

PNB GILTS LIMITED
(CIN: L74899DL1996PLC07120)
Regd. Office: 5, Sansad Marg, New Delhi – 110001
Ph: 23325759, 23325779 Fax 23325751, 23325763
E-Mail: pnbgilt@pnbgilt.com Website: www.pnbgilt.com

Balance Sheet as at 31 March 2019

(Amounts in Rs. Lakhs, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	20.52	36.48	18.55
Bank balance other than above	4	10,559.88	10,556.21	75.40
Derivative financial instruments	5	37,467.43	751.45	62.66
Loans	6	5,257.34	151.41	22.38
Investments	7	881,771.57	499,865.36	434,994.04
Other financial assets	8	16,341.40	11,729.87	8,618.66
		<u>951,418.14</u>	<u>523,090.78</u>	<u>443,791.69</u>
Non-financial assets				
Current tax assets (net)	9	306.59	458.15	425.19
Deferred tax assets (net)	10	97.42	1,359.10	-
Investment property	11(a)	28.41	12.78	13.44
Property, plant and equipment	11(b)	228.79	266.40	283.67
Other intangible assets	11(c)	29.19	0.29	2.30
Other non-financial assets	12	95.48	42.29	11.17
		<u>785.89</u>	<u>2,139.01</u>	<u>737.77</u>
TOTAL		<u>952,204.04</u>	<u>525,229.79</u>	<u>444,529.46</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	5	38,721.80	781.83	225.65
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		72.44	19.98	42.28
Other payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	167.32
Borrowing (other than debt securities)	14	823,391.94	436,865.40	351,392.95
Other financial liabilities	15	809.83	976.51	136.63
		<u>862,936.01</u>	<u>438,643.72</u>	<u>351,964.83</u>
Non-financial liabilities				
Current tax liabilities (net)	16	69.18	557.53	629.85
Provisions	17	347.61	265.21	401.39
Deferred tax liabilities (net)	10	-	-	535.32
Other non-financial liabilities	18	24.01	56.33	12.76
		<u>440.80</u>	<u>879.07</u>	<u>1,579.32</u>
Equity				
Equity share capital	19	18,001.01	18,001.01	18,001.01
Other equity	20	70,766.21	67,705.99	72,984.30
		<u>88,767.22</u>	<u>85,707.00</u>	<u>90,985.31</u>
TOTAL		<u>952,204.04</u>	<u>525,229.79</u>	<u>444,529.46</u>

Significant accounting policies and notes to accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN: 07430460


(Prem Prakash Pareek)
Director
DIN: 00615296


(Vijay Goel)
Managing Director & CEO
DIN: 03222541


(Sunita Gupta)
Executive Director & CFO
DIN: 06902258


(Monika Kocher)
Company Secretary
Membership No. F6514

In terms of our report of even date
For Rasool Singhal & Co
Chartered Accountants (FRN: 500015N)



(CA. Kanti Kumar Gupta)
Partner
Membership No. 071615

Date: May 27, 2019
Place: New Delhi
Regd Off: 5, Sansad Marg, New Delhi – 110 001

Statement of Profit and Loss for the year ended 31 March 2019

(Amounts in Rs. lakhs, unless otherwise stated)

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations			
Interest income			
Discount income	21	36,236.49	32,943.14
Dividend income	22	14,012.97	7,138.17
Rental income		2.26	6.34
Net gain (Realised & Unrealised)	23	4.20	
Fees and commission income	24	280.21	
Total revenue from operations	25	<u>50,779.42</u>	<u>40,228.37</u>
Other income			
Total income	26	<u>50,801.34</u>	<u>40,244.86</u>
Expenses			
Finance costs			
Fees and commission expense	27	40,343.67	33,072.20
Net loss (Realised & Unrealised)	28	535.16	467.34
Employees benefit expense	24	-	5,095.61
Other expenses	29	714.04	610.47
Depreciation, amortization and impairment	30	864.05	818.86
Total expenses	11(a),(b),(c)	<u>42,499.27</u>	<u>40,112.98</u>
Profit/(loss) before tax		<u>8,302.07</u>	<u>131.88</u>
Tax expense/(credit):			
(1) Current tax			
(2) Earlier year taxes		1,644.29	1,879.10
(3) Deferred tax		80.55	4.00
Total Tax expenses		<u>1,291.45</u>	<u>(1,892.65)</u>
Profit for the year		<u>3,016.29</u>	<u>(9.55)</u>
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan		(85.21)	(5.14)
(ii) Income tax relating to items that will not be reclassified to profit or loss		29.77	1.80
Other comprehensive income		<u>(55.43)</u>	<u>(3.34)</u>
Total comprehensive income for the year (comprising profit/ (loss) and other comprehensive income for the year)		<u>5,238.35</u>	<u>138.09</u>
Earnings per equity share (for continuing operations)			
Basic (Rs.)	31		
Diluted (Rs.)		2.94	0.08

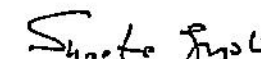
Significant accounting policies and notes to accounts 1 to 52 are an integral part of these financial statements.

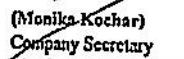
For and on behalf of the Board


 (Sunil Mehta) -
 Chairman
 DIN: 07430460


 (Prem Prakash Parcek)
 Director
 DIN: 00615296

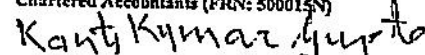

 (Vikas Garg)
 Managing Director & CEO
 DIN: 08322541


 (Sunita Gupta)
 Executive Director & CFO
 DIN: 06902258


 (Monika Kochhar)
 Company Secretary
 Membership No. F6514

Date: May 27, 2019
 Place: New Delhi
 Regd Off: 5, Sansad Marg, New Delhi – 110 001

In terms of our report of even date
 For Rasool Singhal & Co
 Chartered Accountants (FRN: 500015N)



(CA. Kanti Kumar Gupta)
 Partner
 Membership No. 071615



Statement of Changes in Equity for the year ended 31 March 2019

a. Equity share capital

(Amounts in Rs.lakhs, unless otherwise stated)


Particulars	Notes	Amount
As at 1 April 2017	19	18,001.01
Changes in equity share capital		-
As at 31 March 2018		18,001.01
Changes in equity share capital		-
As at 31 March 2019		18,001.01

b. Other equity

Particulars	Reserves and surplus						Total
	Statutory reserve	Share premium reserve	General reserve	Market fluctuation reserve	Capital reserve	Retained earning	
Balance as at 1 April 2017	23,366.02	2,501.27	9,776.54	6,300.00	5,988.96	25,051.51	72,984.30
Profit for the year	-	-	-	-	-	141.43	141.43
Other comprehensive income for the year	-	-	-	-	-	(3.34)	(3.34)
Total comprehensive income	23,366.02	2,501.27	9,776.54	6,300.00	5,988.96	25,189.60	73,122.39
Transactions with owners in their capacity as owners:							
Dividends (including dividend tax)	-	-	-	-	-	(5,416.40)	(5,416.40)
Transferred from retained earnings	731.52	-	-	-	331.08	-	1,062.60
Transferred to other reserves	-	-	-	-	-	(1,062.60)	(1,062.60)
Balance at 31 March 2018	24,097.54	2,501.27	9,776.54	6,300.00	6,320.04	18,710.60	67,705.99
Profit for the year	-	-	-	-	-	5,285.78	5,285.78
Other comprehensive income for the year	-	-	-	-	-	(55.43)	(55.43)
Total comprehensive income	24,097.54	2,501.27	9,776.54	6,300.00	6,320.04	23,940.95	72,936.34
Transactions with owners in their capacity as owners:							
Dividends (including dividend tax)	-	-	-	-	-	(2,170.13)	(2,170.13)
Transferred from retained earnings	1,057.16	-	-	-	-	-	1,057.16
Transferred to other reserves	-	-	-	-	-	(1,057.16)	(1,057.16)
Balance as at 31 March 2019	25,154.70	2,501.27	9,776.54	6,300.00	6,320.04	20,713.66	70,766.21

