment for changes in investing activities</i>		
Sale proceeds of property, plant and equipment	2.48	7.35
Purchase of property, plant and equipment	(1,444.81)	(70.44)
<b>(B) Net cash used in investing activities</b>	<b>(1,442.33)</b>	<b>(63.09)</b>

## Statement of Cash Flows for the year ended 31st March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

	2022-23	2021-22
<b>Cash flow from financing activities</b>		
<i>Adjustment for changes in financing activities</i>		
Changes in borrowings and debt securities (net) (Refer note 36)	4,70,806.48	4,66,706.07
Lease accounting adjustment	(30.64)	(22.27)
Dividend paid	(9,000.51)	(5,400.30)
Changes in unclaimed dividends and bonus fractional entitlement (net)	19.82	7.55
<b>(C) Net cash flow from financing activities</b>	<b>4,61,795.15</b>	<b>4,61,291.06</b>
<b>Consolidated cash flow during the year (A+B+C)</b>	<b>(3,474.92)</b>	<b>4,872.46</b>
Cash and cash equivalent at the beginning of the year	5,012.78	140.32
<b>Cash and cash equivalent at the end of the year</b>	<b>1,537.86</b>	<b>5,012.78</b>
<b>Balances with banks</b>		
Balances with Reserve Bank of India	1,472.65	29.14
Balances with PNB Current Accounts	65.21	4,983.64
	<b>1,537.86</b>	<b>5,012.78</b>

Significant accounting policies and notes to accounts 1 to 63 are an integral part of these financial statements.

### For and on behalf of the Board



**(Kalyan Kumar)**  
Director  
DIN: 09631251



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)



**(CA Ashish Mittal)**  
Partner  
Membership No. 511442

Date: May 03, 2023  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

### NOTE 1

#### A. Corporate information

PNB Gilts Limited is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company has been granted the License of NBFC by the Reserve Bank of India and working as a Standalone Primary Dealer. The Company's primary activities entail supporting government borrowing program via underwriting of government securities issuances and trade in a gamut of fixed income instruments such as Government securities, Treasury Bills, State Development Loans, Corporate Bonds, Interest Rate Swaps and various money market instruments such as Certificates of Deposits, Commercial Papers etc. The Company has dedicated trading desk managed by experienced professionals having strong research and market insights. The Company is also providing custodian services to its constituents. The Company's registered office is at 5, Sansad Marg, New Delhi, India. The company is also a subsidiary of one of the largest Indian commercial banks Punjab National Bank.

The financial statements are approved for issuance by the Company's Board of Directors on May 03, 2023

#### B. Basis of preparation

##### Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto and comply with the relevant provisions of the Companies Act 2013 and the Reserve Bank of India guidelines as applicable to the Primary Dealers and NBFC. The financial statements have been prepared in accordance with Division III of Schedule III notified by MCA on 11th October, 2018 as amended from time to time.

##### Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy no. VII regarding financial instruments) which have been measured at fair value.

##### Functional & presentation Currency

The Company's presentation and functional currency is Indian rupee. All amounts in these financial statements, except per share amounts and unless as stated otherwise, have been rounded off to two decimal places and have been presented in lakhs.

##### Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note no. 39 "Maturity Analysis of assets and liabilities".

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

## NOTE 2

### C. Summary of significant accounting policies

#### la. Property, plant and equipment (PPE) and intangible assets

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss when the asset is derecognised.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

#### lb. Investment Properties

The flats classified as Investment Property are purchased for the staff. However, in view of no requirement by the staff members, they are given to the PNB employees only for a period of 11 months with two/ more extensions.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

The company depreciates investment property over 60 years from the date of original purchase.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the Note 11A of the financial statements.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit or loss in the period of derecognition.

#### lc. Depreciation on Property, plant and equipment, Investment Properties and Amortization of intangible assets

The depreciation on the Property plant and equipment is calculated on a Written Down Value (WDV) basis using the rates arrived at, based on useful lives estimated by the management, which coincides with the lives prescribed under Schedule II of the Companies Act, 2013. 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.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in

accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

## II. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Company as a lessee:

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the Incremental borrowing rates in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

Leases which have expired have not been accounted as per Ind AS 116.

### The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

## III. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's

recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use (i.e. the present value of the future cash flows expected to be derived from an asset or cash generating unit). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loss, if any, will be charged to statement of profit and loss, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that other standard.

#### **IV. Provisions, Contingent liabilities and Contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is charged/provided in the statement of profit and loss.

The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will not be required to settle the obligation
- A present obligation arising from past events, when no reliable estimate is possible
- A possible obligation arising from past events, unless the probability of outflow of resources is remote

Contingent liabilities are reviewed at each reporting date.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are recognized when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Contingent assets are reviewed at each reporting date. A contingent asset is disclosed where an inflow of economic benefits is probable.

#### **V. Accounting of Expenses**

Interest expense is measured and recognised on Effective Interest Rate (EIR) method. Other expenses are accounted for on accrual basis as and when it gets accrued.

#### **VI. Employee Benefit Expenses**

Employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

##### **Defined contribution plan**

Retirement benefit in the form of provident fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

##### **Defined benefit Plan**

Leave liability is defined benefit obligation which is unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each reporting date. Gratuity under the employee group gratuity cum life insurance scheme of LIC is defined benefit obligation which is funded and the cost of providing benefits under the defined benefit plan is determined using the projected unit credit method provided by LIC.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts

included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- i. The date of the plan amendment or curtailment, and
- ii. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- ii. Net interest expense or income

## VII. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Classification

The Company classifies its financial assets in the following measurement categories:

Those to be measured subsequently at fair value (either through other comprehensive income (FVTOCI), or through profit or loss (FVTPL) and those to be measured subsequently at amortised cost.

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For assets classified as 'measured at amortised cost', this will depend on the business model and contractual terms of the cash flows.

#### Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

However, this assessment is performed on the basis of scenarios that the Company reasonably expects to occur and not so-called 'worst case' or 'stress case' scenarios

The Company considers sale of Investment (Government Security – SDL) measured at amortised cost portfolio as consistent with a business model whose objective is to hold financial assets in order to collect contractual cash flows if these sales are:

- i. In case of liquidity crisis faced by the company which can hit the funding operations. Company may liquidate the amortised cost portfolio if the funding cost exceeds MIBOR plus 50 bps for three successive working days. The decision to sell under such circumstances shall be taken by the Investment Committee.

- ii. Catastrophic scenarios, which could be termed as one off situations (GFC, COVID crisis etc) wherein portfolio liquidation needs to be carried out. However, sale under such scenarios shall only be undertaken post approval from the Risk Management Committee.

The sale window shall however remain open for 30 days from trigger of the stress event.

### **The Solely Payments of Principal and Interest (SPPI) test**

As a second step of its classification process the Company assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI, such financial assets are either classified as fair value through profit & loss account or fair value through other comprehensive income.

### ***Initial recognition and measurement***

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date.

### ***Subsequent measurement***

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

#### ***i. Debt Instruments at Amortised cost.***

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

#### ***ii. Debt instruments at FVTOCI***

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

iii. *Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)*

**Debt instrument at FVTPL:** FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Equity investments:** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as per provisions of relevant Ind AS.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**Derivative financial instruments:** The Company uses derivative financial instruments, such as Future contracts, Options, Interest rate Future contracts for trading purpose and interest rate swaps for trading as well as to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value and the resulting gain or loss is recognized in statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### **Impairment of financial assets**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits.

For recognition of impairment loss on financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

### **Financial liabilities**

#### **Initial recognition and measurement**

A financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### **Subsequent measurement**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss.

#### **Reclassification of financial instruments**

The company did not reclassify any of its financial assets or liabilities subsequent to its initial recognition during the FY 2021-22 and FY 2022-23.

#### **Derecognition of Financial instruments**

A financial asset is derecognised only when Company has transferred the rights to receive cash flows from the financial asset. Where the entity has transferred an asset, the Company evaluates whether it has transferred

substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **VIII. Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effect of transactions of a non cash nature, any deferral or accruals of past and future operating cash receipts or payments and items of income associated with investing or financing cash flows.

### **IX. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, short-term deposits and other highly liquid investments, with an original maturity of three months or less and are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value.

For the purpose of the Financial Statements, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### **X. Fair value measurement**

On initial recognition, all the financial instruments are measured at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 Financial instruments - Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 Financial instruments - Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such

inputs include prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 Financial instruments - Those that include one or more unobservable input that is significant to the measurement as whole.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Company has used the following methods for deriving the fair values:

- i. Fair Value of Government dated Securities, Treasury Bills (including Cash Management Bills), State development loans, Interest Rate Swaps, Certificates of Deposit and PSU/Corporate bonds & debentures, is determined by the prices or yield, as applicable, declared by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/Financial Benchmark India Private Limited (FBIL) on last working day of the Financial Year.
- ii. In case of Commercial Papers, company shall use market observable spread over T Bill curve and based on that new benchmark (T-Bill+constant spread across the curve) company shall interpolate and calculate CP prices corresponding to the residual maturities.
- iii. Fair value of Equity Shares is determined by the closing rates provided by the stock exchanges on last working day of the Financial Year
- 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 Future & Options contracts (i.e IRF, Equity futures & Nifty futures) valuation is done as per the closing prices provided by Stock Holding Corporation of India Limited (SHCIL).

## XI. Revenue recognition

- i. Interest income, for all debt instruments measured either at amortised cost (Short term lending, Fixed deposits and Government securities) or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are incrementally directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.
- ii. Changes in fair value of securities classified at fair value through profit and loss (FVTPL) (Certificates of Deposit, Commercial Papers, Bills Re-discounted, Treasury Bills (including Cash Management Bills), Zero Coupon Bonds, Government Dated Securities (including State Development Loan), Corporate bonds & debentures, Equity shares and Mutual funds) shall be taken to statement of Profit and Loss.
- iii. 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.
- iv. Interest income on Government Dated Securities and Corporate Bonds & 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
- v. Dividend income is recognized when the Company's right to receive payment is established by the reporting date.
- vi. **Underwriting fees:** Underwriting fee earned on the government securities is credited in the statement of profit and loss account.

- vi. **Commission & other fees:** Commission & other fees will be recognized as and when the performance obligation is satisfied as per IND AS 115.
- vii. Other income received through rent, interest on staff loans, house rent recovery and Misc. Income are accounted for on accrual basis.

## **XII. Taxes**

Tax expense comprises current and deferred tax.

### **Current income tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### **Uncertain Tax Position**

Further, the company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. The company considers whether it is probable that a taxation authority will accept an uncertain tax treatment. If the company concludes, it is probable that the taxation authority will accept an uncertain tax treatment, it determines the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used and its income tax filings.

If the company concludes, it is not probable that the taxation authority will accept an uncertain tax treatment, the company reflects the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The company reflects the effect of uncertain tax positions in the overall

measurement of tax expense and or based on the most likely amount or the expected value arrived at by the company, which provides a better prediction of the resolution of uncertainty.

Significant judgements are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Uncertain tax positions are monitored and updated as and when new information becomes available, typically upon examination or action by taxing authorities or through statute, expiration and judicial precedent.

### **XIII. Exceptional Items**

Exceptional items include income or expense that are considered to be part of ordinary activities, however are of such significance and nature that separate disclosure enables the user of the financial statements to understand the impact in a more meaningful manner. Exceptional items are identified by virtue of their size, nature or incidence.

### **XIV. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **XV. Dividend to share holders**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### **XVI. Corporate Social Responsibility ('CSR') expenditure**

The Company charges its CSR expenditure during the year to the statement of profit and loss.

### **XVII. Accounting for Repo Transactions**

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 RBI guidelines No. RBI/2009-2010/356/IDMD/4135/11.08.43/2009-10 dated March 23, 2010.

In conformity with RBI guidelines, securities sold under Repo transactions are not excluded from the portfolio and the securities purchased under Reverse Repo are not included in the portfolio. 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.

### **XVIII. Event of Default**

As per the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, NBFCs have to comply with IND AS 109 for preparation of financial statements from FY 2018-19 onwards. Amongst its various requirements, it requires entities to define default in a manner consistent with internal risk management policies (IND AS does not explicitly define default). Complying with the requirements of the IND AS 109, the Company has defined default and the accounting treatment of the default asset in the following manner:

#### **1. Definition of Event of Default**

Any asset/issuer shall be termed as default if there is any instance of non-receipt of interest and/or principal obligation by an issuer towards any securities/issuance/s in Company's books.

#### **2. Accounting Treatment**

The Company has adopted the following accounting adjustments with respect to be adopted with respect to the securities/issuances that fall under the definition of default.

## Accounting Treatment

Cashflow Type	Matured Issuance/Security	Existing Issuance/Security
Interest Amount*	Interest accrued but not received will be written off with immediate effect.	<ul style="list-style-type: none"> <li>Total interest accrued but not received will be written off in the fourth quarter from the event of default or in the quarter in which maturity falls (whichever is earlier).</li> <li>Till write off, provision for the same will be made on monthly basis from the event of default.</li> </ul>
Book Value of Investment	Book value of investment will be written off with immediate effect.	<ul style="list-style-type: none"> <li>Total Book value of investment will be written off in the fourth quarter from the event of default or in the quarter in which maturity falls (whichever is earlier).</li> <li>Till write off, provision for the same will be made on proportionate basis from the event of default.</li> </ul>

\*In case of non-receipt of interest amount, any delay of interest payment by the issuer due to technical issues pertaining to transfer of the interest, if timely informed by the issuer, shall not be treated as a case of default.

The number of such defaults and the total amount outstanding and the overdue amounts shall be disclosed in the notes to the financial statements.

In case of recovery of the default asset, if the amount is received before the date of balance sheet signing, the same will be accounted for in the said balance sheet as per the provisions of Ind AS-10 'Events after the Reporting period'.

### 3. Significant Judgement and Estimates

The preparation of the financial statements in conformity with Indian Accounting Standards ('Ind AS) requires the management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Accounting estimates could change from period to period. Actual results could differ from those estimates. Revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise. Some of the areas involving significant estimation / judgement are determination of Expected Credit Loss, Fair valuation of Investments, Income taxes and Employee benefits.

#### Recent Accounting Pronouncements

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2015, by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, which are applicable for annual reporting periods beginning from April 01, 2023, as below:

#### Ind AS 1 - Presentation of Financial Statements

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Company's financial statements.

### **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

This amendment will help entities to distinguish between accounting policies and accounting estimates. The definition of change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty.' The Company has evaluated the amendment and there is no significant impact on its financial statements.

### **Ind AS 12 - Income Taxes**

This amendment has narrowed the scope of recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect to have any significant impact on its financial statement.

### **Other amendments**

Other amendments include amendments in Ind AS 102, Share-based Payments, Ind AS 103, Business Combination, Ind AS 109, Financial Instruments, Ind AS 115, Revenue from contract with customers are mainly editorial in nature in order to provide better clarification of respective Ind AS. The Company does not expect to have any significant impact on its financials statements.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>Note 3: Cash and cash equivalents</b>	<b>As at 31st March, 2023</b>	<b>As at 31st March, 2022</b>
<b>Balances in current account with:</b>		
- Reserve Bank of India	1,472.65	29.14
- Scheduled Banks	65.21	4,983.64
<b>Total</b>	<b>1,537.86</b>	<b>5,012.78</b>
<b>Note 4: Bank balance other than above</b>	<b>As at 31st, March 2023</b>	<b>As at 31st, March 2022</b>
Bank deposits (more than 3 months and upto 12 months)^	30,113.00	13.00
Balance with scheduled banks (earmarked balances)*	167.13	147.31
<b>Total</b>	<b>30,280.13</b>	<b>160.31</b>
<b>**Earmarked balances with banks</b>		
Balance with Scheduled Banks earmarked towards Unclaimed Dividends	167.13	147.31
<b>Total</b>	<b>167.13</b>	<b>147.31</b>

^ As at 31st March, 2023, Rs. 13.00 lakhs are in the joint name of the Company with NSEIL. Hence not freely available for use of the Company.

This also comprises of a fixed deposit of Rs. 10100.00 lakhs which is pledged with Punjab National Bank for availing Overdraft facility.

^ As at 31st March, 2022, Rs. 13.00 lakhs are in the joint name of the Company with NSEIL. Hence not freely available for use of the Company.

### Note 5: Derivative financial instruments

#### Part I

The Company enters into derivatives for risk management purposes and trading purposes. The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. For management of risks, see note 40.

<b>Particulars</b>	<b>As at 31st March, 2023</b>			<b>As at 31st March, 2022</b>		
	<b>Notional amounts</b>	<b>Fair value assets</b>	<b>Fair value liabilities</b>	<b>Notional amounts</b>	<b>Fair value assets</b>	<b>Fair value liabilities</b>
Interest Rate Swaps (Asset)	84,24,067.00	96,985.74	-	61,47,000.00	82,632.48	-
Interest Rate Swaps (Liability)	91,11,510.00	-	96,033.47	59,65,500.00	-	78,059.48
Interest Rate Futures/ Index Option (equity linked derivatives)	4,115.87	6.53	-	-	-	-
<b>Total derivative financial instruments</b>	<b>1,75,43,808.75</b>	<b>96,992.27</b>	<b>96,033.47</b>	<b>1,21,12,500.00</b>	<b>82,632.48</b>	<b>78,059.48</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Part II (The information in the below section forms part of Part I above)

#### *Hedging activities and derivatives*

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk.

#### *Derivatives not designated as hedging instruments (Undesignated derivatives)*

The Company uses interest rate swaps to manage its interest rate risk arising from INR denominated borrowings. The interest rate swaps are not designated in a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 6 to 36 months. Details of the derivative instruments held for hedging purpose is given below, the same are not designated as hedging instruments and therefore, hedge accounting is not done.

Particulars	As at 31st March, 2023				As at 31st March, 2022			
	Notional amount	Derivative asset	Notional amount	Derivative liability	Notional amount	Derivative asset	Notional amount	Derivative liability
Interest Rate Swaps (Asset)	3,00,500.00	7,147.04	-	-	3,12,500.00	1,926.24	-	-
Interest Rate Swaps (Liability)	-	-	2,54,500.00	5,188.51	-	-	257500	667.51
Interest Rate Futures/ Index Option (equity linked derivatives)	4,115.87	6.53	-	-	-	-	-	-
<b>Total</b>	<b>3,04,615.87</b>	<b>7,153.57</b>	<b>2,54,500.00</b>	<b>5,188.51</b>	<b>3,12,500.00</b>	<b>1,926.24</b>	<b>2,57,500.00</b>	<b>667.51</b>

#### Note 6: Loans\*

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>At amortised Cost</b>		
<b>Others</b>		
Reverse Repo Lending	1,20,025.59	25,832.49
	<b>1,20,025.59</b>	<b>25,832.49</b>
<b>Term loans</b>		
Staff loans	200.73	166.60
<b>Total (A) Gross</b>	<b>1,20,226.32</b>	<b>25,999.09</b>
Less: Impairment loss allowance	-	-
<b>Total (A) Net</b>	<b>1,20,226.32</b>	<b>25,999.09</b>
Secured by tangible assets and intangible assets	1,20,216.87	25,992.83
Unsecured	9.45	6.26
<b>Total (B) Gross</b>	<b>1,20,226.32</b>	<b>25,999.09</b>
Less: Impairment loss allowance	-	-
<b>Total (B) Net</b>	<b>1,20,226.32</b>	<b>25,999.09</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>Loans in India</b>		
Others (to be specified)		
- Lending under Reverse Repo	1,20,025.59	25,832.49
- Staff loans	200.73	166.60
<b>Total (C) Gross</b>	<b>1,20,226.32</b>	<b>25,999.09</b>
Less: Impairment loss allowance	-	-
<b>Total (C) Net</b>	<b>1,20,226.32</b>	<b>25,999.09</b>

\*The Company has assessed that there is no risk of default. Hence, no Expected Credit Loss (ECL) is computed on the same.

### Note 7: Investments

	As at 31st March, 2023	As at 31st March, 2022
<b>Investments at Amortised Cost #</b>		
Government Securities	3,52,007.49	2,13,332.87
<b>Investments (Stock-in-Trade) At fair value through profit or loss (FVTPL)</b>		
Government Securities	13,40,113.84	11,79,890.31
Bonds, debentures, Certificate of Deposits (CDs) and } Commercial Paper (CPs)	1,59,670.27	1,33,502.98
Equity Instruments	-	-
<b>Total Gross (A)</b>	<b>18,51,791.60</b>	<b>15,26,726.17</b>
Investments in India	18,51,791.60	15,26,726.17
<b>Total Gross (B)</b>	<b>18,51,791.60</b>	<b>15,26,726.17</b>
<b>Total (A) to tally with (B)</b>	<b>18,51,791.60</b>	<b>15,26,726.17</b>
Less: Allowance for Impairment loss (C)	-	-
<b>Total Net D = (A) -(C)</b>	<b>18,51,791.60</b>	<b>15,26,726.17</b>

The Company is providing custodian services to its constituents and total holdings of 81 (P.Y. 76) constituents in government securities as at 31st March, 2023 in SGL II with RBI is Rs.86,93,110.70 lakhs (P.Y. Rs. 90,60,111.65 lakhs) (#) The Portfolio (Government Security) measured at amortised cost is as per the Company business model to hold Investment in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest ('SPPI') on the principal amount outstanding.

Accordingly, during the year, the Company has classified Government Securities of Rs. 3,49,018.06 lakhs. (P.Y. 2,10,001.96 lakhs) at amortized cost out of the total investment. The interest accrued on the same is Rs. 2,989.43 lakhs (P.Y. 3,330.91 lakhs) during the year ended March 31, 2023. If the Company would have classified these investments under the fair value through profit and loss (FVTPL) category, the MTM impact on the Statement of Profit and Loss would be Rs (-)6,975.31 lakhs (P.Y.(-)1,262.91 lakhs).