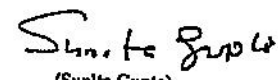
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For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN: 07430460

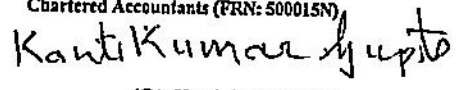

(Prem Prakash Pareek)
Director
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Executive Director & CFO
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(Monika Kochar)
Company Secretary
Membership No. F6514

In terms of our report of even date
For Rasool Singhal & Co
Chartered Accountants (FRN: 500015N)


(CA. Kanti Kumar Gupta)

Partner
Membership No. 071615

Date: May 27, 2019
Place: New Delhi
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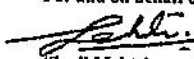
Statement of Cash Flows for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax	8,302.07	131.88
<i>Adjustments for</i>		
Add: Depreciation and amortisation expense	42.36	48.50
Changes in provisions	20.18	67.61
Loss/(profit) on sale of property, plant and equipment	0.51	(0.96)
Interest paid	40,343.67	33,072.20
Less: Discount and interest received	(50,249.46)	(40,083.80)
Dividend received	(2.26)	(6.34)
Operating (loss) before changes in operating activity	(1,542.93)	(6,770.91)
Cash flow from operating activity		
Add: Discount and interest received	50,249.46	40,083.80
Dividend received	2.26	6.34
Less: Interest paid	(40,343.67)	(33,072.20)
<i>Adjustment for changes in operating activity</i>		
Changes in investments in FDR	-	(10,462.00)
Changes in investments at fair value through profit and loss	(380,682.22)	(65,003.93)
Changes in financial assets and non-financial assets	(9,770.65)	(3,271.36)
Changes in financial liability and non-financial liabilities	(169.52)	484.95
Cash used in operations	(382,257.26)	(78,005.31)
Less: Net taxes paid	(2,061.64)	(1,988.36)
(A) Net cash used in operating activity	(384,318.90)	(79,993.67)
Cash flow from investing activities		
<i>Adjustment for changes in investing activity</i>		
Sale proceeds of property, plant and equipment	0.20	1.40
Purchase of property, plant and equipment	(50.01)	(27.03)
(B) Net cash used in investing activity	(49.81)	(25.63)
Cash flow from financing activity		
<i>Adjustment for changes in financing activity</i>		
Changes in borrowings	386,526.54	85,472.45
Dividend distribution including DDT	(2,170.12)	(5,416.40)
Changes in unclaimed dividends and bonus fractional entitlement	(3.67)	(18.82)
(C) Net cash flow from financing activity	384,352.75	80,037.23
Consolidated cash flow during the year (A+B+C)	(15.96)	17.93
Cash and cash equivalent at the beginning of the year	36.48	18.55
Cash and cash equivalent at the end of the year	20.52	36.48
Balances with banks		
Balances with Reserve Bank of India	19.44	22.20
Balances with PNB Current Accounts	1.08	14.28
	20.52	36.48

Significant accounting policies and notes to accounts 1 to 52 are an integral part of these financial statements.

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN: 07430460


(Prem Prakash Pareek)
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Company Secretary
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In terms of our report of even date
For Rasool Singhal & Co
Chartered Accountants (FRN: 500015N)

Date: May 27, 2019
Place: New Delhi
Regd Off: 5, Sansad Marg, New Delhi - 110 001



(CA. Kantil Kumar Gupta)
Partner
Membership No. 071615

PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

NOTE 1

A. Corporate information

PNB Gilts Limited is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. The company has been granted the License of NBFC by the Reserve Bank of India and working as a 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.

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.

For all periods up to and including the year ended 31st March 2018, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and the Reserve Bank of India guidelines as applicable to the Primary Dealers and NBFC. The financial statements for the year ended 31st March 2019 are the first the Company has prepared in accordance with Ind AS.

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 rupees. 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. 42 "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

Ia. Property, plant and equipment (PPE) and intangible assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as at 31 March 2017, measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets as on 1 April 2017.

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.

Ib. Investment Properties

The company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost on the transition date, vis 1st April, 2017.

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.

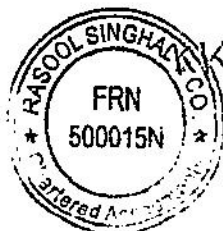
Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the Note 8A of the financial statements.

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.

Ic. 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

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that retains substantially all the risks and rewards incidental to ownership with the Lessor is classified as an Operating lease.

Operating lease payments are recognised as an expense on accrual basis in the statement of profit and loss on a straight-line basis over the lease term unless either:

- i. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- ii. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

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

Expenses as interest and other expenses are accounted for on accrual basis

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

- i. 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 trusts.

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

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)

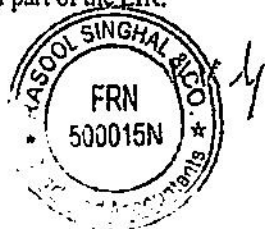
i. Debt Instruments at Amortised cost:

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 FVOCI

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.



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

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 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 Certificates of Deposit, Commercial Papers, Bills Re-discounted and Zero Coupon Bonds, carrying value is presumed to be its fair value.
- 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 SHCIL.

XI. Revenue recognition

- i) Interest income, for all debt instruments measured either at amortised cost (Short term lending and Fixed deposits) 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 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: Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value with the change in fair value recognised in profit or loss, the fees are recognised as part of the fair value when the instrument is initially recognized.
- vii) Commission & other fees: Commission & other fees will be recognized as and when the performance obligation is satisfied as per IND AS 115. During the year the company has adopted Ind AS 115, however, the same has no material impact over the financial statements of the company.
- viii) 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.

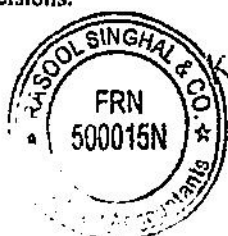
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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.

XIII. Segment Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker. The board of directors of the Company assesses the financial performance and position of the company and makes the strategic decisions.



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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 and Tax on Dividend

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.