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 8: Other financial assets

	As at 31st March, 2023	As at 31st March, 2022
<b>Interest accrued but not due on :</b>		
- Government dated and approved securities	20,984.01	15,097.62
- Bonds and debentures	5,905.78	4,656.22
- Reverse repo lending	21.94	4.51
- Deposit with Clearing Corporation of India Limited (CCIL)	83.95	43.78
- Fixed deposits with scheduled banks	332.39	0.17
<b>Security deposit</b>		
- with CCIL	17,260.00	12,260.00
- For Future & Options margin money with Stock Holding Corporation of India Ltd.(SHCIL)	163.21	331.69
- Interest Rate Futures Margin Money with SHCIL	284.00	856.66
- Peak Margin Money for Equity Segment with SHCIL	68.75	68.75
- For working as an arranger	12.70	9.20
- For water meters and electricity meters	2.89	2.89
- Rental advance at Ahmedabad branch	1.09	0.39
- For petrol	0.14	0.14
- For telephone connections	0.02	-
<b>Advance given to vendors</b>	4.00	12.82
<b>Trade receivables</b>		
- Rent receivables	0.20	0.43
- Arranger Fee receivable	18.80	22.77
- Misc. amount receivable	0.07	0.77
<b>Total</b>	<b>45,143.95</b>	<b>33,368.79</b>

### Trade Receivables Aging Schedule

2022-23 Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables- considered good	19.07	-	-	-	-	19.07
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables -credit impaired	-	-	-	-	-	-
(iv) Disputed trade Receivables- considered good	-	-	-	-	-	-

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables -credit impaired	-	-	-	-	-	-
<b>2021-22</b>	<b>Outstanding for following periods from due date of payment</b>					
<b>Particulars</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Total</b>
(i) Undisputed Trade Receivables- considered good	23.97	-	-	-	-	23.97
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables -credit impaired	-	-	-	-	-	-
(iv) Disputed trade Receivables- considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables -credit impaired	-	-	-	-	-	-

### Note 9: Current Tax Assets

Particulars	As at 31st March, 2023	As at 31st March, 2022
<b>Income Tax Refundable</b>		
FY 2005-06	13.71	13.71
FY 2006-07 (FBT)	1.33	1.33
FY 2008-09	-	43.24
FY 2019-20	0.01	0.01
FY 2021-22	468.55	531.43
FY 2021-22 (TCS)	-	0.25
FY 2022-23	140.03	-
<b>GST Tds Receivable</b>		
FY 2021-22 (GST TDS)	1.84	1.34
<b>Total</b>	<b>625.47</b>	<b>591.30</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 10: Tax Expenses

#### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31<sup>st</sup> March, 2023

Particulars	As at 31st March, 2023	As at 31st March, 2022
Accounting profit before tax	(8,506.62)	21,015.10
At India's statutory income tax rate	-	5,289.08
Interest under section 234B and 234C	-	-
Adjustments in respect of current income tax of prior years	63.10	57.91
<b>Income not subject to tax</b>		
Interest Earned on PSU Bond- Taxfree	-	-
Profit on sale of fixed assets	-	1.26
<b>Deferred tax adjustments</b>		
Fair value of Financial Instruments	-	(1,294.15)
Provision reversal of 9.60% SREI and its interest accrued	-	243.24
Others	(847.48)	-
Performance Linked Incentive	-	-
Others	-	(0.78)
CSR Expenses	-	147.40
<b>Income tax expense reported in the Statement of Profit &amp; Loss</b>	<b>(784.38)</b>	<b>4,443.96</b>

Deferred Tax (liabilities) / assets	As at 31st March, 2023	As at 31st March, 2022
<b>Deferred tax liability</b>		
Fair value of Financial Instruments	-	-
<b>Gross deferred tax liability</b>	<b>-</b>	<b>-</b>
<b>Deferred tax asset</b>		
Provision for Leave liability	27.49	24.85
Provision for Gratuity	-	-
Provision for Post Retirement Benefit plan	21.93	15.39
Provision for Lease as per Ind AS 116	1.69	0.96
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	30.71	27.96
Amortised Cost Category	692.22	61.68
Taxable loss	207.32	-

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Staff loan	1.88	1.97
<b>Gross deferred tax asset</b>	<b>983.25</b>	<b>132.81</b>
<b>Net Deferred Tax (Liability)/ Asset</b>	<b>983.25</b>	<b>132.81</b>

The following table shows the changes recorded during the year in the deferred tax expense

<b>2022-23</b>	<b>Income Statement</b>	<b>Other Comprehensive Income</b>
Fair value of Financial Instruments	-	-
Remeasurements of defined benefit plan	(6.22)	(2.95)
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(2.75)	-
Discounting of Staff Loans	0.08	-
Deferred tax on Performance Linked Incentive	-	-
Amortised Cost Category	(630.53)	-
Provision of Investment and I.A. on 9.60% SREI Equipment Finance Limited	-	-
Lease liability	(0.73)	-
Taxable loss	(207.32)	-
<b>Net Deferred Tax</b>	<b>(847.48)</b>	<b>(2.95)</b>
<b>2021-22</b>	<b>Income Statement</b>	<b>Other Comprehensive Income</b>
Fair value of Financial Instruments	(525.52)	-
Remeasurements of defined benefit plan	(9.41)	(25.86)
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	0.59	-
Discounting of Staff Loans	0.42	-
Deferred tax on Performance Linked Incentive	-	-
Amortised Cost Category	(61.68)	-
Provision of Investment and I.A. on 9.60% SREI Equipment Finance Limited	243.24	-
Lease liability	(0.31)	-
<b>Net Deferred Tax</b>	<b>(352.67)</b>	<b>(25.86)</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 11A: Investment Property

#### FY 2022-23

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2022	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2023	As at 1 April 2022	For the period	Adjustments/ Deductions during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
1	Buildings* (Built Up Flats)	46.90	-	(28.00)	18.90	29.42	0.25	(17.52)	12.15	6.75	17.49
	<b>Total</b>	<b>46.90</b>	<b>-</b>	<b>(28.00)</b>	<b>18.90</b>	<b>29.42</b>	<b>0.25</b>	<b>(17.52)</b>	<b>12.15</b>	<b>6.75</b>	<b>17.49</b>

\* Market Value of 1 Chennai flat is Rs 56.20 lakhs as per valuation dtd 29.03.2023

\* In the current FY, both the Bengaluru flats were vacated.

\* The Company had purchased these flats for its staff. However, in view of no requirement by the staff members, these were given to PNB employees only for a period of 11 months with two/more extensions.

The valuation of the above mentioned flats is done by the registered valuers and the valuation model used by the valuers for Chennai flat is Composite Rate Method.

#### FY 2021-22

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1st April, 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31st March, 2022	As at 1st April, 2021	For the period	Adjustments/ Deductions during the year	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
1	Buildings* (Built Up Flats)	46.90	-	-	46.90	28.53	0.89	-	29.42	17.49	18.37
	<b>Total</b>	<b>46.90</b>	<b>-</b>	<b>-</b>	<b>46.90</b>	<b>28.53</b>	<b>0.89</b>	<b>-</b>	<b>29.42</b>	<b>17.49</b>	<b>18.37</b>

\*\* Market Value of 1 Chennai flat is Rs 58.75 lakhs.

\*\* Market Value of 2 Bengaluru flats is Rs. 177.74 lakhs i.e. 88.87 lakhs each

\*\* The Company had purchased these flats for its staff. However, in view of no requirement by the staff members, these were given to PNB employees only for a period of 11 months with two/more extensions.

The valuation of the above mentioned flats is done by the registered valuers and the valuation model used by the valuers for Chennai flat and for Bangalore flat is Composite Rate Method.

### Note 11B: Property, plant and equipment

#### FY 2022-23

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2022	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2023	As at 1 April 2022	For the period	Adjustments/ Deductions during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
1	Buildings (Built Up Flats)	542.54	-	28.00*	570.54	364.19	8.21	17.52	389.91	180.63	178.35
2	Office equipments	79.84	46.79	14.29	112.34	72.36	29.70	14.29	87.77	24.57	7.48
3	Computers	213.00	38.68	-	251.68	210.81	23.81	-	234.62	17.06	2.19
4	Furnitures and fixtures	107.63	12.30	14.86	105.07	105.24	6.04	14.85	96.44	8.63	2.39
5	Vehicles	62.04	-	-	62.04	25.94	11.25	-	37.19	24.85	36.10
	<b>Total</b>	<b>1,005.06</b>	<b>97.77</b>	<b>57.15</b>	<b>1,101.68</b>	<b>778.54</b>	<b>79.01</b>	<b>46.65</b>	<b>845.93</b>	<b>255.75</b>	<b>226.51</b>

\* In the current FY, both the Bengaluru flats were vacated and added back to property, plant and equipment from investment property.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### FY 2021-22

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1st April, 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31st March, 2022	As at 1st April, 2021	For the period	Adjustments/ Deductions during the year	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021
1	Buildings (Built Up Flats)	542.54	-	-	542.54	355.08	9.10	-	364.19	178.35	187.45
2	Office equipments	71.37	11.67	3.20	79.84	64.82	10.74	3.20	72.36	7.48	6.55
3	Computers	262.76	6.87	56.62	213.00	245.52	21.92	56.62	210.81	2.19	17.24
4	Furnitures and fixtures	135.48	2.25	30.10	107.63	134.17	1.17	30.10	105.24	2.39	1.31
5	Vehicles	46.66	29.12	13.73	62.04	25.48	12.08	11.62	25.94	36.10	21.18
	<b>Total</b>	<b>1,058.80</b>	<b>49.91</b>	<b>103.66</b>	<b>1,005.00</b>	<b>825.07</b>	<b>55.01</b>	<b>101.54</b>	<b>778.54</b>	<b>226.51</b>	<b>233.73</b>

### Note 11C: Capital Work in Progress

#### (a) CWIP Ageing Schedule

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress (TCS Bancs)	153.81	-	-	-	153.81
Projects temporarily suspended	-	-	-	-	-

#### (b) CWIP Completion Schedule

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress (TCS Bancs)	153.81	-	-	-	153.81

\*The above mentioned project has not exceeded as compared to its original cost.

### Note 11D: Right to Use Asset

#### FY 2022-23

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2022	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2023	As at 1 April 2022	For the period	Adjustments/ Deductions during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
1	Right of Use Asset	192.48	382.72	(6.75)	568.45	96.82	34.29	1.93	133.04	435.42	95.67
	<b>Total</b>	<b>192.48</b>	<b>382.72</b>	<b>(6.75)</b>	<b>568.45</b>	<b>96.82</b>	<b>34.29</b>	<b>1.93</b>	<b>133.04</b>	<b>435.42</b>	<b>95.67</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### FY 2021-22

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2022	As at 1 April 2021	For the period	Adjustments/ Deductions during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
1	Right of Use Asset	97.56	94.93	-	192.48	73.14	23.68	-	96.82	95.67	24.42
	<b>Total</b>	<b>97.56</b>	<b>94.93</b>	<b>-</b>	<b>192.48</b>	<b>73.14</b>	<b>23.68</b>	<b>-</b>	<b>96.82</b>	<b>95.67</b>	<b>24.42</b>

As per Ind AS 116- Leases applicable from April 01, 2019, the amount of depreciation charged on Right of Use Asset for the financial year ending March 31, 2023 amounts to Rs.34.29 lakhs (P.Y. Rs. 23.68 lakhs), amount charged as interest expense on leased liability under the Finance cost amounts to Rs.12.92 lakhs (P.Y. Rs. 5.20 lakhs) and the actual lease rent reversed from the administrative expenses for the period 22-23 amounts to Rs. 43.56 lakhs (P.Y. Rs. 27.49 lakhs). The net charge to the statement of Profit and Loss comes to Rs. 3.65 lakhs (P.Y. Rs. 2.40 lakhs). The policy relating to Leases is explained in Note 2 (II).

### Note 11E: Intangible Assets

#### FY 2022-23

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2022	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2023	As at 1 April 2022	For the period	Adjustments/ Deductions during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
1	Software	299.98	18.88	-	318.86	285.24	22.39	-	307.63	11.23	14.74
	<b>Total</b>	<b>299.98</b>	<b>18.88</b>	<b>-</b>	<b>318.86</b>	<b>285.25</b>	<b>22.39</b>	<b>-</b>	<b>307.63</b>	<b>11.23</b>	<b>14.74</b>

\* Useful life of Intangibles is 6 years.

#### FY 2021-22

S. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost as at 1 April 2021	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2022	As at 1 April 2021	For the period	Adjustments/ Deductions during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
1	Software	316.21	20.53	36.77	299.98	285.83	35.49	36.09	285.24	14.74	30.38
	<b>Total</b>	<b>316.21</b>	<b>20.53</b>	<b>36.77</b>	<b>299.98</b>	<b>285.83</b>	<b>35.49</b>	<b>36.09</b>	<b>285.24</b>	<b>14.74</b>	<b>30.38</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 11F: Intangible Assets under development

#### (a) Intangible Asset under Development

Intangible asset under Development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress (TCS Bancs)	1,176.51	-	-	-	1,176.51
Projects temporarily suspended	-	-	-	-	-

#### (b) Intangible Asset under Development Completion Schedule

Intangible asset under Development	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress (TCS Bancs)	1,176.51	-	-	-	1,176.51

\*The above mentioned project has not exceeded as compared to its original cost.

### Note 11D: Right to use asset (Contd.)

The Company has applied Ind AS 116 using the modified retrospective approach, details of which are as under:

i. Following are the changes in the carrying value of right of use assets for the year ended March 31, 2023: Buildings

Particulars	2022-23	2021-22
Opening balance	95.67	24.42
Additions	382.72	94.93
Depreciation	34.29	23.68
Deletion	8.68	-
Balance	435.42	95.67

ii. The following is the movement in lease liabilities year ended March 31, 2023:

Particulars	2022-23	2021-22
Opening balance	99.47	27.02
Additions	382.00	94.74
Interest on lease liabilities	12.92	5.20
Payment of lease liabilities	43.56	27.49
Deletion	8.69	-
Balance	442.14	99.47

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

iii. The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particular	As at 31st March, 2023	As at 31st March, 2022
Less than one year	165.09	18.48
One to five years	288.07	68.00
More than five years	78.48	58.28
<b>Total undiscounted lease liabilities</b>	<b>531.64</b>	<b>144.76</b>

The lessee's interest rate implicit applied to lease liabilities is Punjab National Bank's 3 year MCLR rate applicable for the month in which lease is entered.

### Note 12: Other non financial assets

	As at 31st March, 2023	As at 31st March, 2022
Prepaid expenses	59.75	39.91
Unamortised Expenses towards staff	22.14	19.92
<b>Total</b>	<b>81.89</b>	<b>59.83</b>

### Note 13: Payables

	As at 31st March, 2023	As at 31st March, 2022
<b>Trade payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	113.92	98.02
<b>(a)</b>	<b>113.92</b>	<b>98.02</b>
<b>Other payables</b>		
Total outstanding dues of Micro Enterprises and Small Enterprises	1.87	3.01
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	609.59	68.50
<b>(b)</b>	<b>611.46</b>	<b>71.51</b>
<b>Total (a) + (b)</b>	<b>725.37</b>	<b>169.53</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Trade Payables aging schedule	Outstanding for following periods from due date of payment				
<b>2022-23</b>					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	113.92	-	-	-	113.92
(iii) Disputed Dues- MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
<b>2021-22</b>					
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	98.02	-	-	-	98.02
(iii) Disputed Dues- MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-

- (a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year.-NIL (P.Y.-NIL)
- (b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during each accounting year.-NIL (P.Y.-NIL)
- (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; -NIL (PY-NIL)
- (d) The amount of interest accrued and remaining unpaid at the end of each accounting year;-NIL (P.Y. NIL) and
- (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.-NIL (P.Y. NIL)

### Note 14: Borrowings (Other than debt securities)

	As at 31st March, 2023	As at 31st March, 2022
<b>At amortised cost</b>		
<b>Secured</b>		
<b>Term loans</b>		
<b>-From Banks</b>		
- RBI (LAF borrowing, Term LAF and Refinance borrowing)*3	1,35,049.00	-
- Loans from Related Party (Punjab National Bank)* 6	48,787.35	97,015.00
<b>-From Other Parties</b>		
- Tri-Party Repo System borrowing from CCIL *4	2,04,009.05	1,82,470.18
- REPO borrowings*5	13,44,111.07	8,99,184.82

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>Unsecured</b>		
<b>Term loans</b>		
<b>-From Banks</b>		
- Call short notice and term borrowings	1,86,880.00	2,65,360.00
<b>-From Other Parties</b>		
- Inter corporate borrowing	5,000.00	9,000.00
<b>Total Gross (A)</b>	<b>19,23,836.47</b>	<b>14,53,029.99</b>
Borrowings in India	19,23,836.47	14,53,029.99
Borrowings outside India	-	-
<b>Total Gross (B)</b>	<b>19,23,836.47</b>	<b>14,53,029.99</b>
<b>Total (B) to tally with (A)</b>	<b>19,23,836.47</b>	<b>14,53,029.99</b>

- All the borrowings are of short term in nature and are repayable within 12 months with a fixed rate of interest. There is no default as on the balance sheet date in repayment of borrowings and interest thereon.
- During the year 2022-23, Net Average and Peak borrowings in Call money amounted to Rs. 3,05,269.99 lakhs and Rs. 3,89,125.00 lakhs respectively (Previous year 2021-22 Net Average and Peak borrowings - Rs 2,06,450.65 lakhs and Rs. 3,84,990.00 lakhs respectively). For the year 2022-23, average and peak leverage ratio stands at 13.16 and 16.29 respectively (Previous year 2021-22 average and peak leverage ratio stands at 10.86 and 13.49 respectively).
- Pledge of security face value for year 2022-23 -Rs. 1,40,800 lakhs and Book value Rs.1,47,348.49 lakhs (Pledge of security face value for previous Year 2021-22-Rs. Nil and Book Value Rs. Nil).
- Pledge of security face value for year 2022-23-Rs.2,34,400 lakhs and Book value Rs.2,34,164.58 lakhs (Pledge of security face value for Previous Year 2021-22-Rs.2,09,000.00 lakhs and Book Value Rs. 2,07,782.23 lakhs).
- Pledge of security face value for year 2022-23-Rs. 13,33,536.00 lakhs and Book value Rs. 1,340,085.81 lakhs (Pledge of security face value for Previous Year 2021-22- 8,72,141.00 lakhs and Book value Rs.8,95,883.26 lakhs).
- Pledge of security face value for year 2022-23-Rs. 21,000.00 lakhs and Book value Rs.21,099.38 lakhs (Pledge of security face value for Previous Year 2021-22-Rs.19,500.00 lakhs and Book value Rs.19,861.60 lakhs).  
Pledge of Fixed Deposit of Rs. 10,100.00 lakhs (P.Y.- Nil)
- The weighted average rate of interest for the borrowings are as follows:

-TREPS from CCIL	6.92%
- Repo	7.59%
- Call & Notice money borrowing	7.58%
- Term borrowing	7.50%
- Loan from related party (PNB)	8.09%
- Inter corporate deposit	7.51%

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 15: Other financial liabilities

	As at 31st March, 2023	As at 31st March, 2022
<b>Interest accrued but not due</b>		
Short term borrowings	406.32	177.86
Unclaimed dividend	167.13	147.31
Amount payable	0.61	0.17
Advance received from constituent	1,509.80	-
<b>Total</b>	<b>2,083.86</b>	<b>325.34</b>

### Note 16: Current Tax Liabilities

	As at 31st March, 2023	As at 31st March, 2022
<b>Income Tax Provisions</b>		
Financial Year 2007-08	0.40	0.40
Financial Year 2009-10	125.16	125.16
Financial Year 2015-16	1.12	1.12
Financial Year 2016-17	0.27	0.27
<b>Total</b>	<b>126.95</b>	<b>126.95</b>

### Note 17: Provisions

	As at 31st March, 2023	As at 31st March, 2022
<b>Provision for employee benefits</b>		
Leave Liability	109.22	98.74
Post Retirement Medical Benefits	87.13	61.16
Provision for Performance Linked Incentive	-	250.00
<b>Provision for Others</b>		
Provision for CSR expenses	125.15	28.98
<b>Total</b>	<b>321.50</b>	<b>438.88</b>

### Note 18: Other Non-Financial Liabilities

	As at 31st March, 2023	As at 31st March, 2022
TDS Payable	128.10	50.95
GST Payable	4.68	6.22
<b>Total</b>	<b>132.77</b>	<b>57.17</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 19. Equity Share Capital

Particulars	31-March-2023		31-March-2022	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised:</b>				
50,00,00,000 Equity shares of Rs. 10/- each	<b>5,00,000,000</b>	<b>50,000.00</b>	<b>5,00,000,000</b>	<b>50,000.00</b>
<b>Issued, subscribed and Paid Up</b>				
18,00,10,134 Equity shares of Rs.10/- each fully paid up	<b>1,80,010,134</b>	<b>18,001.01</b>	<b>1,80,010,134</b>	<b>18,001.01</b>
<b>Promoter:</b>				
Punjab National Bank	<b>1,33,333,333</b>	<b>13,333.33</b>	<b>1,33,333,333</b>	<b>13,333.33</b>
13,33,33,333 Equity shares of Rs.10/- each fully paid up				
Share holding (%)	74.07%	74.07%	74.07%	74.07%
<b>Share holding more than 5% details:</b>				
Punjab National Bank	<b>1,33,333,333</b>	<b>13,333.33</b>	<b>1,33,333,333</b>	<b>13,333.33</b>
13,33,33,333 Equity shares of Rs.10/- each fully paid up				
Share holding (%)	74.07%	74.07%	74.07%	74.07%

### Reconciliation of the number of shares (face value Rs 10 paid up)

	As at 31st March, 2023	As at 31st March, 2022
Opening number of shares	1,80,010,134	1,80,010,134
Add: Additions during the year	-	-
Less: Reduction during the year	-	-
Closing number of shares	<b>1,80,010,134</b>	<b>1,80,010,134</b>

### Shareholding of Promoter (Punjab National Bank)

2022-23

Shares held by Promoter (Punjab National Bank) at the end of the year				% change during the year
S. No.	Promoter Name	No. of shares	% of Total Shares	
1	Punjab National Bank	1,33,333,333	74.07%	Nil

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

2021-22

Shares held by Promoter (Punjab National Bank) at the end of the year				% change during the year
S. No.	Promoter Name	No. of shares	% of Total Shares	
1	Punjab National Bank	1,33,333,333	74.07%	Nil

### Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

The Company has only one class of shares having a par values of Rs. 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 (Previous Year : NIL).

**For the periods 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 pursuant to contracts(s) without payment being received in cash :** NIL (Previous year: NIL).

**b. Aggregate number and class of shares allotted as fully paid -up by way of bonus shares is:** The Company issued bonus shares in August, 1999 and number of equity shares issued as bonus were 2,50,00,000 and in July, 2013 and the number of equity shares issued as bonus were 4,49,92,534. Aggregate of equity shares issued as bonus shares are 6,99,92,534. During current year, equity shares issued as bonus shares NIL (previous Year: NIL).

**c. Aggregate number and class of shares bought back:** NIL (Previous year : Nil)

**Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from farthest such date:** Nil (Previous Year : Nil)

**Calls unpaid (showing aggregate value of calls unpaid by directors and officers):** Nil (Previous Year NIL)

**Forfeited Shares (amount originally paid up) :** NIL (Previous Year Nil)

**Detailed disclosure on capital management is given in No. 35.**

**Note 20: Other equity**

(Amounts in Rs. Lakhs, unless otherwise stated)

### Reserve and surplus

#### (a) Statutory reserve

	As at 31st March, 2023	As at 31st March, 2022
Opening balance	41,278.36	37,964.13
Addition during the year	-	3,314.23
<b>Closing balance</b>	<b>41,278.36</b>	<b>41,278.36</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### (b) Securities premium

	As at 31st March, 2023	As at 31st March, 2022
Opening balance	2,501.27	2,501.27
Addition during the year	-	-
<b>Closing balance</b>	<b>2,501.27</b>	<b>2,501.27</b>

### (c) General reserve

	As at 31st March, 2023	As at 31st March, 2022
Opening balance	9,776.54	9,776.54
Addition during the year	-	-
<b>Closing balance</b>	<b>9,776.54</b>	<b>9,776.54</b>

### (d) Capital reserve

	As at 31st March, 2023	As at 31st March, 2022
Opening balance	6,320.04	6,320.04
Addition during the year	-	-
<b>Closing balance</b>	<b>6,320.04</b>	<b>6,320.04</b>

### (e) Market fluctuation reserve

	As at 31st March, 2023	As at 31st March, 2022
Opening balance	6,300.00	6,300.00
Addition during the year	-	-
<b>Closing balance</b>	<b>6,300.00</b>	<b>6,300.00</b>

### (f) Retained earning

	As at 31st March, 2023	As at 31st March, 2022
Opening balance	58,553.95	50,774.27
Addition during the year	(7,731.00)	16,494.23
Transferred to other reserves	-	(3,314.23)
Other adjustments	-	(0.02)
Dividends	(9,000.51)	(5,400.30)

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Closing balance	41,822.45	58,553.95
<b>Total</b>	<b>107,998.66</b>	<b>124,730.16</b>

- A sum of Rs. Nil (P.Y. 2021-22 Rs.3,314.23 lakhs) (20 % of Profit after tax) has been transferred to Statutory Reserve Fund as per RBI Guidelines. The same is not free for distribution of dividend.
- Market Fluctuation Reserve - For the financial year 2022-23, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on 31st March, 2023 in this reserve is Rs.6,300 lakhs (P.Y. 2022 Rs.6,300 lakhs). The same is not free for distribution of dividend.
- No dividend has been recommended for the current financial year by the Board. Final dividend for FY 2021-22 of Rs 5/- per equity share of Rs. 10 each amounting to Rs.9,000.51 lakhs paid in FY 2022-23 has been accounted for in the current financial year.
- The Company has made a policy choice to recognise the effect of Taxation Laws Amendment Ordinance 2019 ('the Ordinance') for the financial year ended 31st March, 2023. Accordingly, the effective tax rate for the FY ended 2022-23 is 25.168%.

### Nature and purpose of reserves:

- (a) Statutory reserve** - Statutory reserve is created pursuant to section 45-IC of Reserve Bank of India Act. 1934. Company shall transfer therein a sum not less than 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the Company except for the purpose as may be specified by RBI.
- (b) Securities premium** - Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.
- (c) General reserve** - General reserves are the free reserves of the Company which are kept aside out of company's profits to meet future obligations. General reserves is a free reserve which can be utilised for any purpose after fulfilling certain conditions. No amount has been transferred to general reserve during the year ended 31st March, 2023 and 31st March, 2022.
- (d) Capital reserve** - Capital reserve represents the amount of net profit (after tax) through sale of securities from HTM category of investments maintained as per earlier RBI guidelines. The same will be utilized as per the regulatory guidelines and is not free for distribution of dividend.
- (e) Market fluctuation reserve** - 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. The same is not free for distribution of dividend.
- (f) Retained Earnings** - These represent the surplus in the statement of profit and loss and is free for distribution of dividend.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 21: Interest income

	2022-23	2021-22
<b><i>On financial assets measured at amortised cost</i></b>		
(a) <b>Interest on loans</b>		
-Short term lending	3,524.97	818.58
(b) <b>Other interest income</b>		
-Deposit with CCIL	377.16	142.74
-Interest on deposits with banks	369.79	9.66
(c) <b>Interest income from Investments</b>		
-Government securities	16,387.03	3,210.70
	<b>(I) 20,658.94</b>	<b>4,181.68</b>
<b><i>On financial assets classified at fair value through profit and loss</i></b>		
(d) <b>Interest income from Investments</b>		
-Government securities and swaps	77,526.95	74,397.87
-Corporate bonds and debentures	10,926.27	11,972.34
-Certificate of deposits	287.80	-
-Treasury bills/cash management bills	12,735.12	6,504.06
(e) <b>Other interest income</b>		
-Interest on non competitive sales	27.44	16.75
	<b>(II) 1,01,503.58</b>	<b>92,891.01</b>
<b>Total Interest Income (I+II)</b>	<b>1,22,162.52</b>	<b>97,072.68</b>

### Note 22: Rental income

	2022-23	2021-22
Rent received*	3.90	8.40
<b>Total</b>	<b>3.90</b>	<b>8.40</b>

\* As per the policy of the Company, the flats owned by the company are given to its employees only. However, in remote situations, flats are given to the employees of Punjab National Bank.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 23: Net gain/ (loss) on securities (Realised & Unrealised)

	2022-23	2021-22
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
On trading portfolio		
- Investment	(25,841.48)	(29,509.52)
- Derivatives	(4,481.04)	6,100.97
<b>Total net gain/(loss) (Realised &amp; Unrealised)</b>	<b>(30,322.52)</b>	<b>(23,408.55)</b>
<b>A. Trading Profit/(loss) (Realised)</b>		
<b>(a) Government securities</b>		
Sales	2,92,45,285.93	2,46,22,381.43
Add: Closing stock	11,34,556.20	10,01,249.82
Less: Purchases	2,93,99,966.47	2,48,86,633.91
Less: Opening stock	10,01,249.82	7,50,179.03
<b>Total</b>	<b>(21,374.17)</b>	<b>(13,181.69)</b>
<b>(b) T-Bills and CMBs</b>		
Sales	32,35,816.79	30,69,786.33
Add: Closing stock	2,18,950.26	1,89,963.64
Less: Purchases	32,65,776.83	30,81,386.71
Less: Opening stock	1,89,963.64	1,78,339.26
<b>Total</b>	<b>(973.41)</b>	<b>24.00</b>
<b>(c) Certificates of Deposits (CDs)</b>		
Sales	49,578.38	-
Add: Closing stock	-	-
Less: Purchases	49,607.25	-
Less: Opening stock	-	-
<b>Total</b>	<b>(28.87)</b>	<b>-</b>
<b>(d) Bonds &amp; Debentures</b>		
Sales	22,43,059.22	19,80,390.63
Add: Closing stock	1,61,094.43	1,34,948.12
Less: Purchases	22,71,964.66	19,57,174.33
Less: Opening stock	1,34,948.12	1,59,630.05
<b>Total</b>	<b>(2,759.12)</b>	<b>(1,465.62)</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>(e) Equity Shares</b>		
Sales	8,714.69	2,204.06
Add: Closing stock	-	-
Less: Purchases	7,372.10	1,783.51
Less: Opening stock	-	48.78
<b>Total</b>	<b>1,342.58</b>	<b>371.77</b>
<b>(f) Derivatives</b>		
Interest Rate Futures	153.29	530.71
Futures & Options	(19.50)	26.54
<b>Total</b>	<b>133.79</b>	<b>557.25</b>
<b>Total Trading profit/(loss) (Realised) (a+b+c+d+e+f) (A)</b>	<b>(23,659.20)</b>	<b>(13,694.29)</b>
<b>B. Fair value changes: Unrealised</b>		
<b>(a) Government Securities</b>		
Add: Closing Stock	(13,235.10)	(11,138.36)
Less: Opening Stock	(11,138.36)	4,324.52
<b>Total</b>	<b>(2,096.74)</b>	<b>(15,462.88)</b>
<b>(b) T-Bills and CMBs</b>		
Add: Closing Stock	(157.52)	(184.79)
Less: Opening Stock	(184.79)	(45.58)
<b>Total</b>	<b>27.27</b>	<b>(139.21)</b>
<b>(c) Bonds &amp; Debentures</b>		
Add: Closing Stock	(1,424.16)	(1,445.14)
Less: Opening Stock	(1,445.14)	(1,805.71)
<b>Total</b>	<b>20.98</b>	<b>360.57</b>
<b>(d) Equity Shares</b>		
Add: Closing Stock	-	-
Less: Opening Stock	-	16.46
<b>Total</b>	<b>-</b>	<b>(16.46)</b>
<b>(e) Derivatives</b>		
	(4,614.83)	5,543.72
<b>Total fair value changes (Unrealised) (a+b+c+d+e) (B)</b>	<b>(6,663.32)</b>	<b>(9,714.26)</b>
<b>Total Net gain/ (loss) on securities (Realised &amp; Unrealised) (A+B)</b>	<b>(30,322.52)</b>	<b>(23,408.55)</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 24: Fees and commission income

	2022-23	2021-22
Underwriting fees	303.41	1,549.07
Commission and other fees	506.04	341.97
<b>Total</b>	<b>809.44</b>	<b>1,891.04</b>

### Note 25: Other income

	2022-23	2021-22
Profit on sale of property, plant and equipment	2.14	5.01
House rent recovery	2.00	1.64
Interest on income tax refund	-	67.64
Interest on consumer loan	0.33	0.19
Interest on housing loan	6.22	6.96
Interest on vehicle loan	1.69	0.98
Staff Loan income on concessional loans as per EIR	5.16	7.97
Other miscellaneous income	0.06	0.60
<b>Total</b>	<b>17.60</b>	<b>90.98</b>

### Note 26: Finance Cost

	2022-23	2021-22
<b><i>On financial liabilities measured at amortised cost</i></b>		
<b>Interest on borrowings</b>		
Call and short notice borrowing	16,716.56	7,130.12
TREPS borrowing	12,674.26	2,085.72
Repo borrowing	64,746.68	40,148.13
RBI borrowing	993.01	53.59
Overdraft borrowing	215.93	193.79
Interest expense on lease liability	12.92	5.20
Interest expense on commercial paper borrowing	-	66.76
ICD borrowing	1,928.38	1,359.41
<b>Total</b>	<b>97,287.74</b>	<b>51,042.72</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 27: Fee and commission expense

	2022-23	2021-22
Brokerage on securities and financial instruments	14.39	12.37
Financial information services	117.55	101.63
Operating expenses for futures and options	1.23	5.20
Operatig expenses for equity	19.15	6.46
Operating expenses for interest rate future	34.70	22.52
Operating expenses for commercial paper	-	2.75
Stamp Duty charges on NSLR stock and OIS	7.28	3.95
Transaction charges etc	1,227.67	1,036.58
Bank charges and processing fee	265.16	213.31
<b>Total</b>	<b>1,687.13</b>	<b>1,404.77</b>

### Note 28: Employees benefit expenses

	2022-23	2021-22
Salaries and allowances*	814.87	1,193.56
Stipend expenses	23.23	20.92
Contribution to provident fund and gratuity fund	89.10	94.71
Staff welfare and other establishment expenses	211.18	190.20
Staff recruitment and training	18.72	9.98
<b>Total</b>	<b>1,157.11</b>	<b>1,509.38</b>

\*The Provision for Performance linked incentive is Rs. Nil. (P.Y. Rs.250.00 lakhs)

### Note 29: Other expenses

	2022-23	2021-22
Rent on business premises *	182.63	172.01
Less: Rent reversal as per Ind AS 116	(43.56)	(27.48)
Postage, telegram, couriers and telephone	17.30	17.86
Travelling and conveyance and motor car expense	41.89	27.67
Printing and stationery	6.48	4.36
Repairs to building	-	51.60
Repairs and maintenance - Others	290.64	143.52
Internal audit fees and expense	22.42	36.82
Legal and professional expense	124.18	105.63
Listing fees	7.77	7.43
Books and periodicals	0.46	0.69
Workshops and business meets	28.41	23.06
Water and electricity expenses	29.93	24.10
Insurance charges	3.07	2.85
Director's sitting fees	48.20	34.22
Auditors remuneration (refer note a)	42.48	42.48

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Adhoc staff expenses	86.18	70.88
Share transfer fees	10.51	7.68
Corporate membership	3.54	3.75
Advertisement and publicity	2.80	9.55
Board / statutory meeting expenses	3.82	6.70
Miscellaneous expenses	10.36	7.50
Bank Charges (other than demat charges)	2.71	0.32
CSR expenses (refer Note 47)**	773.26	585.66
<b>Total</b>	<b>1,695.49</b>	<b>1,358.87</b>

\*The Company has lease agreements for Delhi Head Office, Chennai, Ahmedabad, Kolkata and Bengaluru branches. For Mumbai branch, the rent agreement has expired in August, 2021. However, the Company is paying rent as per the old agreement.

\*\*Figure for the year ended March 31, 2023 includes Rs. 125.15 lakhs which the Company intends to spend in the future for ongoing projects.

### Payment to Auditors

	2022-23	2021-22
<b>As Auditor:</b>		
- Audit fee	28.03	28.03
- Tax audit fee	3.15	3.15
<b>In other capacity:</b>		
- Certification fees	4.82	4.82
<b>Total Auditor fee</b>	<b>36.00</b>	<b>36.00</b>
Add: GST@18%	6.48	6.48
<b>Total cost to the Company</b>	<b>42.48</b>	<b>42.48</b>

### Note 30: Exceptional Items

	2022-23	2021-22
Exceptional Items comprise the following:		
i) Write off of 9.60% SREI Equipment Finance Limited and interest accrued on it(#1)	-	1,700.70
ii) Amount received on account of RHFL (#2)	(692.64)	-
iii) Amount received on account of DHFL (#3)	-	(1,099.79)
iv) Debenture of Piramal Capital received on account of DHFL (#3)	-	(1,321.29)
v) Amount received on account of madhavpura Mercantile Coop Bank Ltd.(#4)	(100.00)	(100.00)
vi) Prior Period expenses(#5)	7.61	29.10
	-	-
<b>Total</b>	<b>(785.03)</b>	<b>(791.28)</b>

#### #1

The Company holds 9.60% SREI Equipment Finance Limited DB 25-05-2028 security. Due to downgrading in the rating of the debenture, the same has been fully written off from the books along with its interest accrued in FY 2021-22.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### #2

The Company has written off an amount of Rs. 5,423.14 lakhs on account of investment and Interest accrued on RHFL in the FY 2019-20. However, in the current year, the Company has received an amount of Rs. 692.64 lakhs in the bank account on account of RHFL.

### #3

The Company has written off an amount of Rs. 4,971.86 lakhs on account of investment and Rs. 451.26 lakhs on account of Interest accrued on DHFL in the FY 2019-20. However, in FY 2021-22, the Company has received an amount of Rs. 1,099.78 lakhs in the bank account and Rs. 1,321.29 lakhs by way of debenture of 6.75% Piramal Capital & Housing Finance Limited on account of DHFL.

### #4

An amount of Rs. 100.00 lakhs was received in FY 2022-23 (P.Y. Rs. 100.00 lakhs) from Madhavpura Mercantile Cooperative Bank Limited (MMCB) under liquidation proceedings to whom Rs. 1,000.00 lakhs was lent in call money in the year 2001. An amount of Rs. 761.88 lakhs was to be received from MNCBL and the same was written off from the books in the year 2016. Till current FY, total amount received from MNCBL is Rs. 212.00 lakhs.

### #5

Certain expenses pertaining to the previous years which could not be provided for during the last year, have been booked in the current year and shown under exceptional items. As the amount is not material, retrospective effect is not taken.

### Note 31: Earnings Per Share (EPS)

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to equity holders of Company after adjusting for the effect of dilution, by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into equity shares.

	2022-23	2021-22
Net profit from continued operation attributable to equity holders of the parent	(7,722.23)	16,571.13
Net profit from continuing operation attributable to equity holders of the parent adjusted for the effect of dilution	(7,722.23)	16,571.13
Weighted average number of equity shares for basic earnings per share	18,00,10,134.00	18,00,10,134.00
Weighted average number of equity shares adjusted for the effect of dilution	18,00,10,134.00	18,00,10,134.00
<b>Earnings per share</b>		
Basic earnings per share	(4.29)	9.21
Diluted earnings per share	(4.29)	9.21

### Note 32: Retirement benefit plan

#### (I) Defined Contribution Plan

The Company makes contributions towards provident fund, in respect of qualifying employees

Particulars	31st March, 2023	31st March, 2022
Employer's contribution to Provident Fund	65.86	56.32

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### (II) Defined benefit plan

#### (A) Leave Liability

The benefit on account of leave liability are provided based on actuarial valuation for the company as a whole.

Key assumptions	31st March, 2023	31st March, 2022
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2012-14 ultimate
Attrition Rate	4.00%p.a.	5.00%p.a.
Imputed Rate of Interest (Discounting)	7.36% p.a.	7.23% p.a.
Imputed Rate of Interest (Interest Cost)	7.23% p.a.	6.76% p.a.
Salary Rise	10.00% p.a.	10.00% p.a.
Return on Plan Assets	N.A.	N.A.
Remaining working life	19.33 years	19.55 years

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet for the respective plans:

#### Changes in the defined benefit obligation as at 31st March, 2023

Particulars	01-Apr-22	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Remeasurement (gains) / losses in other comprehensive income	31-Mar-23
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	98.74	148.33	2.91	151.24	(117.05)	(23.71)	109.22

#### Changes in the defined benefit obligation as at 31st March, 2022

Particulars	01-Apr-21	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Remeasurement (gains) / losses in other comprehensive income	31-Mar-22
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	17.55	120.75	-	120.75	(78.79)	39.24	98.74

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### (B) Gratuity

The disclosure on account of gratuity are provided based on actuarial valuation for the company as a whole.

Key assumptions	31st March, 2023	31st March, 2022
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2012-14 ultimate
Attrition Rate	4% p.a.	5% p.a.
Imputed Rate of Interest (Discounting)	7.36% p.a.	7.23% p.a.
Imputed Rate of Interest (Interest Cost)	7.23% p.a.	6.76% p.a.
Salary Rise	10.00% p.a.	10.00% p.a.
Return on Plan Assets	7.23% p.a.	6.76% p.a.
Remaining working life	19.33 years	19.91 years

### Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2023

Particulars	01-Apr-22	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement (gains) / losses in other comprehensive income	Contributions by employer	31-Mar-23
	(i)			(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (i) to (vi)
Defined benefit obligation	216.48	31.41	15.61	47.02	(1.28)	-	19.63	-	281.85
Fair value of plan assets	267.85	-	-	-	(1.67)	21.04	(4.95)	47.84	330.11

### Changes in the defined benefit obligation and fair value of plan assets as at 31st March, 2022

Particulars	01-Apr-21	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement (gains)/ losses in other comprehensive income	Contributions by employer	31-Mar-22
	(i)			(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (i) to (vi)
Defined benefit obligation	186.38	22.97	12.52	35.49	(2.21)	-	(3.18)	-	216.48
Fair value of plan assets	216.60	-	-	-	(2.21)	16.07	(7.09)	44.48	267.85

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### (C) Post Retirement medical Insurance for in service employees and super annuated employees

The disclosure on account of Post retirement medical insurance for in service employees and super annuated employees is given below:

Key assumptions	31st March, 2023	31st March, 2022
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2012-14 ultimate
Attrition Rate	4% p.a.	5% p.a.
Imputed Rate of Interest (Discounting)	7.41% p.a.	7.25% p.a.
Imputed Rate of Interest (IC)	7.25% p.a.	7.25% p.a.
Premium Inflation	4.00%p.a.	4.00%p.a.
Return on Plan Assets	N.A.	N.A.