Note 3: Cash and cash equivalents

	31 March 2019	31 March 2018	1 April 2017
Balances in current account with:			
- Reserve Bank of India	19.44	22.20	16.96
- Schedules Banks	1.08	14.28	1.59
	<u>20.52</u>	<u>36.48</u>	<u>18.55</u>

Note 4: Bank balance other than above

	31 March 2019	31 March 2018	1 April 2017
Bank deposits (more than 3 months and upto 12 months)^	10,488.00	10,488.00	26.00
Balance with scheduled banks (earmarked balances)*	71.88	68.21	49.40
	<u>10,559.88</u>	<u>10,556.21</u>	<u>75.40</u>
Total	<u>10,580.40</u>	<u>10,592.69</u>	<u>93.94</u>

****Earmarked balances with banks**

Balance with Scheduled Banks earmarked towards Unclaimed Dividends	71.56	67.89	49.08
Balance with Scheduled Banks earmarked towards Unclaimed Bonus	0.32	0.32	0.32
Fractional Entitlement Payable			
	<u>71.88</u>	<u>68.21</u>	<u>49.40</u>

^ As at 31 March 2019, fixed deposits amounting to Rs.475.00 lacs are in the joint name of the company with NSCCL A/C Stock Holding of India Ltd. and Rs. 13.00 lacs are in the joint name of the company with NSEIL hence not freely available for use of the company.

^ As at 31 March 2018, fixed deposits amounting to Rs.475.00 lacs are in the joint name of the company with NSCCL A/C Stock Holding of India Ltd. and Rs. 13.00 lacs are in the joint name of the company with NSEIL hence not freely available for use of the company.

^ As at 1 April 2017, fixed deposits amounting to Rs.13.00 lacs is in the joint name of the company with NSEIL A/C, hence not freely available for use of the company.



PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs. lakhs, unless otherwise stated)

Note 5: Derivative financial instruments

Part I

The company enters into derivatives for risk management purposes and trading purposes. The notional amounts 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 43.

Particulars	31 March 2019			31 March 2018			1 April 2017		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Interest rate derivatives:									
Interest Rate Swaps (Asset)	1,194,500.00	37,467.43	-	195,000.00	751.45	-	7,500.00	-	-
Interest Rate Swaps (Liability)	1,247,000.00	-	38,721.32	270,000.00	-	781.83	10,000.00	62.66	-
Index Option (equity linked derivatives)	58.80	-	0.48	-	-	-	-	-	225.65
Total derivative financial instruments	2,441,558.80	37,467.43	38,721.80	465,000.00	751.45	781.83	17,500.00	62.66	225.65

Part II

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	31 March 2019			31 March 2018			1 April 2017		
	Notional amount	Derivative asset	Notional amount	Derivative liability	Notional amount	Derivative asset	Notional amount	Derivative liability	
Interest Rate Swaps (Asset)	94,500.00	1,098.98	-	30,000.00	131.53	-	-	-	
Interest Rate Swaps (Liability)	-	-	137,000.00	-	-	148.19	10,000.00	62.66	
Index Option (equity linked derivatives)	58.80	-	0.48	-	-	-	-	-	
	94,558.80	1,098.98	137,000.00	1,472.72	131.53	148.19	10,000.00	62.66	
							35,000.00	7,500.00	
								225.65	
								225.65	



Note 6: Loans

Particulars	31 March 2019	31 March 2018	1 April 2017
<i>At amortised Cost</i>			
Others			
Lending under Liquidity Adjustment Facility (LAF) to RBI*	5,000.00	-	-
Advance for equity purchase to Stock Holding Corporation of India Limited (SHCIL)*	22.23	30.76	-
	<u>5,022.23</u>	<u>30.76</u>	<u>-</u>
Term loans			
Staff loans*	235.11	120.65	22.38
Total (A) Gross	5,257.34	151.41	22.38
Less: Impairment loss allowance	-	-	-
Total (A) Net	<u>5,257.34</u>	<u>151.41</u>	<u>22.38</u>
Secured by tangible assets and intangible assets			
Covered by Bank/Government Guarantees	5,232.22	116.79	12.89
Unsecured	25.12	34.62	9.49
Total (B) Gross	5,257.34	151.41	22.38
Less: Impairment loss allowance	-	-	-
Total (B) Net	<u>5,257.34</u>	<u>151.41</u>	<u>22.38</u>
Loans in India			
Public Sector			
Others (to be specified)			
-Lending under LAF to RBI*	5,000.00	-	-
-Advance for equity purchase to SHCIL*	22.23	-	-
-Staff loans*	235.11	151.41	22.38
Total (C) Gross	5,257.34	151.41	22.38
Less: Impairment loss allowance	-	-	-
Total (C) Net	<u>5,257.34</u>	<u>151.41</u>	<u>22.38</u>

*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

	31 March 2019	31 March 2018	1 April 2017
<i>At fair value through profit or loss (FVTPL)</i>			
Mutual funds	-	-	26,762.76
Government Securities	658,798.71	394,324.38	324,713.37
Other approved securities	-	-	-
Debt Securities	222,706.08	105,416.03	83,311.27
Equity Instruments	266.78	124.95	206.63
Subsidiaries	-	-	-
Associates	-	-	-
Joint Venture	-	-	-
Others (specify)	-	-	-
Total gross (A)	<u>881,771.57</u>	<u>499,865.36</u>	<u>434,994.04</u>
Investments outside India	-	-	-
Investments in India	881,771.57	499,865.36	434,994.04
Total (B)	<u>881,771.57</u>	<u>499,865.36</u>	<u>434,994.04</u>
Total (A) to tally with (B)	881,771.57	499,865.36	434,994.04
Less: Allowance for Impairment loss (C)	-	-	-
Total Net D = (A) - (C)	<u>881,771.57</u>	<u>499,865.36</u>	<u>434,994.04</u>

The Company is providing custodian services to its constituents and total holdings of 74 (P.Y. 77) constituents in government securities as at 31 March 2019 in SGL II with RBI is Rs. 4,249,571.65 lacs (P.Y. Rs. 3,955,859.03 lakhs)



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Note 8: Other financial assets

	31 March 2019	31 March 2018	1 April 2017
Interest accrued but not due on :			
Government dated and approved securities			
Bonds and debentures	9,744.78	5,813.23	4,517.04
LAF lending	4,370.53	4,221.47	2,585.20
Cash deposit with Clearing Corporation of India Limited (CCIL)	2.47	-	-
Fixed deposits with Scheduled Banks	6.63	4.57	2.88
Security deposit	573.12	351.82	0.81
- with CCIL	1,643.64	1,338.78	1,512.73
- for Future & Options margin money	1,572.00	1,317.00	1,089.00
- Interest Rate Futures Margin Money	0.92	6.38	64.65
- for Others	63.72	11.03	354.23
Rent receivables	7.00	4.37	4.84
Expenses recoverable	0.18	-	-
	0.05	-	-
	16,341.40	11,729.87	8,618.66

Note 9: Current Tax Assets

Particulars	31 March 2019	31 March 2018	1 April 2017
Advance Tax 2005-06	-	198.97	198.97
Advance Tax 2006-07	2.10	2.11	2.11
Advance Tax 2008-09	116.49	116.49	116.49
Advance TAX 2011-12	80.87	94.64	94.64
ADvance Tax 2012-13	-	3.54	3.54
Advance Tax 13-14	-	0.68	0.68
Advance Tax 14-15	0.05	0.16	0.16
Advance Tax 2015-16	-	-	-
Advance Tax 2016-17	-	-	-
Advance Tax 2017-18	0.19	0.19	-
Advance Tax 18-19	-	-	-
MAT Credit 2018-19	-	-	-
Tds Receivable	-	-	-
Total	106.89	41.37	8.60
	306.59	458.15	425.19