Changes in the present value of obligation as at 31st March, 2023

Particulars	01-Apr-22	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Remeasurement (gains)/ losses in other comprehensive income	31-Mar-23
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	61.16	12.83	4.36	17.19	(2.06)	10.84	87.13

Changes in the present value of obligation as at 31st March, 2022

Particulars	01-Apr-21	Service cost (a)	Net interest expense (b)	Sub-total included in profit or loss (a+b)	Benefits paid	Remeasurement (gains)/ losses in other comprehensive income	31-Mar-22
	(i)			(ii)	(iii)	(iv)	(v) = (i+ii+iii+iv)
Defined benefit obligation	-	1.54	-	1.54	-	59.62	61.16

### (D) Expected payment for future years

#### (i) Gratuity

Based on past service	31st March, 2023	31st March, 2022
Within the next 12 months (next annual reporting period)	17.96	9.65
Between 2 and 5 years	57.06	47.00
Between 5 and 10 years	194.63	150.55
Beyond 10 years	399.30	286.04
<b>Total expected payments</b>	<b>668.95</b>	<b>493.24</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Based on terminal service	31st March, 2023	31st March, 2022
Within the next 12 months (next annual reporting period)	18.39	10.09
Between 2 and 5 years	82.16	62.36
Between 5 and 10 years	300.79	235.45
Beyond 10 years	1,870.86	1,182.80
<b>Total expected payments</b>	<b>2,272.20</b>	<b>1,490.70</b>

### (ii) Leave Liability

Based on terminal service	31st March, 2023	31st March, 2022
Within the next 12 months (next annual reporting period)	32.87	29.27
Between 2 and 5 years	34.30	34.00
Between 5 and 10 years	25.15	23.01
Beyond 10 years	46.60	31.14
<b>Total expected payments</b>	<b>138.92</b>	<b>117.42</b>

### (iii) Post Retirement Medical Insurance

Expected payouts	31st March, 2023	31st March, 2022
Within the next 12 months (next annual reporting period)	2.14	1.74
Between 2 and 5 years	8.99	7.33
Between 5 and 10 years	17.44	12.39
Beyond 10 years	542.02	328.49
<b>Total expected payments</b>	<b>570.59</b>	<b>349.95</b>

### (D) Sensitivity analysis

#### (i) Gratuity

Assumptions	31-Mar-23		31-Mar-22		31-Mar-23		31-Mar-22		31-Mar-23		31-Mar-22	
	Discount rate				Future salary increases				Attrition Rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(12.80)	13.81	(9.73)	10.46	13.40	(12.56)	10.14	(9.53)	(2.65)	2.85	(2.00)	2.15

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### (ii) Leave Liability

Assumptions	31-Mar-23		31-Mar-22		31-Mar-23		31-Mar-22		31-Mar-23		31-Mar-22	
	Discount rate				Future salary increases				Attrition Rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.57)	0.62	(0.23)	0.25	0.60	(0.56)	0.24	(0.23)	(2.62)	2.80	(2.37)	2.52

### (iii) Post retirement Medical Insurance

Assumptions	31-Mar-23		31-Mar-22		31-Mar-23		31-Mar-22		31-Mar-23		31-Mar-22	
	Discount rate				Premium Inflation				Attrition Rate			
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(7.66)	8.76	(5.10)	5.80	1.30	(1.22)	1.14	(1.07)	(3.25)	3.59	(1.93)	2.12

## Note 33

### 1. FVTPL financial assets

Ind AS requires FVTPL investments to be measured at fair value and account for both depreciation and appreciation in fair value.

### 2. Derivative adjustment

Under Ind AS all the Derivatives contracts (Hedging as well as Trading purpose) are measured at Fair value and both depreciation as well as appreciation will be accounted for.

Also, Credit Value Adjustment has been recorded under Ind AS for outstanding derivative liabilities under Ind AS.

### 3 Fair value of Staff loans

Under Ind AS loans are fair valued and the difference between Fair value and nominal value is recognized as employee cost. This benefit is passed over the tenure of the loan & not on origination, so employee cost would be deferred over the tenure of the loan/ remaining service period whichever is shorter. Also interest income is redetermined by the market rate and the differential amount is charged under Interest income.

### 4. Defined benefit liabilities

Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

### 5. Amortised Cost Financial Assets

Under this category, Ind AS requires it to be measured as per Effective Interest Rate Method and no mark to market needs to be done.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### 6. Company's consultants:

Tax Consultant- Vinod Krishna & Associates

Actuary-Dr. Y.P. Sabharwal

GST Consultant- A.K. Batra and Associates

TDS Consultant- A.R. & Co.

### Note 34A: Related party disclosures

#### 1.1 Details of Related Party

##### Particulars

##### Relationship

##### Major List of Related Party

Punjab National Bank	Parent
Punjab National Bank (International) Ltd.	Subsidiary of Parent
PNB Investment Services Ltd.	Subsidiary of Parent
PNB Cards & Services Limited	Subsidiary of Parent
Druk PNB Bank Ltd.	Subsidiary of Parent
PNB Insurance Broking Pvt. Limited	Subsidiary of Parent
Dakshin Bihar Gramin Bank	Associates of Parent
Sarva Haryana Gramin Bank	Associates of Parent
Himachal Pradesh Gramin Bank	Associates of Parent
Punjab Gramin Bank	Associates of Parent
Prathama UP Gramin Bank	Associates of Parent
PNB Housing Finance Ltd.	Associates of Parent
PNB Metlife India Insurance Co. Ltd.	Associates of Parent
JSC Tengri Bank, Kazakhstan	Associates of Parent
Everest Bank Ltd.	Associates of Parent
Canara HSBC OBC Life Insurance Co. Ltd.	Associates of Parent
India SME Asset Reconstruction Company Limited	Associates of Parent
Assam Gramin Vikash Bank	Associates of Parent
Bangiya Gramin Vikash Bank	Associates of Parent
Tripura Gramin Bank	Associates of Parent
Manipur Rural Bank	Associates of Parent
Pehel Foundation	Subsidiary of PNB Housing Finance Ltd.
PHFL Home Loans & Services Ltd.	Subsidiary of PNB Housing Finance Ltd.
PNB Employees Pension Fund	Post Employment benefit plan of Parent
PNB Employees PF Trust	Post Employment benefit plan of Parent
PNB Employees Gratuity Fund	Post Employment benefit plan of Parent
PNB Gilts Limited Employees Group Gratuity Scheme	Post Employment benefit plan of the Reporting Entity
Assam Gramin Vikash Bank Employees Pension Fund	Post Employment benefit plan of Related Party

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Bangiya Gramin Vikash Bank (Employees) Provident Fund Trust	Post Employment benefit plan of Related Party
Dakshin Bihar Gramin Bank Provident Fund Trust	Post Employment benefit plan of Related Party
Prathama UP Gramin Bank (Employees) Provident Fund	Post Employment benefit plan of Related Party
Sarva Haryana Gramin Bank Employess Provident Fund	Post Employment benefit plan of Related Party
Mr. Kalyan Kumar Saha (Non-Executive & Non-Independent Director)	Key Managerial Personnel
Mr. Ashutosh Choudhury (Non-Executive & Non-Independent Director)	Key Managerial Personnel
Mr. Prem Prakash Pareek (Non-Executive & Independent Director)	Key Managerial Personnel
Mr. Satish Kumar Kalra (Non-Executive & Independent Director)	Key Managerial Personnel
Mrs. Uma Ajay Relan (Non-Executive & Independent Director)	Key Managerial Personnel
Dr. Tejendra Mohan Bhasin (Non-Executive & Independent Director)	Key Managerial Personnel
Mr. Vikas Goel (Managing Director & CEO)	Key Managerial Personnel
Mr. Chandra Prakash (Chief Financial Officer)	Key Managerial Personnel
Mrs. Monika Kochar (Company Secretary)	Key Managerial Personnel

### 1.2 Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of IND AS 24 Related Party Disclosures.

	2022-23	2021-22
Short-term employee benefits		
- Mr. Vikas Goel-MD & CEO	124.59	157.72
- Mrs. Sunita Gupta (ED & CFO) (from April 01, 2020 to August 31, 2020)	-	6.68
- Mrs. Monika Kochar (Company Secretary)	33.97	40.98
- Mr. Chandra Prakash (CFO)	18.13	16.84
- Sitting Fee to Non-Executive Directors	48.20	34.22
Termination benefits	11.08	10.31
<b>TOTAL</b>	<b>235.97</b>	<b>266.75</b>

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Above remuneration includes performance linked incentive (PLI), which is paid based on the performance of the Company and employee in the previous Financial year i.e. on deferred basis, as recommended by Nomination & Remuneration Committee and approved by the Board.

During FY 2022-23, no PLI was given. During FY 2021-22, PLI paid to Mr. Vikas Goel (Managing Director) was Rs.40 lakhs, to Mrs. Sunita Gupta (Executive Director and CFO) was Rs. 6.68 lakhs and to Mrs. Monika Kochar (Company Secretary) was Rs. 8.77 Lakhs.

Apart from above, benefit on account of leave encashment and gratuity which are provided based on actuarial valuation for the company as a whole, is also available.

### 1.3 Transactions with other related parties

All the transactions with related parties are at arm's length prices except leasing of property (renting of business and residential premises of the company) etc. The required disclosure of the same is being given in form AOC-2 forming part of Board's Report

	2022-23	2021-22
<b>1 Security Purchase/Subscription</b>		
Punjab Gramin Bank	56,775.31	61,890.19
PNB Employees PF Trust	-	-
Himachal Gramin Bank	13,768.71	12,902.16
Dakshin Bihar Gramin Bank	1,73,208.55	1,73,369.04
Sarva Haryana Gramin Bank	25,064.10	61,647.63
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	43,330.38	20,325.64
Punjab National Bank	5,000.50	43,254.54
PNB Metlife India Insurance Co. Ltd.	-	5,636.85
Assam Gramin Vikash Bank	65,697.57	1,23,594.18
Bangiya Gramin Vikash Bank	18,901.92	1,37,972.46
Canara HSBC OBC Life Insurance Co. Limited	-	-
Manipur Rural Bank	-	-
Sarva Haryana Gramin Bank Employess Provident Fund	55.66	
Tripura Gramin Bank	3,510.13	20,701.55
<b>2 Security Purchase Against Short Sale</b>		
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	64,371.61	54,469.25
Punjab Gramin Bank	525.75	-
Sarva Haryana Gramin Bank	-	-
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	-	8,097.97
Assam Gramin Vikash Bank	51,078.45	39,339.70
Bangiya Gramin Bank	14,464.45	59,991.13
Manipur Rural Bank	-	1,933.00
Himachal Pradesh Gramin Bank	1,003.50	
Tripura Gramin Bank	8,682.95	15,946.70

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>3 Security Sale/ Redemption</b>		
Prathama UP Gramin Bank (Earlier known as Sarva UP Gramin Bank)	1,30,031.17	1,51,691.80
Prathama UP Gramin Bank (Employees) Provident Fund	1,800.84	-
Punjab National Bank	-	45,959.56
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	1,82,444.17	2,85,314.33
DBGB Provident Fund trust	119.41	-
Himachal Pradesh Gramin Bank	4,384.15	29,243.83
PNB Housing Finance Ltd.	-	29,002.39
PNB Employees PF Trust	19,411.35	23,396.25
PNB Employees Gratuity Fund	5,202.90	-
Punjab Gramin Bank	14,599.62	60,231.32
Sarva Haryana Gramin Bank	26,364.17	21,999.63
PNB Metlife India Insurance Co. Ltd.	11,647.67	4,741.12
PNB Employees Pension Fund	66,122.48	42,748.86
Assam Gramin Vikash Bank	79,430.08	1,76,509.95
Assam Gramin Vikash Bank Employees Pension Fund	-	1,464.75
Bangiya Gramin Bank	77,782.61	2,76,881.82
Bangiya Gramin Vikash Bank Employees PF Trust	453.92	1,508.05
Canara HSBC OBC Life Insurance Co. Limited	-	-
Manipur Rural Bank	-	1,987.10
Sarva Haryana Gramin Bank Employees Provident Fund	148.27	288.35
Tripura Gramin Bank	30,682.91	67,438.20
<b>4 Short Sale</b>	-	-
Dakshin Bihar Gramin Bank	14,137.50	
<b>5 Reverse Repo Lending</b>		
Sarva Haryana Gramin Bank	29,058.21	-
Punjab Gramin Bank	4,799.26	-
Madhya Bihar Gramin Bank/ Dakshin Bihar Gramin Bank	1,57,816.92	16,346.62
<b>6 Interest income on Repo Lending</b>		
Punjab Gramin Bank	7.36	-
Sarva Haryana Gramin Bank	91.37	-
Dakshin Bihar Gramin Bank	467.66	3.84
<b>7 Borrowing of Call, Notice and Term Money</b>		
Assam Gramin Vikash Bank	9,98,500.00	38,500.00
Dakshin Bihar Gramin Bank	3,41,000.00	3,04,000.00

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Prathama UP Gramin Bank	-	1,47,500.00
Bangiya Gramin Vikash Bank	1,68,000.00	-
Himachal Pradesh Gramin Bank	7,500.00	-
Sarva Haryana Gramin Bank	8,000.00	-
Tripura Gramin Bank	3,38,500.00	1,17,500.00
<b>8 Interest paid on Borrowing of Call, Notice &amp; Term Money</b>		
Assam Gramin Vikash Bank	174.34	4.59
Dakshin Bihar Gramin Bank	328.15	107.26
Prathama UP Gramin Bank	-	37.71
Bangiya Gramin Vikash Bank	47.20	-
Himachal Pradesh Gramin Bank	1.84	-
Sarva Haryana Gramin Bank	64.44	-
Tripura Gramin Bank	100.28	24.50
<b>9 Repo</b>		-
Sarva Haryana Gramin Bank	20,671.50	-
<b>10 Interest expense on Repo</b>		-
Sarva Haryana Gramin Bank	36.87	-
<b>11 Profit on Sale of securities</b>		
Dakshin Bihar Gramin Bank	71.26	138.92
DBGB Provident Fund Trust	(6.17)	-
Prathama UP Gramin Bank	-	66.54
Punjab National Bank	-	(8.96)
Himachal Pradesh Gramin Bank	2.43	27.70
PNB Housing Finance Ltd.	-	(170.90)
PNB Employees PF Trust	18.00	0.47
PNB Employees Gratuity Fund	(0.78)	-
Punjab Gramin Bank	28.28	41.15
PNB Employees Pension Fund	(0.32)	(50.73)
PNB Metlife India Insurance Co. Ltd.	3.54	(17.66)
Sarva Haryana Gramin Bank	(3.88)	7.22
Assam Gramin Vikash Bank	(32.54)	166.81
Assam Gramin Vikash Bank Employees Pension Fund	2.04	0.51
Bangiya Gramin Bank	-	58.79
Bangiya Gramin Vikash Bank (Employees) Provident Fund Trust	0.01	3.51

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Canara HSBC OBC Life Insurance Co. Limited	-	-
Manipur Rural Bank	-	1.00
Sarva Haryana Gramin Bank Employees Provident Fund	0.23	0.25
Tripura Gramin Bank	(83.81)	(29.20)
<b>12 Fee Income</b>		
Himachal Pradesh Gramin Bank	3.01	2.73
PNB Housing Finance Ltd.	0.44	0.39
Dakshin Bihar Gramin Bank	2.69	3.46
DBGB Provident Fund Trust	0.03	-
Punjab Gramin Bank	2.62	1.98
Sarva Haryana Gramin Bank	2.64	1.85
PNB Employees Pension Fund	1.43	1.79
PNB Employees PF Trust	1.19	1.39
PNB Employees Gratuity Fund	0.29	0.38
Prathama UP Gramin Bank	2.91	2.85
Assam Gramin Vikash Bank	0.84	0.55
Assam Gramin Vikash Bank Employees Pension Fund	0.04	0.01
Bangiya Gramin Bank	1.81	1.86
Manipur Rural Bank	0.07	0.14
Sarva Haryana Gramin Bank Employees Provident Fund	0.06	0.05
Tripura Gramin Bank	1.09	1.17
<b>13 Rent Paid</b>		
Punjab National Bank	179.82	169.99
<b>14 Bank Charges Paid</b>		
Punjab National Bank	29.36	11.33
<b>15 Rent Income booked in statement of profit &amp; loss from PNB</b>	3.90	8.40
<b>16 Term Insurance premium paid</b>		
PNB Metlife India Insurance Co. Ltd.	8.47	6.50
<b>17 Rent receivable from PNB</b>	0.20	0.42
<b>20 Outstanding Overdraft facility availed</b>		
Punjab National Bank	48,787.35	97,015.00
<b>21 Interest paid on line of credit</b>		
Punjab National Bank	246.26	195.74

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>21 Refund of Interest</b>		
Punjab National Bank	0	1.94
<b>22 Processing fee paid/payable to PNB</b>	236.00	193.32
<b>23 Bank Balance with PNB</b>	172.01	5,130.95
<b>24 Dividend paid/payable to PNB</b>	6,666.67	4,000.00
<b>25 Arranger Services to Punjab National Bank (Gross Basis)</b>	1.47	4.42
<b>26 Fixed Deposit with PNB</b>	30,100.00	-
<b>27 Power, Fuel &amp; Water charges to PNB</b>	20.28	15.16

### Note 34B: Related Party

Items	Related Party											
	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint Ventures		Key Management Personnel		Others		Total	
	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.	C.Y.	P.Y.
Borrowings (Outstanding/ Maximum)	48787/ 74796	97015/ 112485	-	-	0/ 540500	0/ 168500	-	-	-	-	48787/ 615296	97015/ 280985
Deposits (Outstanding/ Maximum)	-	-	-	-	-	-	-	-	-	-	-	-
Placement of Deposits (Outstanding/ Maximum)	-	-	-	-	-	-	-	-	-	-	-	-
Advances (Outstanding/ Maximum)	-	-	-	-	0/92745	3795/10059	-	-	-	-	0/92745	3795/10059
Investments (Outstanding/ Maximum) (FD)	30100/ 30100	-	-	-	-	-	-	-	-	-	30100/ 30100	-
Purchase of Fixed/ Other Assets	5,000.50	43,254.54	-	-	5,40,383.38	7,97,817.45	-	-	55.66	-	5,45,439.54	8,41,071.99
Sale of Fixed/Other Assets	-	45,959.56	-	-	5,71,504.05	1,105,041.48	-	-	93,259.17	69,406.26	6,64,763.22	12,20,407.30
Interest Paid	246.26	195.74	-	-	753.12	174.06	-	-	-	-	999.38	369.80
Interest Received	-	-	-	-	566.39	3.84	-	-	-	-	566.39	3.84
Others	7,134.12	4,394.22	-	-	29.62	27.08	185.99	233.09	48.20	34.22	7,397.93	4,688.61

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 35: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a capital adequacy ratio, which is weighted assets divided by total capital derived as per the RBI requirements. As per the RBI guidelines, Company being a Non Banking Finance Company has to maintain 15% of capital adequacy ratio.

The actual Capital Adequacy Ratio is as under:

	31st March, 2023	31st March, 2022
Capital Adequacy Ratio	31.83%	66.41%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2023 and 31st March, 2022. For the purpose of calculation of capital adequacy ratio, the Company has excluded Amortised Cost Portfolio as this portfolio is non marked to market portfolio.

### Note 36: Change in liabilities arising from financing activities

Particulars	01-Apr-22	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-23
Trade Payables	98.02	15.90	-	-	-	113.92
Borrowing other than debt securities	14,53,029.99	4,70,806.48	-	-	-	19,23,836.47
Other financial liabilities	325.34	1,758.51	-	-	-	2,083.86

Particulars	01-Apr-21	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-22
Trade Payables	74.28	23.74	-	-	-	98.02
Borrowing other than debt securities	9,86,323.92	4,66,706.07	-	-	-	14,53,029.99
Other financial liabilities	402.42	(77.09)	-	-	-	325.34

### Note 37: Contingent liabilities and capital commitments (to the extent not provided for)

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Contingent liabilities (to the extent not provided for)

#### 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	2022-23	2021-22	Forum where pending
2008-09 under section 115WE(1) of the Income Tax Act, 1961	0.13	0.13	AO*
2008-09 under section 143(3) of the Income Tax Act, 1961	1.77	1.77	AO (Rectification applied)
2017-18 under section 143(3) of the Income Tax Act, 1961	6.48	6.48	CIT(A)
2020-21 under section 143(1) of the Income Tax Act, 1961	328.17	316.70	AO (Rectification applied)
<b>Total</b>	<b>336.55</b>	<b>325.08</b>	

The above contingent liabilities will be increased by the interest payable for delay in payment and penalties, if any. The amount is not quantified.

\* Rectification affect given, however, not updated on Income Tax Department's portal.

The Company has assessed the uncertain tax positions and concluded that there is no any such position which requires disclosure as a contingent liability.

### Note 38: Segment information

The Company has been granted the License of NBFC by the Reserve Bank of India and working as a Standalone Primary Dealer. The Company's primary activities entail supporting government borrowing program via underwriting of government securities issuances and trade in a gamut of fixed income instruments such as Government securities, Treasury Bills, State Development Loans, Corporate Bonds, Interest Rate Swaps and various money market instruments such as Certificates of Deposits, Commercial Papers etc. This is the only activity performed and is thus also the main source of risks and returns. The Company's segments as reviewed by the Chief Operating Decision Maker (CODM) does not result into identification of different ways/ sources into which they see the performance of the Company. Accordingly, the company has a single reportable and geographical segment i.e Treasury operations and operating in India respectively. Hence, the relevant disclosures as per Ind AS 108, Operating Segments are not applicable to the Company.