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Note 10: Tax Expenses

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2019

Particulars	(In Lacs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax	8,302.07	131.88
At India's statutory income tax rate	2,901.08	45.64
Interest under section 234B and 234C	56.14	6.62
Adjustments in respect of current income tax of prior years	80.55	4.00
Income not subject to tax		
Interest Earned on PSU Bond- Taxfree	(35.25)	(50.67)
Profit on Sale of Fixed Assets	-	(0.33)
Dividend Income on Equity Shares w/s 10(34)	(0.79)	(2.20)
Others	(55.33)	(12.60)
Tax on clean pmpa contribution	69.89	-
Income tax expense reported in the statement of profit & loss	3,016.29	(9.55)

Deferred Tax liabilities / (assets)	March 31, 2019	March 31, 2018	April 01, 2017
Deferred tax liability			
Fair value of Financial Instruments	(600.49)	-	(713.36)
Gross deferred tax liability	<u>(600.49)</u>	<u>-</u>	<u>(713.36)</u>
Deferred tax asset			
Provision for Leave liability	61.92	52.09	45.68
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	9.66	7.57	1.33
Fair value of Financial Instruments	-	1,282.32	-
Discounting of Staff Loans	1.89	1.15	0.82
Prior period item	-	-	57.91
Deferred tax on Performance Linked Incentive (PLI)	-	15.96	72.30
MAT Credit	624.44	-	-
Gross deferred tax asset	<u>697.91</u>	<u>1,359.10</u>	<u>178.04</u>
Net Deferred Tax (Liability)/ Asset	<u>97.42</u>	<u>1,359.10</u>	<u>(535.32)</u>

The following table shows the changes recorded during the year in the deferred tax expense

2018-19	Income Statement	OCT
Fair value of Financial Instruments	1,882.81	-
Remeasurements of defined benefit plan	19.95	(29.77)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(2.09)	-
Discounting of Staff Loans	(0.74)	-
Deferred tax on Performance Linked Incentive (PLI)	15.96	-
MAT credit	(624.44)	-
Net Deferred Tax Liability/ (Asset)	<u>1,281.45</u>	<u>(29.77)</u>
2017-18	Income Statement	OCT
Fair value of Financial Instruments	(1,993.68)	-
Remeasurements of defined benefit plan	(4.61)	(1.80)
Difference between tax depreciation and depreciation/amortization charged for the financial reporting	(6.25)	-
Discounting of Staff Loans	(0.34)	-
Prior period item	57.90	-
Deferred tax on Performance Linked Incentive (PLI)	56.34	-
Net Deferred Tax Liability/ (Asset)	<u>(1,692.63)</u>	<u>(1.80)</u>



PNB CLTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rupees, unless otherwise stated)

Note 11A: Investment Property

FY 2018-19

S. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2018	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2019	As at 1 April 2018	For the period	Adjustments/ Deductions during the year	As at 31 March 2019	As at 31 March 2018
1	Buildings* (Built Up Flats)	28.00	-	37.81	65.81	15.22	1.45	20.73	37.40	28.41
	Total	28.00	-	37.81	65.81	15.22	1.45	20.73	37.40	28.41

* Market Value of 2 Chennai flats is Rs. 143.69 lacs (Rs. 71.80 lacs each)

* Market Value of 2 Bangalore flats is Rs. 147.28 lacs (Rs. 73.64 lacs 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.

FY 2017-18

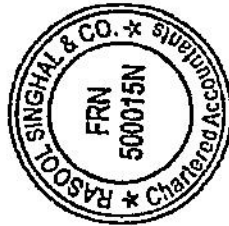
S. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2017	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2018	As at 1 April 2017	For the period	Adjustments/ Deductions during the year	As at 31 March 2018	As at 31 March 2017
1	Buildings** (Built Up Flats)	28.00	-	-	28.00	14.57	0.65	15.22	13.22	12.78
	Total	28.00	-	-	28.00	14.57	0.65	15.22	13.22	12.78

** These consist of company flats located in Bangalore.

FY 2016-17

S. No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2016	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2017	As at 1 April 2016	For the period	Adjustments/ Deductions during the year	As at 31 March 2017	As at 31 March 2016
1	Buildings** (Built Up Flats)	-	-	28.00	28.00	-	0.68	13.88	14.36	13.44
	Total	-	-	28.00	28.00	-	0.68	13.88	14.36	13.44

** These consist of company flats located in Bangalore.



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PND GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rupees, unless otherwise stated)

Note 11B: Property, plant and equipment

FY 2018-19

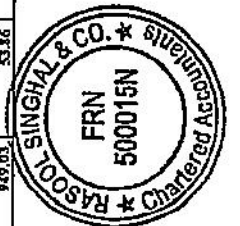
S. No.	Particulars	GROSS BLOCK			Total cost as at 31 March 2019	DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2018	Addition during the year	Adjustments/ Deductions during the year		As at 1 April 2018	For the period	Adjustments/ Deductions during the year	As at 31 March 2019	As at 31 March 2018	
1	Buildings (Built Up Flats)	561.44	-	(17.81)	523.63	345.23	10.15	(20.73)	334.65	198.98	266.40
2	Office equipments	54.49	12.84	8.92	58.41	49.98	9.08	8.61	50.45	7.96	4.51
3	Computers	124.01	4.59	1.49	127.11	119.59	6.42	1.08	124.93	2.18	4.42
4	Furniture and fixtures	135.52	1.97	1.33	136.16	125.96	6.74	1.33	131.37	4.79	9.56
5	Vehicles	38.75	-	-	38.75	17.04	6.83	0.01	21.86	14.88	11.70
	Total	914.21	19.40	(26.07)	884.06	647.81	39.22	(9.70)	696.73	218.79	266.40

FY 2017-18

S. No.	Particulars	GROSS BLOCK			Total cost as at 31 March 2018	DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2017	Addition during the year	Adjustments/ Deductions during the year		As at 1 April 2017	For the period	Adjustments/ Deductions during the year	As at 31 March 2018	As at 31 March 2017	
1	Buildings (Built Up Flats)	561.44	-	-	561.44	323.69	11.54	-	335.23	226.21	-
2	Office equipments	51.86	4.97	2.35	54.49	40.15	9.18	2.35	49.88	4.51	-
3	Computers	118.38	7.73	2.09	124.01	117.78	1.90	2.09	119.59	4.42	-
4	Furniture and fixtures	132.53	3.91	0.92	135.52	112.64	14.24	0.92	125.96	9.56	-
5	Vehicles	33.34	10.41	5.01	38.75	14.63	6.88	4.56	17.04	21.70	-
	Total	897.55	27.03	10.37	914.21	611.89	45.85	9.93	647.81	266.40	-

FY 2016-17

S. No.	Particulars	GROSS BLOCK			Total cost as at 31 March 2017	DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2016	Addition during the year	Adjustments/ Deductions during the year		As at 1 April 2016	For the period	Adjustments/ Deductions during the year	As at 31 March 2017	As at 31 March 2016	
1	Buildings	559.44	-	(23.00)	561.44	325.44	12.13	(13.88)	333.69	237.73	-
2	Office equipments	68.83	11.36	2.13	51.86	67.01	4.45	2.31	43.15	8.71	-
3	Computers	116.68	2.26	0.56	118.38	111.99	6.36	0.56	117.79	0.60	-
4	Furniture and fixtures	138.39	20.34	36.40	132.53	137.30	1.74	26.40	112.64	19.90	-
5	Vehicles	35.69	19.70	22.05	33.34	28.01	6.17	19.34	14.64	18.71	-
	Total	949.03	53.86	49.34	897.55	669.75	30.85	60.93	639.87	285.67	-



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PND GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rupees, unless otherwise stated)

Note 11C: Intangibles

S.No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2018	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2019	As at 1 April 2018	For the period	Adjustments/ Deductions during the year	As at 31 March 2019	As at 31 March 2018
1	Software	226.90	30.61	-	257.51	226.61	1.71	218.22	29.19	0.29
	Total	226.90	30.61	-	257.51	226.61	1.71	218.22	29.19	0.29

S.No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2017	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2018	As at 1 April 2017	For the period	Adjustments/ Deductions during the year	As at 31 March 2018	As at 31 March 2017
1	Software	242.39	-	15.49	256.90	240.09	2.00	226.61	0.29	2.30
	Total	242.39	-	15.49	256.90	240.09	2.00	226.61	0.29	2.30

S.No.	Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		Cost as at 1 April 2016	Addition during the year	Adjustments/ Deductions during the year	Total cost as at 31 March 2017	As at 1 April 2016	For the period	Adjustments/ Deductions during the year	As at 31 March 2017	As at 31 March 2017
1	Software	239.08	3.31	-	242.39	238.06	2.03	240.09	2.30	-
	Total	239.08	3.31	-	242.39	238.06	2.03	240.09	2.30	-



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PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 12: Other non financial assets

	31 March 2019	31 March 2018	1 April 2017
Prepaid expenses	20.64	17.49	9.44
Unamortised Expenses towards staff	74.84	24.80	1.73
Total	95.48	42.29	11.17

Note 13: Payables

	31 March 2019	31 March 2018	1 April 2017
Trade payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	72.44	19.98	42.28
(a)	72.44	19.98	42.28
Other payables			
Total outstanding dues of Micro Enterprises and Small Enterprises	-	-	-
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	-	-	167.32
(b)	-	-	167.32
Total (a) + (b)	72.44	19.98	209.60



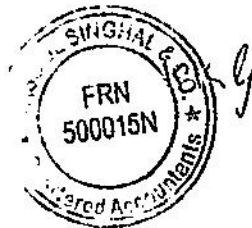
(Amounts in Rs.lakhs, unless otherwise stated)

Note 14: Borrowings

	31 March 2019	31 March 2018	1 April 2017
At amortised cost			
Secured			
Term loans			
-From Banks			
- from RBI (LAF borrowing, Term LAF and Refinance borrowing)*3	146,000.00	177,331.00	40,000.00
-From Other Parties			
- CBLO(Collateralised Borrowing and Lending Obligation)/TREPS (Tri-Party Repo System) borrowing from CCIL *4	91,952.08	82,798.19	22,634.77
- REPO borrowings*5	367,400.89	71,336.21	92,584.47
Unsecured			
Term loans			
-From Banks			
- Call short notice and term borrowings	129,960.00	97,800.00	90,750.00
- Loans from Related parties (Punjab National Bank)	88,078.97		105,423.71
-From Other Parties			
- Inter corporate Borrowing		7,600.00	
Total gross (A)	823,391.94	436,865.40	351,392.95
Borrowings in India	823,391.94	436,865.40	351,392.95
Borrowings outside India	-	-	-
Total gross (B)	823,391.94	436,865.40	351,392.95
Total (B) to tally with (A)	823,391.94	436,865.40	351,392.95

- 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, Net Average and Peak borrowings in Call money amounted to Rs. 2,15,797.40 lacs and Rs. 3,24,785.00 lacs respectively (Previous year 2018 Net Average and Peak borrowings - Rs 1,87,601.04 lacs and Rs.3,02,025.00 lacs respectively). (Previous Year 2017- Net Average and Peak borrowings - Rs 135748.22 lacs and Rs 303050.00 lacs respectively) For the year 2019, average and peak leverage ratio stands at 7.40 and 9.97 respectively (Previous year 2018-6.15 and 8.29 times respectively) (Previous Year 2017- average and peak stands at 4.47 and 7.50 times respectively).
- Pledge of Security Face Value for year 2019 -Rs. 1,53,370 lacs and Book value Rs. 1,52,633.44 lacs (Pledge of Security Face Value for Previous Year 2018- Rs.189688.40 lacs and Book Value Rs.190023.86 lacs) (Previous Year 2017 Face Value Rs 40,590 lacs and Book Value Rs 40,782 lacs).
- Pledge of Security Face Value for year 2019-Rs.99,270 lacs and Book value Rs. 97,914.39 lacs (Pledge of security Face Value for Previous Year 2018- Rs.92,070 lacs and Book Value INR 89,833.95 lacs) (2017: Face Value Rs 25,470.00 lacs and Book Value Rs.24,965.94 lacs).
- Pledge of Security Face Value for year 2019-Rs. 3,64,632 lacs and Book value Rs. 3,61,457.99 lacs (Pledge of security Face Value for Previous Year 2018- Rs.72,148.00 lacs and Book Value Rs.71,689.02 lacs) (Previous Year 2017: Face Value Rs.89,392.00 lacs and Book Value Rs.91,204.69 lacs).
- The weighted average rate of interest for the borrowings are as follows:

- LAF	6.25%
- Term LAF	6.45%
- Refinance	6.25%
- CBLO/TREPS from CCIL	6.74%
- Repo	7.20%
- Call & Notice Money Borrowing	8.27%
- Term Borrowing	7.76%
- Loan from related party (PNB)	8.10%



PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

*(Amounts in Rs.lakhs, unless otherwise stated)***Note 15: Other financial liabilities**

	31 March 2019	31 March 2018	1 April 2017
Interest accrued but not due			
Short term borrowings	734.45	904.73	85.94
Unclaimed dividend	71.56	67.89	49.08
Unclaimed bonus fractional entitlement payable	0.32	0.32	0.32
Stale cheques	3.50	3.57	1.30
Total	809.83	976.51	136.63

Note 16: Current Tax Liabilities

Particulars	31 March 2019	31 March 2018	1 April 2017
Provision for Tax 18-19	27.29	-	-
Provision for Tax-2005-06	11.44	-	-
Provision for Taxation 17-18	-	379.09	-
Provision for Taxation 2009-10	5.14	-	-
Provision For Taxation - 2012-13	11.20	-	-
Provision for Taxation 2013-14	8.34	-	-
Provision for Taxation 2016-17	-	-	451.41
Provision for Taxation FY 2015-16	5.77	178.44	178.44
Grand Total	69.18	557.53	629.85

Note 17: Provisions

	31 March 2019	31 March 2018	1 April 2017
Provision for employee benefits			
Leave encashment	177.21	149.07	131.99
Provision for Performance Linked Incentive	67.00	45.67	208.92
Others			
Provision for expenses	103.40	70.47	60.48
Total	347.61	265.21	401.39

Note 18: Other Non-Financial Liabilities

	31 March 2019	31 March 2018	1 April 2017
TDS/ GST Payable	24.01	56.33	12.76
Total	24.01	56.33	12.76



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 value 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

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:

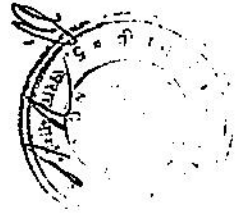
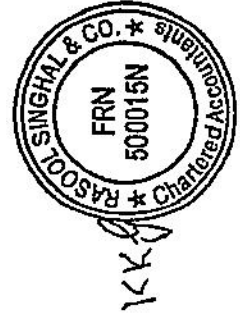
- a. Aggregate number and class of shares allotted as fully paid pursuant to contracts(s) without payment being received in cash : NIL (Previous year: NIL).
- b. Aggregate number and class of shares allotted as fully paid -up by way of bonus shares is: The Company issued bonus shares in August, 1999 and number of equity shares issued as bonus were 25,000,000 and in July, 2013 and the number of equity shares issued as bonus were 44,992,534. Aggregate of equity shares
- 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 Note 37.