Particulars	2022-23	2021-22
Segment revenue from treasury operations	1,22,994.31	99,063.16
Segment revenue from India operations	1,22,994.31	99,063.16
Non current assets	2,121.35	414.23

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Note 39: Maturity analysis of assets and liabilities

Assets	31-March-2023			31-March-2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	1,537.86	-	1,537.86	5,012.78	-	5,012.78
Bank balance other than above	30,113.00	167.13	30,280.13	13.00	147.31	160.31
Derivative financial instruments	96,992.27	-	96,992.27	82,632.48	-	82,632.48
Loans	1,20,025.59	200.73	1,20,226.32	25,832.49	166.60	25,999.09
Investments	14,99,784.12	3,52,007.49	18,51,791.60	13,13,393.29	2,13,332.87	15,26,726.17
Other financial assets	27,753.62	17,390.32	45,143.95	20,987.32	12,381.46	33,368.79
<b>Non- financial assets</b>						
Current tax assets (net)	625.47	-	625.47	591.30	-	591.30
Deferred tax assets (net)	-	983.25	983.25	-	132.81	132.81
Investment property	-	6.75	6.75	-	17.49	17.49
Property, plant and equipment	-	255.75	255.75	-	226.51	226.51
Capital Work in progress	153.81	-	153.81	-	-	-
Right of Use Asset	-	435.42	435.42	-	95.67	95.67
Other Intangible assets	-	11.23	11.23	-	14.74	14.74
Intangible Assets under development	1,176.51	-	1,176.51	-	-	-
Other non- financial assets	59.75	22.14	81.89	39.91	19.92	59.83
<b>Total Assets</b>	<b>17,78,221.99</b>	<b>3,71,480.20</b>	<b>21,49,702.19</b>	<b>14,48,502.59</b>	<b>2,26,535.39</b>	<b>16,75,037.98</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Derivative financial instruments	96,033.47	-	96,033.47	78,059.48	-	78,059.48
Trade Payables (other than MSME)	113.92	-	113.92	98.02	-	98.02
Other payables (MSME)	1.87	-	1.87	3.01	-	3.01
Other payables (other than MSME)	609.59	-	609.59	68.50	-	68.50
Debt Securities	-	-	-	-	-	-
Borrowing (other than debt securities)	19,23,836.47	-	19,23,836.47	14,53,029.99	-	14,53,029.99

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Lease Liability	-	442.14	442.14	-	99.47	99.47
Other financial liabilities	1,916.12	167.74	2,083.86	177.86	147.48	325.34
<b>Non financial liabilities</b>						
Current tax liabilities (net)	126.95	-	126.95	126.95	-	126.95
Provisions	125.15	196.34	321.50	278.98	159.90	438.88
Deferred tax liabilities (net)	-	-	-	-	-	-
Other Non financial liabilities	132.77	-	132.77	57.17	-	57.17
<b>Total Liabilities</b>	<b>20,22,896.30</b>	<b>806.23</b>	<b>20,23,702.53</b>	<b>15,31,899.96</b>	<b>406.85</b>	<b>15,32,306.81</b>

### Note 40: Risk Management

#### Introduction and risk profile

The Company is primarily a dealer in debt and money market instruments. In view of the intrinsic nature of operations, the Company is exposed to a variety of risks, which can be broadly classified into credit risk, market risk and liquidity risk. It is also subject to various regulatory risks and operational risks. Well-established systems and procedures provide adequate defense against the regulatory and operational risk.

#### Risk management structure and policies

In terms of RBI guidelines for NBFCs, the Risk Management Committee, 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. Risk Management Policy is reviewed by the Risk Management Committee and on the basis of the Committee's recommendation, the Board approves the same. PVBP (Price value of a basis point) limit on the entire marked to market portfolio stands at Rs. 550 lakhs to 0.50% of audited NOF or quarter end NOF (whichever is lower) . The one day VaR limit stands at 7.5% of audited NOF or quarter end NOF (whichever is lower) on the entire marked to market portfolio. Leverage limit stands at 20 times quarter end Board approved NOF, while Non banker borrowing limit stands at Rs. 25,000 crore.

#### (A) Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

The Company manages its liquidity requirement by analysing the maturity pattern of Company's cash flows of financial assets and financial liabilities. The Asset Liability Management of the Company is periodically reviewed by the Board.

The Liquidity Coverage Ratio (LCR) for 2022-23 is times 96.14 (P.Y. 140.32 times). This ratio is not applicable on Primary Dealers. The LCR is calculated by dividing High-Quality Liquid assets (HQLA) by its total net cash flows over a 30 day stress period.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2023:

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

31-March-2023	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
Borrowings from Banks	3,71,266.20	-	-	-	-	-	-	-	3,71,266.20
Market Borrowing	15,54,081.84	-	-	-	-	-	-	-	15,54,081.84
	<b>19,25,348.04</b>	-	-	-	-	-	-	-	<b>19,25,348.04</b>

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2022:

31-March-2022	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
Borrowings from Banks	3,32,537.30	30,142.74	-	-	-	-	-	-	3,62,680.04
Market Borrowing	10,91,111.15	-	-	-	-	-	-	-	10,91,111.15
	<b>14,23,648.45</b>	<b>30,142.74</b>	-	-	-	-	-	-	<b>14,53,791.19</b>

### (B) Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Counterparty exposure limits and instrument-wise exposure limits are the primary tools used for managing the credit risk in the business. The Company uses the Current Exposure (CE) method for calculating credit exposure on derivative transactions as mentioned in RBI's capital adequacy guidelines for Primary Dealer's.

#### Analysis of risk concentration

In terms of paragraph 18 of the RBI notification **DNBS (PD) CC No.178/03.02.001/2010-11** dated 1st July 2010, all the non-deposit taking non-banking financial companies shall adhere to the specific regulations limiting concentration in credit / investment to a single borrower or group of borrowers in a company. However, these concentration/ceilings would not be applicable where principal and interest are fully guaranteed by the Government of India. The maximum credit exposure, to any single borrower or counterparty was Rs. 30,351.00 lakhs (P.Y. 2021-22 Rs.19,010.00 lakhs) and to single group of borrower or counterparty was Rs. 45,351.00 lakhs (P.Y. 2021-22 Rs. 21,701.00 lakhs), before and after taking into account collateral or other credit enhancements.

### (C) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices. Value-at-Risk (VaR), Price Value of a Basis Point (PVBP) limits, sensitivity analysis and cut-loss policies form the core of market risk management system. Impact of interest rate movements on the business and earnings profile, is mitigated by operating within a well-defined proactive stop loss limit and value-at-risk (VaR) limit. The company also conducts sensitivity analysis of its portfolio to assess impact of parallel and non-parallel shifts in the yield curve on its earnings profile. Risk concentrations are restricted with specific limits mentioned above.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

The Company's exposure to market risk is segregated into trading and non-trading portfolios :

	31-March-2023			31-March-2022			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
<b>ASSETS</b>							
<b>Financial assets</b>							
Cash and cash equivalents	1,537.86	-	1,537.86	5,012.78	-	5,012.78	Interest rate
Bank balance other than above	30,280.13	-	30,280.13	160.31	-	160.31	Interest rate
Derivative financial instruments	96,992.27	96,992.27	-	82,632.48	82,632.48	-	Interest rate
Loans	1,20,226.32	-	1,20,226.32	25,999.09	-	25,999.09	Interest rate
Investments	18,51,791.60	14,99,784.11	3,52,007.49	15,26,726.17	13,13,393.30	2,13,332.87	Interest rate
Other financial assets	45,143.95	-	45,143.95	33,368.79	-	33,368.79	
<b>Total</b>	<b>21,45,972.13</b>	<b>15,96,776.38</b>	<b>5,49,195.75</b>	<b>16,73,899.62</b>	<b>13,96,025.78</b>	<b>2,77,873.84</b>	
<b>LIABILITIES</b>							
<b>Financial liabilities</b>							
Derivative financial instruments	96,033.47	96,033.47	-	78,059.48	78,059.48	-	Interest rate
Trade payables							
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	113.92	-	113.92	98.02	-	98.02	
Other payables	-	-	-	-	-	-	
(i) total outstanding dues of micro enterprises and small enterprises	1.87	-	1.87	3.01	-	3.01	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	609.59	-	609.59	68.50	-	68.50	
Debt securities	-	-	-	-	-	-	
Borrowing (other than debt securities)	19,23,836.47	-	19,23,836.47	14,53,029.99	-	14,53,029.99	Interest rate
Lease liability	442.14	-	442.14	99.47	-	99.47	
Other financial liabilities	2,083.86	-	2,083.86	325.34	-	325.34	
<b>Total</b>	<b>20,23,121.32</b>	<b>96,033.47</b>	<b>19,27,087.85</b>	<b>15,31,683.81</b>	<b>78,059.48</b>	<b>14,53,624.33</b>	

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Market risk – trading

Internal Value-At-Risk model (VaR model) is performed to compute the market risk of trading portfolio. For computing market risk, the Company uses the historical simulation non-parametric approach. Under this approach, the risk measure is an estimate of the amount that could be lost on trading portfolio in a 1 day holding period due to general market movements such as Interest rate risk, Spread risk, price risk etc over 250 trading days, at 99% confidence level.

### Objective

Historical Simulation is the procedure for predicting value at risk (VaR) by “simulating” or constructing the cumulative distribution function of asset returns over time. It does not require any statistical assumption beyond stationarity of the distribution of returns or, in particular, their volatility.

### Limitation:

The limitation of the historical simulation lies in its I.I.D. (independent, identically distributed) assumption of returns. From empirical evidence, it is known that asset returns are clearly not independent as they exhibit certain patterns such as volatility clustering. Unfortunately historical Simulation does not take into account such patterns.

I. Random chance (a very low probability event).

II. Markets moved by more than the likely prediction of the model (i.e. volatility was significantly higher than expected).

III. Markets did not move together as expected (i.e. correlations were significantly different than what was assumed by the model).

### Assumptions:

This approach requires fewer statistical assumptions for underlying market factors:

- A horizon of 1 trading day
- A 99% confidence interval
- An observation period based on at least 250 Days of historical data

	Interest Rate Risk	Equity & Equity F&O	Other*
2021-22 -31st March	1,716.77	-	-
2021-22 -Average	3,055.62	9.36	18.53
2021-22- Maximum	6,031.55	44.52	82.44
2021-22 -Minimum	1,619.35	0.10	0.21

	Interest Rate Risk	Equity & Equity F&O	Other*
2022-23 -31st March	2,632.08	-	10.64
2022-23 -Average	4,097.74	10.31	22.68
2022-23- Maximum	9,053.77	187.02	218.36
2022-23 -Minimum	1,593.87	0.67	0.05

\*Other includes Currency Derivative and IRF

### Back testing

It is the Company’s policy to perform regular back–testing to validate the Company’s VaR calculations. When back–testing, the Company compares daily profits and losses with the estimates derived from the Company’s VaR model. The Company presents the results of back–testing to the RBI quarterly.

During 2022-23, the Company recorded two back–testing exceptions (2021-22: one exception), when hypothetical losses exceeded daily VaR limit and two back testing exceptions on comparison of actual losses with daily VaR.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Market risk – Non trading

#### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company have fixed rate bank deposits, non traded govt securities and borrowings and hence not exposed to interest rate risk as far as these financial instruments are concerned.

### Note 41 Fair value measurement

#### 41.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly/ indirectly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

#### 41.2 Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by the management. The responsibility of ongoing measurement resides with the risk department.

The Risk department validates fair value estimates by:

- Benchmarking prices against observable market prices given by Financial Benchmark India Private Limited (FBIL) or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters.

#### 41.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	31st March, 2023					31st March, 2022				
	Carrying Value	Level 1	Level 2	Level 3	Total	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>										
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Interest rate swaps	96,992.27	6.53	96,985.74	-	96,992.27	82,632.48	-	82,632.48	-	82,632.48
<b>Total derivative financial instruments</b>	<b>96,992.27</b>	<b>6.53</b>	<b>96,985.74</b>	<b>-</b>	<b>96,992.27</b>	<b>82,632.48</b>	<b>-</b>	<b>82,632.48</b>	<b>-</b>	<b>82,632.48</b>
<b>Financial investment held for trading</b>										
Government Securities	13,40,113.84	-	13,40,113.84	-	13,40,113.84	11,79,890.31	-	11,79,890.31	-	11,79,890.31
Debt Securities	1,59,670.27	-	1,59,670.27	-	1,59,670.27	1,33,502.98	-	1,33,502.98	-	1,33,502.98
Equity instruments	-	-	-	-	-	-	-	-	-	-

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Total financial investment held for trading	14,99,784.12	-	14,99,784.12	-	14,99,784.12	13,13,393.29	-	13,13,393.29	-	13,13,393.29
Total assets measured at fair value	15,96,776.39	6.53	15,96,769.86	-	15,96,776.39	13,96,025.77	-	13,96,025.77	-	13,96,025.77
Liabilities measured at fair value										
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Interest rate swaps/IRF	96,033.47	-	96,033.47	-	96,033.47	78,059.48	-	78,059.48	-	78,059.48
Liabilities measured at fair value	96,033.47	-	96,033.47	-	96,033.47	78,059.48	-	78,059.48	-	78,059.48

### 41.4 Valuation techniques

#### Government Securities (Central Government Securities and State Government Securities)

Government securities are financial instruments issued by Central and State Governments. The valuation under this category is done on the basis of prices provided by Financial Benchmarks India Private Limited (FBIL) and hence classified as level 2.

#### Treasury Bills (T-Bills)

Treasury Bills are short-term financial instruments issued by sovereign governments. FBIL has developed the FBIL-TBILL, a benchmark for the money market based on Treasury bills traded in the market. FBIL-TBILL is announced for fourteen tenors of 7 days, 14 days, 1 month, 2 months, 3 months, 4 month, 5 months, 6 months, 7 months, 8 months, 9 months, 10 months, 11 months and 12 months. FBIL-TBILL is calculated on the basis of secondary market trades executed. For Valuation, company use FBIL-TBILL benchmark and based on that benchmark company interpolate and calculate T-Bills prices corresponding to there residual maturities and are classified as Level 2.

#### Certificate of Deposits (CD)

Certificate of Deposits are short-term financial instruments issued by Banks. FBIL has developed the FBIL- CD, a new benchmark for the money market based on traded CDs reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform of CCIL. FBIL-CD is announced for seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 months and 12 months. For Valuation, company use FBIL-CD benchmark and based on that benchmark company interpolate and calculate CD prices corresponding to there residual maturities and are classified as Level 2.

#### Commercial Papers (CP)

Commercial Paper is a monetary instrument issued by corporate bodies in the nature of promissory note. The issue of commercial papers is highly regulated and supervised by the Reserve Bank of India (RBI). Commercial Papers are reported on the FIMMDA Trade Reporting and Confirmation System (FTRAC) platform. As currently, CP curve is not published by FBIL/FIMMDA till then for valuation, company shall use market observable spread over T-Bill curve and based on that new benchmark (T-Bill + constant Spread across the curve) company shall interpolate and calculate CP prices corresponding to the residual maturities. Investments in CPs shall be classified as Level 2.

#### Corporate bonds and debentures

Whilst most of these instruments are standard fixed or floating rate securities, some may have more complex coupon or embedded derivative characteristics. For valuation, Company uses last 15 days market prices when available, or other observable inputs (i.e. FIMMDA credit spread matrix and G-sec par curve) in discounted cash flow models . As corporate bonds and debenture fair valuations are based on the FIMMDA methodology, either directly (i.e. as prices)

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

or indirectly (i.e. derived from related curve and spread), such instruments are classified as Level 2.

### Equity instruments

The equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. All the company's equity instruments are traded ones.

### Mutual Funds

Units held in Liquid debt mutual funds are valued based on their AMFI published net asset value (NAV), such instruments are classified under Level 1.

### Exchange traded derivative

These derivative instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. All the company's exchange traded derivatives are traded ones.

### Interest rate derivatives

Interest rate derivatives include interest rate swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3. Company is having all the Level 2 interest rate derivatives.

**41.5** There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31<sup>st</sup> March, 2022 and 31<sup>st</sup> March, 2023.

### 41.6 Valuation adjustments

Credit and Debit valuation adjustments (CVA/DVA)

The Company calculates CVA/DVA on a counterparty basis over the entire life of the exposure. CVA is calculated by multiplying the probability of default (PD), the loss given default (LGD) and the expected exposure (EE) at the time of default.

A Debit valuation adjustment (DVA) is applied to incorporate the company's own credit risk in the fair value of derivatives (i.e., the risk that the company might default on its contractual obligations), using the same methodology as for CVA (i.e., applying the company's PD and multiplying it with LGD and EE).

The Company applies CVA and DVA to all relevant (not fully collateralised) over-the-counter positions with the exception of positions settled through central clearing houses. During the FY 2022-23, there was no over the counter position in the derivative segment. Hence, CVA and DVA have not been calculated for this financial year.

### 41.7 Impact of valuation adjustments

The following table shows the amount recorded in the Statement of profit and loss:

	2022-23	2021-22
<b>Type of adjustment</b>		
Credit value adjustment	-	-
<b>Total</b>	-	-

### 41.8 Fair value of financial instruments not measured at fair value (At Amortised Cost)

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Particulars	31st March, 2023					31st March, 2022				
	Carrying Value	Fair Value				Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>										
Cash and cash equivalents	1,537.86	1,537.86	-	-	1,537.86	5,012.78	5,012.78	-	-	5,012.78
Bank balance other than above	30,280.13	30,280.13	-	-	30,280.13	160.31	160.31	-	-	160.31
Investment in Govt. Securities *(including accrued interest as per coupon)	3,52,007.49		3,63,127.97		3,63,127.97	2,13,332.87		2,12,194.84		2,12,194.84
Loans	1,20,226.32	-	1,20,226.32	-	1,20,226.32	25,999.09	-	25,999.09	-	25,999.09
Other Financial assets	45,143.95	-	45,143.95	-	45,143.95	33,368.79	-	33,368.79	-	33,368.79
<b>Total financial assets</b>	<b>5,49,195.75</b>	<b>31,817.99</b>	<b>5,28,498.24</b>	<b>-</b>	<b>5,60,316.23</b>	<b>2,77,873.84</b>	<b>5,173.09</b>	<b>2,71,562.72</b>	<b>-</b>	<b>2,76,735.81</b>
<b>Financial Liabilities:</b>										
Trade payables	113.92	-	113.92	-	113.92	98.02	-	98.02	-	98.02
Other payables	611.46	-	611.46	-	611.46	71.51	-	71.51	-	71.51
Debt securities	-	-	-	-	-	-	-	-	-	-
Borrowing (other than debt securities)	19,23,836.47	-	19,23,836.47	-	19,23,836.47	14,53,029.99	-	14,53,029.99	-	14,53,029.99
Other financial liabilities	2,083.86	-	2,083.86	-	2,083.86	325.34	-	325.34	-	325.34
<b>Total financial liabilities</b>	<b>19,26,645.71</b>	<b>-</b>	<b>19,26,645.71</b>	<b>-</b>	<b>19,26,645.71</b>	<b>14,53,524.86</b>	<b>-</b>	<b>14,53,524.86</b>	<b>-</b>	<b>14,53,524.86</b>

### 41.9 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables

#### Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and cash equivalents, balances other than cash and cash equivalents, loans, other financial assets, trade payables, Short term borrowings and other financial liabilities. Such amounts have been classified as Level 1 and 2 on the basis that no adjustments have been made to the balances in the balance sheet.

#### Financial asset at amortised cost

These includes staff loans . The carrying amount of such loans after applying Effective Interest Rate are a reasonable approximation of their fair value and have been classified as Level 2.

#### Government Securities (Central Government Securities and State Government Securities)

Government securities are financial instruments issued by Central and State Governments. The valuation under this category is done on the basis of prices provided by Financial Benchmarks India Private Limited (FBIL) and hence classified as level 2.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### NOTE 42: Disclosures on interest rate swaps

	Hedging Swaps		Trading Swaps	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Notional Principal (Gross)	5,55,000.00	5,70,000.00	1,69,80,576.35	1,15,42,500.00
Marked to Market Positions	1667.76	1,216.74	-1,147.09	3,925.28
Max. of 100 * PV01 observed during the year	985.04	6,664.14	9,945.26	7,757.36
Min. of 100 * PV01 observed during the year	239.46	993.76	49.02	32.36
Market Risk	<p>In the event of 100 basis points adverse movement in interest rate, there will be a negative impact of Rs. 239.46 lakhs (P.Y. Rs 993.76 lakhs) on Hedging Swaps and Rs. 2,798.77 lakhs (P.Y. Rs. 1,660.84 lakhs) on Trading Swaps in Swap Book.</p> <p>The losses, which would be incurred if, counter parties fail to fulfill their obligations works out to Rs. Nil (P.Y Rs. Nil)</p> <p>The Company's exposure with regard to outstanding swap transactions is limited to CCIL.</p>			
Collateral	No Collateral is insisted upon from counterpart			
Credit Risk Concentration	No Bilateral exposure			

### Note 43: Issuer Compositions of Investments In Non-Government Securities

As on March 31, 2023, the total stock of Rs. 18,66,608.38 lakhs (P.Y. Rs. 15,39,494.45 lakhs) (Book Value before providing diminution/appreciation) comprises of

- Govt. Securities (including T. Bills) - Rs. 17,05,513.95 lakhs (P.Y. Rs. 14,04,546.33 lakhs),
- Equity Instruments - Rs. Nil (P.Y. Rs. Nil),
- Money Market instruments - Rs. Nil (P.Y. Rs. Nil),
- Corporate Bonds and Debentures - Rs. 1,61,094.43 lakhs (P.Y. Rs. 1,34,948.12 lakhs)

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

- AAA rated - Rs. 1,20,828.87 lakhs (P.Y. Rs. 1,22,451.56 lakhs)
- AA+ rated bonds - Rs. 12,186.89 lakhs (P.Y. Rs. 5,514.61 lakhs)
- AA rated bonds - Rs. 28,078.67 lakhs (P.Y. Rs. 6,981.95 lakhs)
- A+ rated bonds - Rs. Nil (P.Y. Rs. Nil)
- A1+ rated Bank CDs. - Rs. Nil (P.Y. Rs. Nil)
- A rated bonds - Rs. Nil (P.Y. Rs. Nil)
- BB+ rated bonds - Rs. Nil (P.Y. Rs. Nil)
- D rated bonds - Rs. Nil (P.Y. Rs. Nil)

The ratings of the following bonds have declined as under:

Issuer Name	Migrated Rating	Rating Action
-	-	-
-	-	-

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

S. No.	Issuer	Book Value	Extent of Private Placement	Extent of Below Investment Grade Securities	Extent of Unlisted Securities	Extent of Unrated Securities
1	PSUs	96,579.90 (37,004.59)	NA	NA	NA	NA
2	FIs	5,082.05 (19,679.36)	NA	NA	NA	NA
3	Banks	11,484.90 (3,014.61)	NA	NA	NA	NA
4	Other PDs	NIL (NIL)	NA	NA	NA	NA
5	Private Corporates	27,102.48 (16,907.74)	NA	NA	NA	NA
6	Subsidiaries/Joint Ventures	NIL (NIL)	NA	NA	NA	NA
7	Others (NBFCs)	20,845.09 (58,341.82)	NA	NA	NA	NA
8	Provision held towards (-diminution)/ appreciation	-1,424.16 (-1,445.14)	NA	NA	NA	NA
	<b>Total</b>	<b>1,59,670.30 (1,33,502.98)</b>	NA	NA	NA	NA

Figures in brackets relate to FY 2021-22.