Note 20: Other equity

Reserve and surplus

(a) Statutory reserve

	31 March 2019	31 March 2018	1 April 2017
Opening balance	24,097.54	23,366.02	20022.54
Transferred from retained earnings	1,057.16	731.52	3343.48
Closing balance	<u>25,154.70</u>	<u>24,097.54</u>	<u>23,366.02</u>

(b) Share premium reserve

	31 March 2019	31 March 2018	1 April 2017
Opening balance	2,501.27	2,501.27	2,501.27
Addition during the year	-	-	-
Closing balance	<u>2,501.27</u>	<u>2,501.27</u>	<u>2,501.27</u>

(c) General reserve

	31 March 2019	31 March 2018	1 April 2017
Opening balance	9,776.54	9,776.54	9776.54
Addition during the year	-	-	-
Closing balance	<u>9,776.54</u>	<u>9,776.54</u>	<u>9,776.54</u>

(d) Capital reserve

	31 March 2019	31 March 2018	1 April 2017
Opening balance	6,320.04	5,988.96	3759.25
Transferred from retained earnings	-	331.08	2229.71
Closing balance	<u>6,320.04</u>	<u>6,320.04</u>	<u>5,988.96</u>

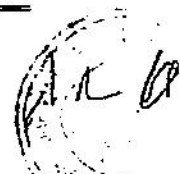
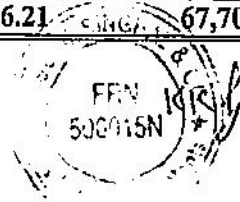
(e) Market fluctuation reserve

	31 March 2019	31 March 2018	1 April 2017
Opening balance	6,300.00	6,300.00	6300
Addition during the year	-	-	-
Closing balance	<u>6,300.00</u>	<u>6,300.00</u>	<u>6,300.00</u>

(f) Retained earning

	31 March 2019	31 March 2018	1 April 2017
Opening balance	18,710.60	25,051.51	12,807.01
Addition during the year	5,230.35	138.09	16,717.38
Transferred to other reserves	(1,057.16)	(1,062.60)	(5,573.19)
Dividends (including dividend tax)	(2,170.13)	(5,416.40)	-
Opening Ind AS adjustments	-	-	1,100.31
Closing balance	<u>20,713.66</u>	<u>18,710.60</u>	<u>25,051.51</u>

Total	<u>70,766.21</u>	<u>67,705.99</u>	<u>72,984.30</u>
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- A sum of Rs. 1061.26 lacs (P.Y. 2018 Rs.731.52 lacs and PY 2017 Rs. 3343.48 lacs) (20 per cent 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 2018-19, Board of Directors had decided not to appropriate any amount to this reserve and the balance outstanding as on March 31, 2019 in this reserve is Rs.6300 lacs (P.Y. 2018 Rs.6300 lacs and PY 2017 is Rs. 6300 lacs). The same is not free for distribution of dividend.
- The Board of Directors have recommended a final dividend of Rs. 1.4 per equity share amounting to Rs.2520.14 lacs for FY 18-19 after the balance sheet date. The same is subject to approval by the shareholders at the ensuing Annual General Meeting of the company and therefore proposed final dividend of Rs. 2520.14 lacs and DDT of Rs. 518.02 lacs has not been recognised as a liability as at the balance sheet date. Proposed final dividend for FY 2017-18 of Re 1 per equity share of Rs. 10 cent amounting to Rs. 1800.10 lacs and DDT of Rs. 370.02 lacs has been accounted for in the current financial year.
- Net owned Funds (after deducting Deferred Tax, Intangible Assets and unamortised expenses on staff advances) of the Company stands at Rs 88565.77 lacs (P.Y. 2018 Rs.84322.81 lacs and P.Y. 2017 Rs. 90981.28 lacs) as against the minimum stipulated capital of Rs. 25000.00 lacs. Return on Average Net Worth for the year 2018-19 stands at 6.11 per cent (P.Y.2018 0.16 per cent).
- Capital Adequacy Ratios as per Ind AS on June 30, 2018, September 30, 2018, December 31, 2018 and March 31, 2019 were 47.68 per cent (P.Y. 24.15 per cent), 50.36 per cent (P.Y. 31.92 per cent), 55.14 per cent (P.Y. 26.32 per cent) and 36.59 per cent (P.Y. 38.27 per cent) respectively as against RBI stipulation of 15 per cent.

Nature and purpose of reserves:

- (a) **Statutory reserve-** Statutory reserve is created pursuant to section 45-1C 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) **Share premium reserve -** Share premium reserve 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 31 March 2019 and 31 March 2018.
- (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 profit and loss account and is free for distribution of dividend. The balance as on April 01, 2017 is adjusted by Rs. 167.32 lacs on account of prior period office rent expenses and by Rs. 208.92 lacs on account of Performance Linked Incentive pertaining to FY 2016-17.



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PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 21: Interest Income

	Year ended 31 March 2019	Year ended 31 March 2018
<i>On financial assets measured at amortised cost</i>		
(a) Interest on loans		
-Short term lending;	555.70	449.60
(b) Other Interest income		
-Deposit with CCIL	24.62	16.80
-Interest on deposits with banks	1,038.44	391.91
(I)	<u>1,618.76</u>	<u>858.31</u>
<i>On financial assets classified at fair value through profit and loss</i>		
(c) Interest income from Investments		
-Government securities	25,957.59	24,540.39
-Corporate bonds and debentures	8,653.18	7,537.46
(d) Other interest income		
-Interest on non competitive sales	6.96	6.98
(II)	<u>34,617.73</u>	<u>32,084.83</u>
Total Interest Income (I+II)	<u><u>36,236.49</u></u>	<u><u>32,943.14</u></u>

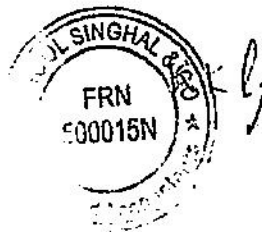
Note 22: Discount Income

	Year ended 31 March 2019	Year ended 31 March 2018
Commercial papers		
Sales		
Add: Closing stock	3,010.77	2,401.34
Less: Purchases	-	-
Less: Opening stock	2,963.03	2,401.09
Total (I)	<u>47.74</u>	<u>0.25</u>
Certificate of deposits		
Sales		
Add: Closing stock	75,310.83	47,557.60
Less: Purchases	64,765.01	4,983.48
Less: Opening stock	134,767.44	52,448.01
Total (II)	<u>4,983.48</u>	<u>-</u>
	<u>324.92</u>	<u>93.07</u>
Treasury bills/cash management bills		
Sales		
Add: Closing stock	2,685,887.38	2,645,274.75
Less: Purchases	162,873.98	87,665.34
Less: Opening stock	2,747,455.71	2,689,305.93
Total (III)	<u>87,665.34</u>	<u>36,589.31</u>
	<u>13,640.31</u>	<u>7,044.85</u>
Total discount income (I+II+III)	<u><u>14,012.97</u></u>	<u><u>7,138.17</u></u>

Note 23: Rental income

	Year ended 31 March 2019	Year ended 31 March 2018
Rent received*	4.20	-
Total	<u><u>4.20</u></u>	<u><u>-</u></u>

* 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 PNB employees.