### NOTE 44: CRAR, Net Owned Funds and Related information

Sl. No.	Particulars	Current Year	Previous Year
i)	CRAR (%)	31.83	66.41
ii)	CRAR – Tier I (Capital (%))	31.83	66.41
iii)	CRAR – Tier II (Capital (%))	NA	NA

Capital Adequacy Ratios as per Ind AS on June 30, 2022, September 30, 2022, December 31, 2022 and March 31, 2023 were 45.09 % (P.Y. 37.14%), 21.65 % (P.Y. 34.69%), 29.95 % (P.Y. 51.18%) and 31.83% (P.Y. 66.41%) respectively as against RBI stipulation of 15 %.

Capital Adequacy Ratio as on March 31, 2023 stands at 31.83% as against RBI stipulation of 15%. (The CRAR has been computed in accordance with the RBI Notification No. RBI/DNBR/2016-17/42 Master Direction DNBR. PD.004/03.10.119/2016-17 (last updated as on 14<sup>th</sup> November 2022).

The Net Owned funds of the Company stand at Rs. 1,23,806.54 lakhs (P.Y. 1,42,563.70 lakhs) as against the minimum stipulated capital of Rs. 25,000 lakhs. Return on Average Net Owned Funds for the year 2022-23 stands at - 5.80%. (P.Y. 2021-22 -12.13 %).

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### Interest Rate Swaps

SI. No.	Particulars	Current Year	Previous Year
i)	The Notional Principal of swap agreements	1,75,35,576.35	1,21,12,500.00
ii)	Losses which would be incurred if counterparties fail to fulfill their obligations under the agreements	NIL	NIL
iii)	Concentration of credit risk arising from the swaps	NIL	NIL
iv)	The fair value of the swap book	1,75,36,097.01	1,21,17,642.02

### Quantitative Disclosures of Interest Rate Swaps for Financial Year 2022-23 are as under:

SI. No.	Particulars	Current Year	Previous Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	a) For Hedging	5,55,000.00	5,70,000.00
	b) For Trading	1,69,80,576.35	1,15,42,500.00
ii)	Marked to Market Positions		
	a) Asset (+)	83,649.18	82,890.66
	b) Liability (-)	(83,128.52)	(77,748.64)
iii)	Credit Exposures	NIL	NIL
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	239.46	993.76
	b) On Trading Derivatives	2,798.77	1,660.84
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	985.04 & 239.46	6664.14 & 993.76
	b) On Trading Derivatives	9945.26&49.02	7757.36 & 32.36

### Qualitative Disclosure on risk exposure in derivatives

Company has a board approved business policy which acts as an exhaustive document comprising of various regulatory and risk limits. Derivatives' trading is guided by this document and is conducted under the ambit of the policies defined in this document.

The company follows a strict segregation of functional duties across departments. As a consequence, no single individual shall be in a position to consummate (dealing, settlement, valuation and accounting) a derivatives transaction alone by himself/herself.

The Company measures and monitors risk of its derivatives portfolio using risk metrics such as Value at Risk (VAR), PVBP and position limits. Mid-office calculates and monitors risk management parameters on daily basis and ensures compliance with the policy limits.

Over the counter (OTC) derivative transactions are covered under International Swaps and Derivatives Association (ISDA) master agreements with the respective counter parties for credit risk mitigation.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

**Quantitative Disclosures of Interest Rate Futures & Currency Derivatives for Financial Year 2022-23 are as under:**

Sl. No.	Particulars	Current Year	Previous Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	For Hedging		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-
ii)	Marked to Market Positions (Currency Derivatives)		
	a) Asset (+)	6.53	-
	b) Liability (-)	-	-
	Marked to Market Positions (Interest Rate Futures)		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
iii)	Credit Exposures		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-
iv)	Unhedged Exposures		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-

**Quantitative Disclosures of Exchange Traded Interest Rate Futures for FY 2022-23 are as under:**

S.No.	Particulars	Current Year	Previous Year
i)	Notional Principal Amount of IRF undertaken during the year	18,110.57	51,097.01
ii)	Notional Principal Amount of IRF outstanding	-	-
iii)	Notional Principal Amount of IRF outstanding and not highly effective	-	-
iv)	Mark-to-market value of IRF outstanding and not highly effective	-	-

The Company has not financed any of its parent company products.

### NOTE 45: Real Estate Exposures

#### Exposure to Real Estate Sector

Category			Current Year (Book Value)	Previous year (Book Value)
a.	i.	Residential Mortgages-		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;(individual housing loans upto Rs. 15 lakhs may be shown separately)	160.81	135.52
	ii.	Commercial Real estate-		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	NIL	NIL

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

iii.	Investments in mortgage backed securities (MBS and other securitized exposures-		
	a. Residential b. Commercial Real Estate	NIL	NIL
b.	Indirect Exposure		
	Fund Based and non fund based exposures on Housing Finance Companies(HFCs)	4,560.07	39,811.64
	Total exposure to Real estate Sector	4,720.88	39,947.16

### NOTE 46: Asset Liability Management

#### FY-2022-23

	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
<b>Liabilities</b>									
Borrowings from Banks	3,70,716.35	-	-	-	-	-	-	-	3,70,716.35
Market Borrowings	15,53,120.12	-	-	-	-	-	-	-	15,53,120.12
<b>Assets</b>									
Advances / Investments	14,60,139.71	-	18.80	-	64.08	3,52,007.49	17,797.91	191.28	18,30,219.26

#### FY-2021-22

	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
<b>Liabilities</b>									
Borrowings from Banks	3,32,375.00	30,000.00		-	-	-	-	-	3,62,375.00
Market Borrowings	10,90,654.99	-		-	-	-	-	-	10,90,654.99
<b>Assets</b>									
Advances / Investments	13,39,226.38	-	35.43	-	42.56	2,13,332.87	13,533.33	160.34	15,66,330.91

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### NOTE 47: Details of Corporate Social Responsibility expenses:

- a) Gross amount required to be spent by the Company during the year is Rs. 773.26 Lakhs (P.Y. Rs. 585.66 lakhs)  
b) Amount spent during the year on:

S.No.	Particulars	In cash/cheque (₹ in lakhs)
i)	Construction/acquisition of any asset	Nil (P.Y. Nil)
ii)	On purpose other than (i) above <b>towards PM National Relief Fund (P.Y. PM Cares Fund)</b>	189.42 (P.Y.153.63)
iii)	On purpose other than (i) above through <b>I Am Gurgaon</b>	190.29 (P.Y. 2.04)
iv)	On purpose other than (i) above through <b>Betterworld Foundation</b>	11.16 (P.Y. 15.42)
v)	On purpose other than (i) above through <b>Umang</b>	Nil (P.Y. 10.63)
vi)	On purpose other than (i) above through <b>AkshayaPatra</b>	Nil (P.Y. 98.00)
vii)	On purpose other than (i) above through <b>The Energy and Resource Institute</b>	199.83 (P.Y. 135.00)
viii)	On purpose other than (i) above through <b>Jaipur Cancer Relief Society</b>	Nil (P.Y. 59.57)
ix)	On purpose other than (i) above through <b>Bhagwaan Mahaveer Cancer Hospital and Research Center</b>	Nil (P.Y. 82.40)
x)	On purpose other than (i) above through <b>Doctors For You</b>	42.95 (P.Y. Nil)
xi)	On purpose other than (i) above through <b>Administrative expenses</b>	14.46 (P.Y. Nil)

- c) Shortfall at the year-end Rs. 125.15 lakhs  
d) Total of Previous Year shortfall: Rs. 28.98 lakhs  
e) **Reason for shortfall:** Pertains to ongoing projects and Rs. 125.15 lakhs has been deposited to unspent CSR account post balance sheet date. Last year, shortfall of Rs. 28.98 lakhs has been paid for the respective ongoing projects in the current financial year.  
f) **Nature of CSR activities:** Promotion of healthcare including preventive healthcare and sanitation, environment sustainability, promoting education including special education and employment enhancing vocational skills.  
g) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard: Not Applicable  
h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately: The Company has made provision of Rs. 125.15 lakhs for the ongoing projects.

### NOTE 48: Customer Complaints

- a) No. of complaints pending at the beginning of the year NIL  
b) No. of complaints received during the year NIL  
c) No. of complaints redressed during the year NIL  
d) No. of complaints pending at the end of the year NIL

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### NOTE 49: Exposure to capital market

(Rs in Lakhs)

Particulars	Current Year (Book Value)	Previous Year (Book Value)
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
Advances against shares/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible debentures, and units of equity- oriented mutual funds;	Nil	Nil
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or unites of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bond/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances'	Nil	Nil
Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers;	Nil	Nil
Loan sanctioned to corporate against the security of shares/ bonds/ debenture or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
Bridge loans to companies against expected equity flows/ issues;	Nil	Nil
Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	Nil	Nil
Financing to stockbrokers for margin trading	Nil	Nil
All exposures to Alternative Investment Funds:	Nil	Nil
(i) Category I		
(ii) Category II		
(iii) Category III		
<b>Total exposure to capital market</b>	Nil	Nil

**Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023**

(Amounts in Rs. Lakhs, unless otherwise stated)

**NOTE 50: Sectoral exposures**

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ crore)	Gross NPAs (₹ crore)	Percentage of Gross NPAs to total exposure in that sector
<b>1. Agriculture and Allied Activities</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>2. Industry</b>						
i....	Nil	Nil	Nil	Nil	Nil	Nil
ii....	Nil	Nil	Nil	Nil	Nil	Nil
<b>Others</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total of Industry (i+ii+...+Others)</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>3. Services</b>						
i...	Nil	Nil	Nil	Nil	Nil	Nil
ii...	Nil	Nil	Nil	Nil	Nil	Nil
<b>Others</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total of Services (i+ii+...+Others)</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>4. Personal Loans</b>						
i...	Nil	Nil	Nil	Nil	Nil	Nil
ii...	Nil	Nil	Nil	Nil	Nil	Nil
<b>Others</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total of Personal Loans (i+ii+...+Others)</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>5. Others, if any (please specify)</b>						
-Staff Loan	160.81	Nil	Nil	135.52	Nil	Nil
-Housing Finance Company Investments	4560.07	Nil	Nil	39811.64	Nil	Nil

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### NOTE 51: Intra-group exposures

NBFCs shall make the following disclosures for the current year with comparatives for the previous year:

- i) Total amount of intra-group exposures- 301.00 (P.Y. Nil)
- ii) Total amount of top 20 intra-group exposures- 301.00 (P.Y. Nil)
- iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers- 1.50% (P.Y. Nil)

### NOTE 52: Unhedged Foreign Currency Exposure- Nil

### NOTE 53: Disclosure of complaints

Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No	Particulars	Current Year	Previous Year
Complaints received by the NBFC from its customers			
1.	Number of complaints pending at beginning of the year	Nil	Nil
2.	Number of complaints received during the year	Nil	Nil
3.	Number of complaints disposed during the year	Nil	Nil
	3.1 Of which, number of complaints rejected by the NBFC	Nil	Nil
4.	Number of complaints pending at the end of the year	Nil	Nil
5.*	Number of maintainable complaints received by the NBFC from Office of Ombudsman	Nil	Nil
	5.1. Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	Nil	Nil
	5.2 Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	Nil	Nil
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	Nil	Nil
6.*	Number of Awards unimplemented within the stipulated time (other than those appealed)	Nil	Nil
	Maintainable complaints received by the NBFC from Office of Ombudsman	Nil	Nil

#### 1) Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
Ground - 1	Nil	Nil	Nil	Nil	Nil
Ground - 2	Nil	Nil	Nil	Nil	Nil
Ground - 3	Nil	Nil	Nil	Nil	Nil

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Ground - 4	Nil	Nil	Nil	Nil	Nil
Ground - 5	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil
Previous Year					
Ground - 1	Nil	Nil	Nil	Nil	Nil
Ground - 2	Nil	Nil	Nil	Nil	Nil
Ground - 3	Nil	Nil	Nil	Nil	Nil
Ground - 4	Nil	Nil	Nil	Nil	Nil
Ground - 5	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total	Nil	Nil	Nil	Nil	Nil

### NOTE 54: Loans to Directors, Senior officers and Relative of directors

	Current Year	Previous Year
Directors and their Relatives	Nil	Nil
Entities associated with directors and their relatives	Nil	Nil
Senior officers and their relatives	Nil	Nil

### NOTE 55: Details of Repo and Reverse Repo Transactions

Particulars	Min Outstanding during the year	Max Outstanding during the year	Daily Average outstanding during the year	March 31, 2023
Repo	8,82,161.97 (P.Y. 10,42,541.34)	15,65,223.75 (P.Y. 16,18,650.08)	11,91,366.85 (P.Y. 12,50,815.61)	13,44,111.07 (P.Y. 8,99,184.82)
Reverse Repo	13279.747 (P.Y. 2002.38)	2,08,766.93 (P.Y. 85,610.90)	76,989.859 (P.Y. 31,876.09)	1,20,025.59 (P.Y. 25,832.49)

### NOTE 56

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	NA	NA	NA	NA	NA
	Stage 2	NA	NA	NA	NA	NA
Sub total		NA	NA	NA	NA	NA
<b>Non-Performing Assets (NPA)</b>						

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

Substandard	Stage 3	NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA
Doubtful- upto 1 year	Stage 3	NA	NA	NA	NA	NA
1 to 3 years	Stage 3	NA	NA	NA	NA	NA
More than 3 years	Stage 3	NA	NA	NA	NA	NA
Subtotal for doubtful		NA	NA	NA	NA	NA
Loss	Stage 3	NA	NA	NA	NA	NA
Subtotal for NPA		NA	NA	NA	NA	NA
Other items such as guarantees, loan commitments etc which are in the scope of Ind AS 109 but not covered under current Income recognition, Asset classification And Provisioning (IRACP) norms	Stage 1	NA	NA	NA	NA	NA
	Stage 2	NA	NA	NA	NA	NA
	Stage 3	NA	NA	NA	NA	NA
Subtotal		NA	NA	NA	NA	NA
<b>Total</b>	<b>Stage 1</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	<b>Stage 2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	<b>Stage 3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

### NOTE 57: Registration/ License/authorization obtained from financial sector regulators

- MCA - Certificate of Incorporation Number is L74899DL1996PLC077120
- Primary Dealership Business Authorisation granted by RBI has been renewed by RBI for the period from July 01, 2022 to March 31, 2025.
- RBI - Certificate of Registration bearing No. 14.00007 dated February 10, 1998.
- SEBI - Registration number as Stock Broker is INZ000007831.

### NOTE 58: Information on all provisions and contingencies booked as expenditure in the Statement of Profit & Loss:

Particulars	2022-23	2021-22
Provision for Depreciation/ (Appreciation) on investments (stock-in-trade and derivatives)	6663.32	9714.26
Provision towards NPA	Nil	Nil
Provision towards Income Tax and Deferred Tax	(784.38)	4,443.96
Others (Expense Related)	(120.84)	(739.34)
Provision for Standard Assets	Nil	Nil

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### NOTE 59 : Investments (Stock-In-Trade)

Particulars	Current Year	Previous Year
Gross Value of Investments		
(a) In India	18,66,608.38	15,39,494.45
(b) Outside India	-	-
Provision for (Depreciation)/ Appreciation		
(a) In India	(14,816.78)	(12,768.28)
(b) Outside India	-	-
Net Value of Investments		
(a) In India	18,51,791.60	15,26,726.17
(b) Outside India	-	-

### NOTE 60: Disclosure of penalties

Penalties levied by Regulators (i.e. RBI): Rs. 2.49 Lakhs on account of SGL bouncing (P.Y. Nil)

### NOTE 61: Disclosures in compliance with Regulation 52(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2023

a) Credit Rating and change in Credit Rating (if any)

Rating Agencies	Rating Programme	Rating Assigned	Migration	Rating Amount	
				31.03.2023	31.03.2022
ICRA	Short Term Commercial Paper	A1+	-	1,00,000.00	1,00,000.00
	Inter Corporate Deposit	A1+	-	1,00,000.00	1,00,000.00
CRISIL	Short Term Commercial Paper	A1+	-	1,00,000.00	1,00,000.00
India Ratings & Research	Bank loan Rating	IND A1+	-	2,00,000.00	2,00,000.00
	Inter Corporate Deposit	IND A1+	-	1,00,000.00	1,00,000.00

b) During the current financial year, there was no Commercial Paper issuance. Therefore, no ratios are disclosed as compared to the last financial year.

### NOTE 62: COVID-19 IMPACT

The Company neither has any adverse financial impact due to COVID-19 nor it anticipates any impact on its liquidity position or its ability to continue as a going concern.

Figures of the previous period have been regrouped, wherever considered necessary in order to make them comparable with those of the current period.

### NOTE 63: SUBSEQUENT EVENTS

There is no subsequent event after the reporting date till the date of approval of the financial statements, which may impact the financial statements of the company.

## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2023

(Amounts in Rs. Lakhs, unless otherwise stated)

### For and on behalf of the Board



**(Kalyan Kumar)**  
Director  
DIN: 09631251



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)



**(CA Ashish Mittal)**  
Partner  
Membership No. 511442

Date: May 03, 2023  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## 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]

(Amounts in Rs. Lakhs, unless otherwise stated)

	Particulars			
	<b>Liabilities Side :</b>			
(1)	<b>Loans and advances availed by the non-banking financial company inclusive of Interest accrued thereon but not paid:</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>	<b>Remarks</b>
	(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)	<b>19,23,836.47</b>	-	-
	<b>Secured Loans</b>			
	1 Borrowings from RBI	1,35,049.00	-	-
	2 TREPS Borrowings	2,04,009.05	-	-
	3. Repo Borrowing	13,44,111.07	-	-
	4. Line of Credit from PNB	48,787.35	-	-
	<b>Unsecured Loans</b>			
	1 Call Money Borrowings	1,86,880.00	-	-
	2. Commercial Paper Borrowings	-	-	-
	3. Inter Corporate deposit	5,000.00	-	-
	* Please see Note 1 below			
	<b>Assets Side :</b>			
(2)	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>			
	(a) Secured	1,20,216.87	-	-
	(b) Unsecured	9.45	-	-

(Amounts in Rs. Lakhs, unless otherwise stated)

<b>(3)</b>	<b>Break up of leased Assets and stock on hire and other assets counting towards AFC activities</b>	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	-	-	-
<b>(4)</b>	<b>Break-up of Investments / Stock-in-trade :</b>	<b>Amount</b>		
	<b>Current investments (Stock-in-trade):</b>	<b>outstanding</b>		
	<b>1. Quoted :</b>			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference			
	(ii) Debentures and Bonds	1,61,094.43	-	(Market Value Rs. 1,59,670.27)
	(iii) Units of mutual funds			
	(iv) Government Securities	14,71,431.63	-	(Market Value Rs. 13,40,113.84)
	(v) Others (Please specify) Equity	-	-	
	<b>2. Unquoted :</b>			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and Bonds	-	-	-
	(iii) Units of Mutual Funds	-	-	-
	(iv) Government Securities	-	-	-
	(v) Others (please specify)	-	-	-

(Amounts in Rs. Lakhs, unless otherwise stated)

	<b>Long Term Investments :</b>			
	<b>1. Quoted :</b>			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and Bonds	-	-	-
	(iii) Units of mutual funds	-	-	-
	(iv) Government Securities	3,52,007.49	-	-
	(v) Others (Please specify)	-	-	-
	<b>2. Unquoted :</b>			
	(i) Shares : (a) Equity	-	-	-
	(b) Preference	-	-	-
	(ii) Debentures and Bonds	-	-	-
	(iii) Units of Mutual Funds	-	-	-
	(iv) Government Securities	-	-	-
	(v) Others (please specify)	-	-	-
	(Term Deposit)	-	-	-
	<b>Total :</b>	<b>19,84,533.55</b>		
(5)	<b>Borrower group-wise classification of Assets financed as in (2) and (3) above : (Please see Note 2 below)</b>			
	<b>Category</b>	<b>Amount net of provisions</b>		
		<b>Secured</b>	<b>Unsecured</b>	
	1. Related Parties **	-		-
	(a) Subsidiaries			
	(b) Companies in the same group			
	(c) Other related parties			
	2. Other than related parties	-		-
	<b>Total:</b>	-		-
	<b>Note:</b> Loans & Advances given in Col. 2 above are Staff Advances & Security Deposits, hence do not fall in this category and not disclosed.			
(6)	<b>Investor group-wise classification of all investments (current and long term) in shares and Securities (both quoted and unquoted) :</b>			

(Amounts in Rs. Lakhs, unless otherwise stated)

(Please see note 3 below)			
Category	Market Value/ Break up or fair value or NAV		Book Value
1. Related Parties **			
(a) Subsidiaries	-		-
(b) Companies in the same group	-		-
(c) Other related parties	-		-
2. Other than related parties	18,51,790.60		19,84,533.55
<b>Total :</b>	<b>18,51,790.60</b>		<b>19,84,533.55</b>
** As per Accounting Standard of ICAI (Please see Note 3)			
<b>(7) Other Information</b>			
Particulars	<b>Amount</b>		
(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.

**For and on behalf of the Board**



**(Kalyan Kumar)**  
Director  
DIN: 09631251



**(C.A. Chandra Prakash)**  
CFO  
Membership No. 415359



**(Vikas Goel)**  
Managing Director & CEO  
DIN: 08322541



**(Monika Kochar)**  
Company Secretary  
Membership No. F6514

In terms of our report of even date  
For **Batra Deepak & Associates**  
Chartered Accountants  
(FRN: 005408C)



**(CA Ashish Mittal)**  
Partner  
Membership No. 511442

Date: May 03, 2023  
Place : New Delhi  
Regd off : 5, Sansad Marg,  
New Delhi – 110001

## FINANCIALS AT A GLANCE

### FINANCIAL PARAMETERS

	2022-23 (%)	2021-22 (%)
<b>Financial Performance</b>		
Interest Income/ Total Income	131.82	128.14
Trading Income/ Total Income	-32.72	-30.90
Other Income/ Total Income	0.90	0.25
Interest Expense/ Total Income	104.98	67.38
Interest Expense/ Total Expense	95.42	92.08
Establishment Expense/ Total Expense	1.13	2.72
Admn and other Expense/ Total Expense	3.45	5.19
PBT/ Total Income	-9.18	27.74
PAT/ Total Income	-8.33	21.87
<b>Human Assets</b>		
Security Turnover per employee (Rs Crore)	13730.54	13601.91
Profit before tax per employee (Rs crore)	-1.64	4.78
Average Age of the employees (years)	40.00	40.00
<b>Per Share Data</b>		
Earnings Per Share (Rs)	-4.29	9.21
Cash Earnings Per Share (Rs)	-0.51	14.67
Book Value Per Share (Rs)	68.78	79.20
Price Earnings, end of year (Rs.)	-13.33	6.47
Price/ Cash Earnings, end of year (Rs.)	-111.55	4.06
Price/ Book Value, end of year (Rs.)	0.83	0.75
Dividend Per Share (Rs)	0.00	5.00

### Financial: Last 10 Years

(Rs. in Crore)

Financial Year(s)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>TOTAL INCOME</b>	<b>346.26</b>	<b>410.01</b>	<b>343.42</b>	<b>500.54</b>	<b>351.48</b>	<b>508.01</b>	<b>882.60</b>	<b>1,052.27</b>	<b>757.55</b>	<b>926.72</b>
I Interest & Discount on Securities	304.12	332.91	359.06	313.74	400.81	493.58	766.46	778.83	970.73	1,221.63
II Profit/(Loss) on Sale of Securities	31.41	75.85	-16.90	185.50	-50.96	9.00	111.50	252.56	-234.09	-303.23
III Revenue & Other Income	10.73	1.25	1.26	1.30	1.63	5.43	4.64	20.88	20.91	8.32
<b>EXPENDITURE</b>	<b>255.56</b>	<b>277.47</b>	<b>291.95</b>	<b>244.00</b>	<b>350.16</b>	<b>424.99</b>	<b>551.58</b>	<b>429.20</b>	<b>554.32</b>	<b>1,019.63</b>
I Interest Expenses	242.67	260.51	275.62	225.72	330.72	403.44	519.26	394.81	510.43	972.88
II Operating & Other Expenses	12.34	16.03	15.86	17.94	18.95	21.13	30.87	32.50	42.73	45.39
III Depreciation on fixed assets & ROUA	0.55	0.93	0.47	0.34	0.49	0.42	1.45	1.89	1.16	1.36
IV Bad debts written off	-	-	-	-	-	-	-	-	-	-
Prov. Against overdue call lending	-	-	-	-	-	-	-	-	-	-
Exceptional items	-	-	-	-	-	-	81.22	8.73	-6.91	-7.85
<b>PROFIT BEFORE TAX</b>	<b>90.70</b>	<b>132.55</b>	<b>51.47</b>	<b>256.54</b>	<b>1.32</b>	<b>83.02</b>	<b>249.80</b>	<b>614.34</b>	<b>210.14</b>	<b>-85.06</b>
Less Prov. / (Release) for Taxation	29.32	44.28	16.98	89.37	-0.09	30.16	63.45	160.23	44.44	-7.84
<b>PROFIT AFTER TAX</b>	<b>61.38</b>	<b>88.27</b>	<b>34.50</b>	<b>167.17</b>	<b>1.41</b>	<b>52.86</b>	<b>186.35</b>	<b>454.11</b>	<b>165.70</b>	<b>-77.22</b>
PAID UP CAPITAL	180.01	180.01	180.01	180.01	180.01	180.01	180.01	180.01	180.01	180.01
RESERVES	485.51	541.00	551.67	718.84	677.06	707.66	862.52	1,136.36	1,247.29	1,079.99
<b>NET WORTH</b>	<b>662.53</b>	<b>718.06</b>	<b>731.22</b>	<b>898.36</b>	<b>843.23</b>	<b>885.66</b>	<b>1,002.19</b>	<b>1,305.69</b>	<b>1,425.64</b>	<b>1,238.07</b>
Turnover (Primary + Secondary)	3,44,239	5,11,329	4,13,787	6,86,167	4,73,384	4,71,198	8,56,706	6,80,347	5,98,484	7,13,988
Dividend(%)	9.00	15.00	11.00	25.00	10.00	14.00	30.00	100.00	50.00	-

## NOTICE



**Regd. Office :** 5, Sansad Marg, New Delhi - 110 001

**Tel :** 011-23325759, 23325779

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

**CIN :** L74899DL1996PLC077120

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting (AGM) of members of PNB Gilts Limited (“the Company”) will be held on Friday, September 8, 2023, at 11:00 a.m. IST through Video Conferencing (“VC”), to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended March 31, 2023 and the Reports of the Auditors and the Board of Directors thereon.
2. To appoint a Director in place of Sh. Kalyan Kumar (holding DIN: 09631251), who is liable to retire by rotation and being eligible, offers himself for reappointment.
3. To authorize Board of Directors to fix remuneration of the Statutory Auditor(s) of the Company, appointed by the Comptroller and Auditor General of India for the financial year 2023-24 and in this regard, if thought fit, to pass the following resolution as an ordinary resolution :

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to fix the remuneration of Statutory Auditor(s), as appointed by the Comptroller and Auditor General of India for the financial year 2023-24.”

### SPECIAL BUSINESS

4. To re-appoint Sh. Satish Kumar Kalra (DIN: 01952165), as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and any other applicable law, if any, Sh. Satish Kumar Kalra (DIN: 01952165), Independent Director of the Company, who has submitted the declaration that he meets the criteria of independence as prescribed in Section 149(6) of the Act and the Listing Obligations and who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for another term of 5 consecutive years with effect from September 15, 2023 to September 14, 2028 and whose office shall not be liable to retire by rotation.”

5. To re-appoint Dr. Tejendra Mohan Bhasin (DIN: 03091429), as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and any other applicable law, if any, Dr. Tejendra Mohan Bhasin (DIN: 03091429), Independent Director of the Company, who has submitted the declaration that he meets the criteria of independence as prescribed in Section 149(6) of the Act and the Listing Obligations and who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of the Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for another term of 5 consecutive years with effect from July 30, 2024 to July 29, 2029 and whose office shall not be liable to retire by rotation.”

6. To waive the recovery of excess managerial remuneration paid to Sh. Vikas Goel (DIN: 08322541), Managing Director and CEO of the Company for the financial year ended March 31, 2023 and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 197, 198 read with Schedule V of the Companies Act, 2013 (“the Act”) and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and pursuant to the recommendations of Nomination & Remuneration Committee and the Board of Directors of the Company and subject to such approval as may be required, the approval of the members of the Company be and is hereby accorded to ratify and confirm the waiver of recovery of the excess remuneration paid to Sh. Vikas Goel (DIN: 08322541), Managing Director and CEO of the Company for the financial year ended March 31, 2023, as set out in explanatory statement attached hereto and forming part of this notice, which is in excess of the limits prescribed under Schedule V of the Act in view of loss for the financial year 2022-23 and within the limits as approved by the Members of the Company vide its resolution passed on January 20, 2023 through postal ballot.

RESOLVED FURTHER THAT the Board of Directors of the Company or a Committee thereof be and is hereby authorized to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the aforesaid Resolution.”

7. To approve the remuneration of Sh. Vikas Goel (DIN: 08322541), Managing Director and CEO of the Company and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in partial modification to the resolution passed by the members on January 20, 2023 through postal ballot, the consent of the members be and is hereby accorded to approve the remuneration payable to Sh. Vikas Goel (DIN: 08322541), Managing Director and CEO of the Company him for financial year 2023-24 in excess of the stipulated limits prescribed under Section 197 read with Schedule V to the Companies Act, 2013, as set out in explanatory statement attached hereto and forming part of this notice.

RESOLVED FURTHER THAT all other existing terms and conditions of appointment of Sh. Vikas Goel shall remain unchanged for remainder of his tenure as Managing Director & CEO of the Company unless otherwise modified or altered by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors (which term shall always be deemed to include any Committee as constituted or to be constituted by the Board to exercise its powers including the powers conferred under this resolution) be and is hereby authorised to vary or modify or alter the remuneration of Sh. Vikas Goel from time to time to the extent the Board of Directors may deem appropriate, provided that such variation or modification or increase, as the case may be, shall be in line with the Company’s policy.

RESOLVED FURTHER THAT without prejudice to the generality of the above and for the purpose of giving effect to the above, the Board of Directors (which term shall be deemed to include committees authorised in this regard) be and is hereby authorised to undertake all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, proper or desirable to give full effect to the aforesaid resolution including but not limited to delegate any powers to any officials of the Company conferred upon the Board by this resolution and to settle all questions / doubts / queries / difficulties that may arise in this regard.”

By Order of the Board of Directors



**(Monika Kochar)**

Company Secretary  
FCS 6514

New Delhi  
August 10, 2023

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

CIN: L74899DL1996PLC077120

E-mail: m.kochar@pnbgilts.com

Website: www.pnbgilts.com

#### NOTES :

1. The Ministry of Corporate Affairs ('MCA') has, vide General Circular no. 14/2020 dated 8th April, 2020 and 17/2020 dated 13th April, 2020, in relation to 'clarification on passing of ordinary and special resolutions by the companies under the Companies Act, 2013 and rules made thereunder on account of threat posed by Covid-19', General Circular No. 20/2020 dated 5<sup>th</sup> May, 2020, and subsequent circulars issued in this regard, latest being 10/2022 dated 28<sup>th</sup> December, 2022 in relation to "clarification on holding of annual general meeting (AGM) through video conferencing (VC) or Other Audio Visual Means (OAVM)", collectively referred to as ("MCA Circulars") read with Circular No. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 dated 12th May, 2020, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 and Circular No. SEBI/HO/CFD/ CMD2/CIR/P/2022/62 dated 13th May 2022 issued by the Securities and Exchange Board of India ("SEBI Circulars"), permitted companies to conduct Annual General Meeting ("AGM") through video conferencing ("VC"). In compliance with such MCA and SEBI Circulars and applicable provisions of the Act and Listing Regulations, the AGM of the Company is being convened and conducted through VC. The facility of VC/OAVM and also casting votes by a member using remote e-Voting as well as venue e-Voting system on the date of the AGM will be provided by NSDL.
2. In compliance with MCA and SEBI circulars, the notice of the 27th AGM along with the Annual Report 2022-23 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Members may note that the above said Notice and Annual Report 2022-23 will also be available on the Company's website i.e. www.pnbgilts.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of National Securities Depository Limited ("NSDL") i.e. <https://www.evoting.nsdl.com>. In case any member is desirous of obtaining hard copy of the notice of the 27th AGM along with the Annual Report 2022-23 of the Company, may send request to the Company's email address at m.kochar@pnbgilts.com mentioning Folio No./ DP ID and Client ID.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC and participate thereat and cast their votes through e-voting.

4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, is annexed hereto.
5. All documents referred to in the Explanatory Statement along with Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, shall be available for inspection through a secured platform upon login at NSDL e-voting system at <https://www.evoting.nsdl.com>
6. Pursuant to Section 139 of the Companies Act, 2013 ('the Act'), the Statutory Auditor(s) of the Company are appointed by the Comptroller and Auditor General of India (C&AG) and pursuant to Section 142 of the Act, the remuneration is to be fixed in the general meeting or in such manner as may be determined therein. The Statutory Auditor(s) of the Company for the FY 2023-24 are yet to be appointed by the C&AG. Accordingly, the members may authorize the Board to fix remuneration payable to Statutory Auditor(s), as may be deemed fit by the Board, for the financial year 2023-24.
7. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.
  - a) For shares held in electronic form: to their Depository Participants (DPs)
  - b) For shares held in physical form: to the Company/Share Transfer Agent (RTA) in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023. In the absence of any of the required documents in a folio, on or after October 1, 2023, the folio shall be frozen by the RTA. Intimation letters along with Business Reply Envelopes for furnishing the required details are being sent by the Company. Members may also refer the Company's website [www.pnbgilts.com](http://www.pnbgilts.com) to Announcements Section in Investor Relations page for SEBI directions and the download section on home page of said website for downloading of various forms like form ISR-1, SH-13 etc.

Contact details of Share Transfer Agent of the Company is as under:  
MCS Share Transfer Agent Ltd.  
(Unit - PNB Gilts Ltd.)  
F-65, 1st Floor, Okhla Industrial Area,  
Phase - I, New Delhi-110 020  
Tel : 011-41406149-52, Fax: 011-41709881  
Email ID– [helpdeskreply@mcsregistrars.com](mailto:helpdeskreply@mcsregistrars.com)
8. Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants ("DP") in case the shares are held by them in electronic form and with MCS Share Transfer Agent Ltd. in case the shares are held by them in physical form. For temporary registration of email for the purpose of receiving of this notice along with annual report for 2022-23 members may write to [m.kochar@pnbgilts.com](mailto:m.kochar@pnbgilts.com) along with requisite proof of his/her membership.
9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company, of any change in address or demise of any member as soon as possible and in case shares are in physical form. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
10. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate; claim from unclaimed suspense account; renewal/ exchange of securities certificate; endorsement; sub-division/splitting of securities certificate; consolidation of securities certificates/folios; transmission and transposition. Accordingly, members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at <https://www.pnbgilts.com/downloads> It may be noted that any service request can be processed only after the folio is KYC Compliant.

11. In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form. Members can contact the Company or MCS Share Transfer Agent Ltd., for assistance in this regard.
12. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or MCS Share Transfer Agent Ltd., the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.
13. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website i.e. <https://www.pnbgilts.com/downloads> Members are requested to submit the said details to their DPs in case the shares are held by them in dematerialized form and to MCS Share Transfer Agent Ltd. in case the shares are held in physical form.
14. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund ("IEPF"), constituted by the Central Government. The Company had, accordingly, transferred ₹ 1192321.50 being the unpaid/unclaimed dividend amount pertaining to Final Dividend 2014-15 during FY 2022-23.  
 Details of the unpaid/ unclaimed dividend are also uploaded on the Company's website [www.pnbgilts.com](http://www.pnbgilts.com).  
 Members who have not encashed Final Dividend 2015-16 or any subsequent dividend declared by the Company, are advised to write to the Company immediately.  
 Further, all the shares in respect of which dividend has remained unclaimed for 7 consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.  
 The Members, whose unclaimed dividends and/or shares have been transferred to IEPF, may contact the Company or MCS Share Transfer Agents Ltd. and submit the required documents for issue of Entitlement Letter. The Members can attach the Entitlement Letter and other required documents and file form IEPF-5 for claiming the dividend and/or shares available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to Corporate Governance Report which is a part of this report.  
 All the shareholders who have not claimed / encashed their dividends in the last seven consecutive years from FY 2015-16 are again advised to claim the same. In case valid claim is not received, the Company will proceed to transfer the respective shares to the IEPF Account in accordance with the procedure prescribed under the IEPF Rules.
15. Details given in Annexure, as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and Secretarial Standard on General Meetings (SS-2) of the Institute of Company Secretaries of India ("ICSI"), in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms an integral part of this Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
16. Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
17. **NON-RECEIPT OF DIVIDEND**

The Company has received back some undelivered envelopes containing dividend warrants in the past due to various reasons. As such, shareholders who have not received dividend(s) of previous years, are requested to

contact the Company by giving details like Folio No./DP ID & Client ID, Address, Contact No. etc. Please refer 'Report on Corporate Governance' section for detailed explanation/procedure.

18. Instructions for e-voting and joining the AGM are as follows -

**a. VOTING THROUGH ELECTRONIC MEANS**

- I In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 27<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- II The remote e-voting period commences on September 4, 2023 (9:00 a.m.) and ends on September 7, 2023 (5:00 p.m.). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 1, 2023, may cast their vote by remote e-voting. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- III A person, who is not a member as on the cut-off date, should treat this Notice for information purpose only.
- IV Mr. Ankit Singhi, Practising Company Secretary bearing C.P. No. 16274, and failing him, Mr. Nitesh Latwal, Practising Company Secretary bearing C.P. No. 16276, Partners of PI & Associates will act as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- V The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC but shall not be entitled to cast their vote again.
- VI The voting/remote e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date.
- VII Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date shall follow the same procedure for e-Voting as mentioned below.
- VIII The process and manner for remote e-voting as well as e-voting during the AGM are as under:

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below :*

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

**Login method for Individual shareholders holding securities in demat mode is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.  <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; align-items: center; gap: 20px;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 40px; margin-top: 10px;">   </div> </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li> </ol>

	4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****

c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company. For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
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5. Password details for shareholders other than Individual shareholders are given below:
- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will direct you to change your password.
  - How to retrieve your 'initial password'?
    - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - If your email ID is not registered, please follow steps mentioned under the heading **"process for those shareholders whose email ids are not registered"**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.  
Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders/corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to attend the meeting and vote, to the Scrutinizer by e-mail to ankit@indiacp.com with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in. In case of any grievances connected with facility of evoting, please contact Ms. Pallavi Mhatre, Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, at the designated email address: pallavid@nsdl.co.in/ evoting@nsdl.co.in or at telephone no. +91 22 2499 4545.

#### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

- a. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to helpdeskreply@mcsregistrars.com
- b. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to helpdeskreply@mcsregistrars.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- c. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
- d. In terms of SEBI circular dated 9th December, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

#### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password

for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.

2. The Members can join the AGM in VC mode 30 minutes before and after the scheduled time of the commencement of AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoter, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants connecting from Mobile devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at m.kochar@pnbgilts.com. The same will be replied by the company suitably.

#### **THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

#### **PROCEDURE TO RAISE QUESTIONS / SEEK CLARIFICATIONS WITH RESPECT TO ANNUAL REPORT**

1. As the AGM is being conducted through VC, members are encouraged to express their views / send their queries in advance mentioning their name, DP Id and Client Id/Folio No., e-mail id, mobile number at m.kochar@pnbgilts.com to enable smooth conduct of proceedings at the AGM. Questions / Queries received by the Company on or before Friday, September 1, 2023 on the aforementioned e-mail id shall only be considered and responded to during the AGM.
2. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their Name, DP ID and Client ID/ Folio Number, PAN, Mobile Number at m.kochar@pnbgilts.com on or before Friday, September 1, 2023. Those Members who have registered themselves as a Speaker will only be allowed to express their views/ask questions during the AGM.
3. Members who could not have registered themselves as a speaker or send their queries can ask questions during the AGM by using communication box facility that will be appearing on the screens at the AGM.
4. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, depending on the availability of time for the AGM or for smooth conduct of the AGM.

22. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting and shall make, not later than 2 working days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting.
23. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.pnbgilts.com](http://www.pnbgilts.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited.

## ANNEXURE TO NOTICE

### PART I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ("THE ACT")

#### Item No. 4

Sh. Satish Kumar Kalra, Independent Director was appointed to hold the office for five consecutive years for a term upto September 14, 2023, by the Members of the Company in the 22<sup>nd</sup> AGM held on September 15, 2018.

Based on the performance evaluation and recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Sh. Satish Kumar Kalra, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed by the Board to be re-appointed as an Independent Director for another term of 5 consecutive years from September 15, 2023 to September 14, 2028.

The Company has received a notice under Section 160 of the Act from a member proposing the candidature of Sh. Kalra for the office of Director of the Company.

In the opinion of the Board, Sh. Satish Kumar Kalra fulfills the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the management. Further, he is not debarred from re-appointment by any order of SEBI or any other authority. Copy of the draft letter for re-appointment of Sh. Satish Kumar Kalra as an Independent Director setting out terms and conditions would be available for inspection.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sh. Kalra as an Independent Director, as he is associated with the company from last 5 years and having in-depth knowledge about the operations of banking industry as well. Your Board is of view that his skills and capabilities are aligned to the role expected from him. His re-appointment is justified on account of the following:

- He is having wide experience in the areas of Treasury Management, Risk Management, Corporate Planning, Inspection & Audit, Merchant Banking, Board Secretariat and Governance, Credit Monitoring & Review, Recovery Management and Legal, Retail & MSME lending etc. He has an experience of about 38 years in the banking industry.
- He was also a Member on the Advisory Board for Banking and Financial Frauds for about two years since March 2020.