Note 24: Net gain/ (loss) (Realised & Unrealised)

	Year ended 31 March 2019	Year ended 31 March 2018
<i>Net gain/ (loss) on financial instruments at fair value through profit or loss</i>		
On trading portfolio		
- Investment	1,638.33	(4,844.39)
- Derivatives	(1,358.12)	(251.22)
Total net gain/(loss) (Realised & Unrealised)	280.21	(5,095.61)
A. Trading Profit/(loss) (Realised)		
(a) Government securities		
Sales	14,333,763.24	14,719,500.27
Add: Closing stock	495,311.93	311,386.05
Less: Purchases	14,524,403.44	14,745,552.90
Less: Opening stock	311,386.05	286,112.01
Total	(6,714.32)	(778.59)
(b) Bonds & Debentures		
Sales	1,240,934.56	1,302,722.52
Add: Closing stock	157,837.09	101,338.60
Less: Purchases	1,297,360.62	1,320,780.35
Less: Opening stock	101,338.60	83,118.89
Total	72.43	161.88
(c) Equity Shares		
Sales	3,394.04	5,822.61
Add: Closing stock	269.01	128.83
Less: Purchases	3,497.02	5,553.68
Less: Opening stock	128.83	209.48
Total	37.20	188.28
(d) Mutual Funds		
Sales	2,040,491.05	1,178,174.37
Add: Closing stock	-	-
Less: Purchases	2,038,599.50	1,148,015.26
Less: Opening stock	-	26,762.76
Total	1,891.55	3,396.35
(e) Derivatives		
Interest Rate Swaps	(17.25)	12.98
Interest Rate Futures	(17.57)	(338.80)
Futures & Options	(11.71)	(35.54)
Total	(46.53)	(361.36)
Total Trading profit/(loss) (Realised) (a+b+c+d+e)	(A)	(4,759.67)
B. Fair value changes: Unrealised		
(a) Government Securities		
Add: Closing Stock	596.50	(4,727.01)
Less: Opening Stock	(4,727.01)	2,013.80
Total	5,323.51	(6,740.81)
(b) Bonds & Debentures		
Add: Closing Stock	120.26	(906.05)
Less: Opening Stock	(906.05)	164.42
Total	1,026.31	(1,070.47)
(c) Equity Shares		
Add: Closing Stock	(2.23)	(3.88)
Less: Opening Stock	(3.88)	(2.85)
Total	1.65	(1.03)
(d) Mutual Funds		
Derivatives	(1,311.59)	110.14
Total fair value changes (Unrealised) (a+b+c+d+e)	(B)	(7,702.17)
Total Net gain/ (loss) (Realised & Unrealised)	(A+B)	280.21
		(5,095.61)



PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 25: Fees and commission income

	Year ended 31 March 2019	Year ended 31 March 2018
Undervriting fees	224.61	117.91
Commission and other fees	18.68	22.81
Total	243.29	140.72

Note 26: Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Amount received from MMCBL**	2.00	-
Profit on sale of property, plant and equipment	-	0.96
Other miscellaneous income #	19.92	15.53
Total	21.92	16.49

** Rs. 2.00 lacs is received from Madhavpura Mercantile Cooperative Bank Ltd. (MMCBL) under liquidation proceedings to whom Rs. 1000.00 lacs was lent in call money in the year 2001. An amount of Rs. 761.88 lacs was to be received from MMCBL and the same was written off from the books in the year 2016.

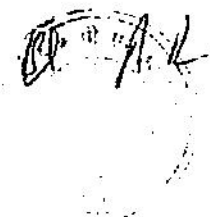
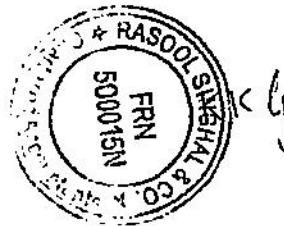
Interest on staff loans amounts to Rs. 14.31 lacs (PY: Rs.4.71 lacs).

Note 27: Finance Cost

	Year ended 31 March 2019	Year ended 31 March 2018
<i>On financial liabilities measured at amortised cost</i>		
Interest on borrowings		
Call and short notice borrowing	14,166.43	11,523
CBLO borrowing	5,475.90	5,580
Repo borrowing	12,739.35	8,568
RBI borrowing	7,330.45	5,203
Overdraft borrowing	70.20	236
ICD borrowing	561.34	1,962
Total	40,343.67	33,072.20

Note 28: Fee and commission expense

	Year ended 31 March 2019	Year ended 31 March 2018
Brokerage on securities and financial instruments	4.06	3.20
Financial information services	57.89	57.20
Operating expenses for futures and options	4.03	5.78
Operating expenses for equity	8.51	14.83
Operating expenses for IRF	3.99	4.69
Transaction charges etc	453.30	380.26
Bank charges	3.38	1.38
Total	535.16	467.34



Note 29: Employee benefit expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and allowances*	531.82	458.83
Stipend expenses	0.82	-
Contribution to PF and gratuity fund	58.98	35.67
Staff welfare and other establishment expenses	73.69	101.61
Staff recruitment and training	48.72	14.36
Total	714.04	610.47

* This figure includes Rs. 67.00 lacs as performance linked incentive provision (P.V. : Rs. 45.68 lacs)

Note 30: Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Rent on business premises	162.40	161.75
Postage, telegram, couriers and telephone	47.93	50.21
Travelling and conveyance and motor car expense	46.37	35.84
Printing and stationery	10.48	13.00
Repairs to building	28.17	22.67
Repairs and maintenance - Others	70.89	61.64
Internal audit fees and expense	19.47	18.29
Legal and professional expense	54.72	19.08
Listing fees	7.43	6.67
Books and periodicals	2.54	2.74
Workshops and business meets	39.38	39.40
Water and electricity expenses	16.80	15.43
Insurance charges	3.45	1.78
Director's sitting fees	22.67	17.49
Auditors remuneration (refer note a)	19.78	17.35
Net loss on disposal of property, plant and equipment	0.51	-
Share transfer fees	7.50	6.94
Corporate membership	3.90	3.11
Advertisement and publicity	2.93	1.87
Board / statutory meeting expenses	5.97	7.57
Miscellaneous expenses (refer note b)	35.15	24.47
CSR expenses (refer Note 50)	255.61	291.56
Total	864.05	818.86

(a) Payment to Auditors

	Year ended 31 March 2019	Year ended 31 March 2018
As auditors:		
- Audit fee	9.98	8.96
- Tax audit fee	2.05	1.86
In other capacity:		
- Certification and other fees	7.75	6.53
	19.78	17.35

(b) There was an instance of SGL bouncing during the year. On 5th december, 2018, one transaction of borrowing against the stock of 8.43% Telangana SDL 2043 of Rs. 5 cr was rejected due to insufficient security in company's account. CCIL charged the company with Rs. 29, 500/- as shortfall charges and RBI imposed penalty of Rs. 50, 000/-.