- He was General Manager Treasury at Allahabad Bank and headed various zones also. He has served Andhra Bank as Managing Director & CEO (additional charge) for 6 months and worked as WTD as Executive Director from October 2012 to August 2017. He was on Board of India First Life Insurance. He acted as an Independent Director on the Board of Lakshmi Vilas Bank till November, 2020 (Lakshmi Vilas Bank Limited is amalgamated with DBS Bank w.e.f. 27/11/2020 & board of Lakshmi Vilas Bank has been superseded).
- Since September 15, 2018, he is an Independent Director of PNB Gilts Ltd. and also chairman/member of various board level committees viz. Audit Committee, Risk Management Committee, IT Committee and Nomination & Remuneration Committee.

As per Section 149(10) of the Act and Listing Regulations, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Further, it is informed the members of the Company that in case where a special resolution for the re-appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made.

Accordingly, the Board recommends this Special Resolution in relation to eligibility and re-appointment of Sh. Satish Kumar Kalra as an Independent Director for another term of 5 consecutive years with effect from September 15, 2023 to September 14, 2028, for the approval by the shareholders of the Company by way of special resolution.

Brief profile of Sh. Kalra, including nature of expertise, is provided at Part II of Annexure to this Notice. Requisite disclosures in connection with his appointment have also been received by the Company.

Except Sh. Satish Kumar Kalra, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives (to the extent of their shareholding in the Company, if any) are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the accompanying Notice of the AGM.

Save and except the above, none of other Directors/Key Managerial Personnel of the Company/ their relatives (to the extent of their shareholding in the Company, if any) are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No.4 of this Notice. The Board commends the resolution set forth in Item No.4 for the approval of members.

#### **Item No. 5**

Dr. Tejendra Mohan Bhasin, Independent Director was appointed to hold the office for five consecutive years for a term upto July 30, 2024, by the Members of the Company in the 23<sup>rd</sup> AGM held on August 28, 2019.

Based on the performance evaluation and recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Dr. Tejendra Mohan Bhasin, being eligible for re-appointment as an Independent Director and offering himself for re-appointment, is proposed by the Board to be re-appointed as an Independent Director for another term of 5 consecutive years from July 30, 2024 to July 29, 2029.

The Company has received a notice under Section 160 of the Act from a member proposing the candidature of Dr. Bhasin for the office of Director of the Company.

In the opinion of the Board, Dr. Tejendra Mohan Bhasin fulfills the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his re-appointment as an Independent Director of the Company and is independent of the management. Further, he is not debarred from re-appointment by any order of SEBI or any other authority. Copy of the draft letter for re-appointment of Dr. Tejendra Mohan Bhasin as an Independent Director setting out terms and conditions would be available for inspection.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Bhasin as an Independent Director, as he associated with the company from last 5 years and having in-depth knowledge about the operations of banking industry as well. Your Board is of view that his skills and capabilities are aligned to the role expected from him. His re-appointment is justified on account of the following:

- He is having wide experience in the areas of finance, administration, treasury, banking operations and vigilance matters etc. in the banking industry. He has an experience of about 40 years in the banking industry.
- He is also a member on the Advisory Board for Banking and Financial Frauds.
- He was appointed as the Vigilance Commissioner in Central Vigilance Commission by the President of India.
- He was formerly associated with Oriental Bank of Commerce as General Manager a. He has served Indian Bank as Chairman and Managing Director and United Bank of India as an Executive Director. He also acted as Director of United Indian Insurance Co. Ltd., Centrum Capital Limited and IDBI Intech Limited.
- Since July 30, 2019, he is Independent Director of PNB Gilts Ltd. and also chairman/member of various board level committees viz. Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

As per Section 149(10) of the Act and Listing Regulations, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Further, it is informed the members of the Company that in case where a special resolution for the re-appointment of an independent director fails to get the requisite majority of votes but the votes cast in favour of the resolution exceed the votes cast against the resolution and the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the appointment of such an independent director shall be deemed to have been made.

Accordingly, the Board recommends this Special Resolution in relation to eligibility and re-appointment of Dr. Tejendra Mohan Bhasin, as an Independent Director for another term of 5 consecutive years with effect from July 30, 2024 to July 29, 2029, for the approval by the shareholders of the Company by way of special resolution.

Brief profile of Dr. Bhasin, including nature of expertise, is provided at Part II of Annexure to the Notice. Requisite disclosures in connection with his appointment have also been received by the Company.

Except Dr. Tejendra Mohan Bhasin, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives (to the extent of their shareholding in the Company, if any) are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice of the AGM.

Save and except the above, none of other Directors/Key Managerial Personnel of the Company/ their relatives (to the extent of their shareholding in the Company, if any) are in any way, concerned or interested, financially or otherwise in the resolution set out at Item No.5 of the Notice. The Board commends the resolution set forth in Item No.5 for the approval of members.

#### **Item No. 6 & 7**

It is apprised to the members that Mr. Vikas Goel (DIN: 08322541) had been re- appointed as the Managing Director & CEO of the Company through a resolution passed by postal ballot on January 20, 2023 for another term of three years effective from February 1, 2023 to January 31, 2026 and fixed his remuneration for such tenure.

In this connection it is important to bring to your attention that the Company's performance in the fiscal year 2022-23 was negatively impacted by a significant increase in bond yields and our company incurred losses during the fiscal year 2022-23, because of such reason and the remuneration paid/ payable to Mr. Vikas Goel is exceeded the managerial remuneration limits as provided under Section 197 of the Companies Act, 2013.

Pursuant to the provisions of Sections 197, 198, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including rules, notifications, any statutory modification(s), amendment(s) or re-enactment(s) thereof, for the time being in force), approval of the Shareholders by way of Special Resolution is required for payment of Managerial Remuneration by the Company to its Managing Director, in any financial year.

Considering the performance/ skill and contribution of Sh. Vikas Goel in the business as well as management of the Company, upon the recommendation of Nomination & Remuneration Committee/ Board of Directors of the Company, it is proposed to take the approval of members to waive the recovery of excess managerial remuneration amounting to 1,30,68,000 p.a. (including company's contribution to Provident Fund of Rs. 7,05,672 p.a.), as detailed below, paid to Sh. Vikas Goel (DIN: 08322541), MD & CEO for the year ended March 31, 2023, in terms of Section 197 read with Schedule V of the Act in view of losses incurred for the year ended March 31, 2023.

1. Gross Salary	: Rs. 12151314
2. Company's contribution to Provident Fund	: Rs. 7,05,672/-
3. Leave Travel Concession	: Rs. 200839
4. Leave Encashment	: Rs. 72600
5. Medical expenses	: Rs. 2000
6. Perquisite value of car with driver provided by the company	: Rs. 32400

Members are also requested to waive the above stated remuneration paid in FY 2022-23 alongwith the performance based incentive for 2021-22 which is paid on deferred basis and is due for payment, if approved by the Board in line with the powers given by members vide postal ballot dtd. January 20, 2023.

Members are also requested to approve the minimum remuneration payable to him for financial year 2023-24, as detailed below, for the purpose of Section 197 read with Schedule V to the Companies Act, 2013:

The Total Fixed Cost (TFC) of Sh. Vikas Goel, Managing Director & CEO shall be Rs. 10,89,000/- p.m., breakup of which is as under –

1. Basic Pay : Rs. 4,90,050/- p.m.
2. Special Allowance : Rs. 98,010/- p.m.
3. Fixed Allowance : Rs. 3,56,375/- p.m.
4. Company's Contribution to PF @ 12% of Basic Pay : Rs. 58,806/- p.m.
5. Other facilities/ perquisites/benefits:
  - Reimbursement of entertainment expenses, newspaper & periodical, updation expenses, telephone expenses etc. within limit of Rs. 49,475/- p.m.
  - Car facility with driver for which Rs. 14,500/- p.m. is notionally charged towards TFC.
  - Leave Travel Concession (LTC): He shall be entitled for LTC to the extent of one months basic pay in a block of two years. At present, same works out to Rs. 20,419/- p.m.
  - Annual Health checkup for self and spouse : Notional Cost (for the purpose of calculation of TFC) towards this facility is Rs. 865/- p.m.
  - Canteen Facility : Canteen Facility will be provided. Notional Cost (for the purpose of calculation of TFC) towards this facility is Rs. 500/- p.m.

Other Terms of remuneration (including variable cost) etc. are as under–

- Leave encashment, leaves, mode of travel, reimbursements etc. shall be as per Company Rules.
- Benefits like gratuity shall be in accordance with the scheme(s) and rule(s) applicable to other staff members from time to time. In case, his tenure gets extended and he becomes eligible to receive the gratuity, then

the premium paid by the Company will be charged from his CTC in accordance with the service regulations of the Company.

- Group Medical Insurance and Group Term Insurance shall be as available to other staff members from time to time.
- In addition, he may be paid performance linked incentive, as may be decided by the Board of Directors periodically, based on achievement of performance parameters, as may be determined by the Board of Directors or a Committee thereof from time to time.
- His annual increment will be considered by the Board or Committee thereof, in its absolute discretion.

The remuneration etc. of Sh. Vikas Goel shall be governed by the provisions / service regulations/ policies of the Company as applicable to the Managing Director of the Company and any modifications, revision therein that may take place from time to time, subject to the requisite compliance of the Companies Act, 2013 read with the rules made thereunder.

He shall not be entitled to any sitting fee for attending the meetings of the Board of Directors of the Company or any committee or sub-committee thereof.

**Information pertaining to Section II in Part II of Schedule V are as follows :**

**I. General Information:**

- (1) **Nature of Industry:** The Company is a Primary Dealer, authorised by the Reserve Bank of India. As a Primary Dealer, Company's primary activities entail supporting government borrowing program via underwriting of government securities issuances and trade in a gamut of fixed income instruments such as Government securities, Treasury Bills, State Development Loans, Corporate Bonds, Interest Rate Swaps and various money market instruments such as Certificates of Deposits, Commercial Papers etc.
- (2) **Date or expected date of commencement of commercial production :** The Company was incorporated on March 13, 1996. It started its commercial activities in July, 1996.
- (3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :** Not applicable
- (4) **Financial performance based on given indicators:**

Particulars	2022-23 (Rs. in lakhs)	2021-22 (Rs. in lakhs)	2020-21 (Rs. in lakhs)
Total Revenue from operations	1,22,976.71	98,972.19	1,05,197.78
Other Income	17.60	190.98	29.62
Total Income	1,22,994.31	99,163.17	1,05,227.40
Total Expenses	1,32,285.95	78,839.35	42,920.08
Profit/(Loss) before exception items and tax	-9,291.65	20,323.82	62,307.32
Exceptional Items (Income)/Expense	-785.03	-691.28	872.62
Total Tax Expenses	-784.38	4,443.96	16,023.02
Profit for the year	-7,722.23	16,571.14	45,411.68

- (5) **Foreign investments or collaborations, if any :** None

**II. Information about the appointee:**

- (1) **Background details:** Sh. Vikas Goel is B.Com (Hons.) from Shri Ram College of Commerce, Delhi University and MBA from Fisher College of Business, the Ohio State University. He has worked with three multinational banks (American Express Bank, Credit Agricole Bank and First Abu Dhabi Bank) in India for around 27 years

in leadership roles in establishing and managing Global Markets businesses, primarily the Fixed Income and Currency asset classes. He is with the Company since February 1, 2019.

- (2) **Past Remuneration** : Rs. 16440981/- (including company's contribution to PF of Rs.668250/- and performance link incentive of Rs. 40 lakhs paid basis the performance of FY 2020-21) was paid in FY 2021-22.
- (3) **Recognition or Rewards** : Nil
- (4) **Job profile and his suitability** : There are only 7 standalone Primary Dealers in entire India. The job requires strong knowledge and experience in primary dealer industry. Sh. Vikas Goel is eminently suitable given his background. His strength lies in providing strategic direction, thought and people leadership to Global Markets business and the organization as a whole. He is having the ability to identify opportunities, define and implement strategies based on macro economic, business and organization analysis.
- (5) **Remuneration proposed**: As per resolution given above.
- (6) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person** : The remuneration payable is comparable to the remuneration paid to a person holding similar position in other companies of similar size as that of the Company.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any** : Sh. Vikas Goel is not holding any shares of the Company. He does not have any other material pecuniary relationship directly or indirectly with the Company. Except Sh. Vikas Goel himself and his relatives, none of the other Directors, Key Managerial Personnel and their relatives are, in any way concerned or interested in the said resolution.

### III. OTHER INFORMATION

**Reasons for loss:** The Company's performance in the fiscal year 2022-23 was negatively impacted by a significant increase in bond yields. This led to losses in the valuation of marketable securities, as well as higher borrowing costs due to a rapid rise in overnight money market rates. Consequently, the Company experienced a reduction in net interest income. Additionally, during the year, the short-term government securities' term structure reacted unfavorably to the substantial increase in policy rates set by the Reserve Bank of India (RBI). Specifically, the yields on 1-year and 2-year securities surged by 265 basis points and 200 basis points, respectively, compared to the closing rates in March 2022.

**Steps taken or proposed to be taken for improvement:** Company's operations are concentrated in investment and trading in the fixed income markets. Company is working continuously to strengthen and broaden its sales network in both SLR and non SLR segments. Further, RBI has authorised your Company to act as an 'Authorised Dealer – Category III', subject to certain conditions. Under this authorization, the Company may offer all foreign exchange market-making facilities to users, as currently permitted to Category-I Authorized Dealers, subject to adherence to the prudential regulations and other guidelines of RBI. Accordingly the company will be able to enhance its non-core income by entering into foreign exchange markets.

**Expected increase in productivity and profits in measurable terms:** The Company has drawn up a Business Plan which it will endeavour to achieve.

### IV. THE FOLLOWING DISCLOSURES ARE MENTIONED IN THE DIRECTORS' REPORT UNDER THE "CORPORATE GOVERNANCE" PART:

- (i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors
- (ii) details of fixed component and performance linked incentives along with the performance criteria
- (iii) service contracts, notice period, severance fees

(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

The Company has not defaulted in payment of dues to any bank or public financial institution or other secured creditor. The Company does not have any debenture holders.

Your Directors recommend the resolution at Item No. 6 and 7 of the accompanying Notice for approval of the Members of the Company by way of special resolutions.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Sh. Vikas Goel and his relatives (to the extent of their shareholding in the Company, if any) are concerned or interested, financially or otherwise in the Resolution at item no. 6 & 7 of this Notice.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to be 'M. Kochar', written over a horizontal line.

**(Monika Kochar)**  
Company Secretary  
FCS 6514

New Delhi  
August 10, 2023

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

**Part II – PURSUANT TO REGULATION 36(3) OF LISTING REGULATIONS AND IN TERMS OF SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-II) ISSUED BY THE INSTITUTE OF COMPANIES SECRETARIES OF INDIA, BRIEF PARTICULARS OF THE DIRECTORS TO BE APPOINTED/ RE-APPOINTED ARE AS UNDER:**

<b>Name of Director</b>	<b>Sh. Satish Kumar Kalra</b>	<b>Dr. Tejendra Mohan Bhasin</b>	<b>Sh. Kalyan Kumar</b>
Date of Birth (Age)	25/08/1957 (66)	23/05/1956 (67 years)	10/01/1969 (55)
Nationality	Indian	Indian	Indian
Date of first Appointment on Board of Company	15/09/2018	30/07/2019	07/07/2022
Qualifications	M.Sc., CAIIB, PGDM in Finance	Ph.D, MBA, LL.B., CAIIB., M.Sc	Post graduate in Science from Rajendra Prasad Agriculture University, Pusa. Certified Associate Member of Indian Institute of Bankers. Hold various certifications in Trade Finance, IT Security and KYC-AML from Indian Institute of Banking and Finance
Resume/Experience/ Expertise in Specific functional Area, in brief	Treasury Operations, Risk Management, Banking operations, Information Technology, Cyber Security and Corporate Governance etc.	He is having experience of around 40 years in treasury & banking operations and vigilance matters etc.	He is an Executive Director of Punjab National Bank since October 2021. He served Union Bank of India for 26 years in various capacities as Branch Head of VLBs, faculty at Staff Training Centers, Staff College Principal, stint in Vigilance and Business Process Transformation and Amalgamation Management. His experience and contribution is spread across multiple domains of Branch Banking, Credit and MSME, Vigilance, Business Process Re-engineering and Analytics, Amalgamation Management and Human Resource Management including Learning and Development and Talent Management.

<p>Directorship held in other Companies</p>	<p>Independent Director of the following Companies -</p> <ul style="list-style-type: none"> <li>• J. K. Cement Limited</li> <li>• Indbank Merchant Banking Services Limited</li> <li>• Can Fin Homes Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Director of the following Companies -</li> <li>• SBI Cards and Payment Services Limited</li> <li>• PNB Housing Finance Limited</li> <li>• Patanjali Foods Limited</li> <li>• SBI Life Insurance Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Director, Punjab National Bank</li> <li>• Director of PNB Cards &amp; Services Ltd.</li> <li>• Director of India Infrastructure Finance Company Ltd.</li> </ul>
<p>Chairperson / Member of the Committee of the Board of Directors of the Company</p>	<p>Chairman of Risk Management Committee and Member of the following Committees -</p> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Nomination &amp; Remuneration Committee</li> <li>• IT Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Nomination and Remuneration Committee and member of the following committees –</li> <li>• Audit Committee</li> <li>• Corporate Social Responsibility Committee</li> </ul>	<p>Nil</p>
<p>Membership/ Chairmanship of Committee of other Companies</p>	<ul style="list-style-type: none"> <li>• Chairman of Stakeholders' Relationship Committee and Member of Nomination &amp; Remuneration Committee of Can Fin Homes Ltd.</li> <li>• Member of Risk Management Committee and Nomination &amp; Remuneration Committee of J K Cement Ltd.</li> <li>• Member of Audit Committee and Nomination &amp; Remuneration Committee of Indbank Merchant Banking Services Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Stakeholders Relationship &amp; Customer Experience Committee and Nomination and Remuneration Committee and member of Audit committee and IT Strategy Committee of SBI cards and Payment Services Limited</li> <li>• Chairman of Stakeholders Relationship Committee and member of Audit committee and Nomination and Remuneration Committee of Patanjali Foods Limited</li> <li>• Chairman of Risk Management Committee and Corporate Social Responsibility Committee and member of Audit Committee of PNB Housing Finance Limited</li> <li>• Chairman of Stakeholders Relationship Committee and Member of Corporate Social Responsibility Committee, Profits Committee, Audit Committee and Policyholder Protection Committee of SBI Life Insurance Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of Audit Committee and IT Strategy Committee of India Infrastructure Finance Company Ltd. (IIFCL). He is also member of following committees of IIFCL-</li> <li>a. Stakeholders' Relationship Committee</li> <li>b. Risk Management Committee</li> <li>c. Management &amp; Investment Committee</li> <li>d. Nomination &amp; Remuneration Committee</li> </ul>

Number of Board/ Committee meetings attended during the year	Details are provided in Corporate Governance section of Annual Report 2022-23.	Details are provided in Corporate Governance section of Annual Report 2022-23.	Details are provided in Corporate Governance section of Annual Report 2022-23.
Number of Shares Held either directly or for beneficial basis for any other person	Nil	Nil	Nil
Terms & Conditions of Appointment/ Reappointment including remuneration sought to be paid	Non-Executive & Independent Director, not liable to retire by rotation. Apart from receiving sitting fee for attending the meeting of Board of Director and Committee thereto, he will not be entitled for any remuneration.	Non-Executive & Independent Director, not liable to retire by rotation. Apart from receiving sitting fee for attending the meeting of Board of Director and Committee thereto, he will not be entitled for any remuneration.	Non-Executive & Non-Independent Director, liable to retire by rotation. Other terms and conditions including remuneration, if any, regulating his appointment shall be determined by the promoter i.e. PNB.
Remuneration last drawn	Details are provided in Corporate Governance section of Annual Report 2022-23.	Details are provided in Corporate Governance section of Annual Report 2022-23.	Nil
Relationship with other Directors, Manager and KMPs of the company	Nil	Nil	Nil
Listed entities from which the independent director has resigned in the past three years	He acted as Independent Director on the Board of Lakshmi Vilas Bank till November, 2020 (Lakshmi Vilas Bank Limited is amalgamated with DBS Bank w.e.f. 27/11/2020 & board of Lakshmi Vilas Bank has been superseded).	He acted as Independent Director of Centrum Capital Limited from which he resigned w.e.f. 09.10.2020 on account of pre occupation.	Nil

## OUR STRENGTHS



**COMPANY SECRETARY**

Ms. Monika Kochar

**CHIEF FINANCIAL OFFICER**

Mr. Chandra Prakash

**STATUTORY AUDITORS**

Batra Deepak & Associates  
S-517 , 2nd Floor School Block  
Shakarpur Delhi  
New Delhi – 110092

**CONCURRENT AUDITORS**

Lodha & Co.  
Upasana, 1, Hailey Road,  
Vakil Lane, Mandi House,  
New Delhi-110 001

**BANKERS**

Reserve Bank of India  
Punjab National Bank

**REGISTERED-CUM-CORPORATE OFFICE**

5, Sansad Marg, New Delhi - 110001  
Tel: 011 - 23325759, 23325779  
E-mail: pnbgilts@pnbgilts.com  
Website: www.pnbgilts.com

**BRANCHES****Mumbai**

4th Floor, PNB House, Sir P.M. Road,  
Fort, Mumbai-400 001.  
Tel: 022-22691812, 22693315

**Chennai**

PNB GILTS Ltd  
3rd floor, Rayala Towers, No. 158, Mount road,  
Anna Salai, Triplicane, Chennai - 600002  
Tel : 044-25331750

**Ahmedabad**

B-1108, Sunwest Bank, Near Vallabh Sadan,  
Opp City Gold Cinema, Ashram Road,  
Ahmedabad - 380015  
Tel : 079-49184246

**Bangalore**

No. 28, 2nd Floor, Centenary Building,  
M.G. Road, Bangalore – 560 001  
Tel: 080 – 2992 2211

**Kolkata**

13th floor, United Tower 11  
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Kolkata, West Bengal 700001  
Tel : 033-22300247