Note 31: Earning 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.

	2018-19	2017-18
Net profit from continued operation attributable to equity holders of the parent	5,285.78	141.43
Net profit from continuing operation attributable to equity holders of the parent adjusted for the effect of dilution	5,285.78	141.43
Weighted average number of equity shares for basic earnings per share	180,010,134.00	180,010,134.00
Weighted average number of equity shares adjusted for the effect of dilution	180,010,134.00	180,010,134.00
Earnings per share		
Basic earnings per share	2.94	0.08
Diluted earnings per share	2.94	0.08



PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs. lakhs, unless otherwise stated)

Note 32: Retirement benefit plan

Defined benefit plan

(A) Leave encashment

The benefit on account of leave encashment are provided based on actuarial valuation for the company as a whole..

Key assumptions	31 March 2019	31 March 2018
Mortality Table	I.A.L-2012-14 ultimate	I.A.L-2006-08 ultimate
Attrition Rate	6.00% p.a.	5.00% p.a.
Imputed Rate of Interest (Discounting)	7.70% p.a.	7.65% p.a.
Imputed Rate of Interest (Interest Cost)	7.65% p.a.	7.50% p.a.
Salary Rise	7.00% p.a.	8.00% p.a.
Return on Plan Assets	N.A.	N.A.
Remaining working life	19.67 years	20.30 years

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for the respective plans:

Changes in the defined benefit obligation as at 31 March 2019

Particulars	01-Apr-18	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-19
	(i)			(ii)	(iii)	(iv)	(v) = (i)+(ii)+(iii)+(iv)
Defined benefit obligation	149.07	44.08	7.54	51.62	(100.95)	77.46	177.20

Changes in the defined benefit obligation as at 31 March 2018

Particulars	01-Apr-17	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-18
	(i)			(ii)	(iii)	(iv)	(v) = (i)+(ii)+(iii)+(iv)
Defined benefit obligation	131.99	38.83	8.06	46.89	(48.93)	15.12	149.07



K.K. Singhal



PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rupees, 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	31 March 2019	31 March 2018
Mortality Table	L.A.L-2012-14 ultimate	L.A.L-2006-08 ultimate
Attrition Rate	6.00% p.a.	5.00% p.a.
Imputed Rate of Interest (Discounting)	7.70% p.a.	7.65% p.a.
Imputed Rate of Interest (Interest Cost)	7.65% p.a.	7.50% p.a.
Salary Rise	7.00% p.a.	8.00% p.a.
Return on Plan Assets	7.65% p.a.	7.50% p.a.
Remaining working life	19.67 years	20.30 years

(B) *Gratuity (cont'd)*

Changes in the defined benefit obligation and fair value of plan assets as at 31st March 2019

Particulars	01-Apr-18	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-19
	(i)			(ii)	(iii)	(iv)	(v)	(vi)	(v) = (i)+(ii)+(iii)+(iv)+(v)+(vi)
Defined benefit obligation	98.35			16.17	(20.71)	7.49	10.41		104.21
Fair value of plan assets	98.35	9.44	6.73	-	(20.88)	-	2.66	20.12	107.75

Changes in the defined benefit obligation and fair value of plan assets as at 31st March 2018

Particulars	01-Apr-17	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-18
	(i)			(ii)	(iii)	(iv)	(v)	(vi)	(vii) = (i) to (vi)
Defined benefit obligation	82.93			43.52	(0.98)	6.56	(14.18)		111.29
Fair value of plan assets	82.93	37.34	6.18	-	(1.07)	-	(0.20)	10.13	98.35



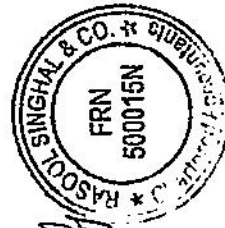
KIC & CO. SINGHAL & CO. k
FRN 500015N
Chartered Accountants

PND GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs. lakhs, unless otherwise stated)

(C) Expected payment for future years

(i) Gratuity		
	31 March 2019	31 March 2018
Based on past service	7.07	18.03
Within the next 12 months		
(next annual reporting		
Between 2 and 5 years	45.19	42.20
Between 5 and 10 years	21.63	20.50
Beyond 10 years	131.81	143.07
Total expected payments	205.69	223.81
Based on terminal service		
Within the next 12 months	7.34	18.26
(next annual reporting		
period)		
Between 2 and 5 years	56.49	52.25
Between 5 and 10 years	40.13	42.99
Beyond 10 years	214.41	234.12
Total expected payments	318.38	347.62
(ii) Leave entitlement		
Based on terminal service	31 March 2019	31 March 2018
Within the next 12 months	10.64	29.67
(next annual reporting		
period)		
Between 2 and 5 years	75.76	51.97
Between 5 and 10 years	35.85	25.71
Beyond 10 years	220.01	188.47
Total expected payments	342.26	295.82



PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Retirement benefit plan

Defined benefit plan

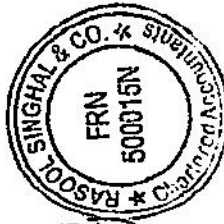
(D) Sensitivity analysis

(i) Gratuity

Assumptions	31-Mar-19		31-Mar-18		31-Mar-19		31-Mar-18	
	Discount rate		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
Impact on defined benefit obligation	(3.54)	3.77	(3.75)	4.02	3.01	(3.12)	2.31	(2.90)
					0.20	(0.22)	0.01	(0.02)

(ii) Leave encashment

Assumptions	31-Mar-19		31-Mar-18		31-Mar-19		31-Mar-18	
	Discount rate		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
Impact on defined benefit obligation	(5.58)	5.96	(4.66)	5.00	5.97	(5.64)	4.96	(4.66)
					0.31	(0.33)	0.16	(0.11)



Note 33: First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2019, are the first financial statements the Company and have been prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2019, together with the comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/exceptions:

Mandatory exemptions

1. Estimates

The estimates at 1 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- (a) FVTPL – equity and debt instrument
- (b) Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2017, the date of transition to Ind AS and as of 31 March 2018.

2. Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

3. Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2017.

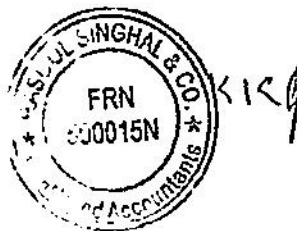
Optional Exemption

1. Arrangements containing a lease:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

2. Fair value measurement of financial assets or financial liabilities at initial recognition

Ind AS 101 allows an entity to apply the 'day one' gain or loss recognition requirement of Ind AS 109 prospectively to transactions entered into on or after the date of transition to Ind AS.



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PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 34(a): Reconciliation of Equity as at March 31, 2017

	Notes	Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents	1	18.55	-	18.55
Bank balance other than above	2	75.40	-	75.40
Derivative financial instruments	3	1.25	61.41	62.66
Loans	4	26.49	(4.11)	22.38
Investments	5	432,789.61	2,204.43	434,994.04
Other financial assets	6	8,618.66	-	8,618.66
		<u>441,529.95</u>	<u>2,261.73</u>	<u>443,791.69</u>
Non- financial assets				
Current tax assets (net)	13	425.19	-	425.19
Deferred tax assets (net)	7	47.01	(47.01)	-
Investment property		-	13.44	13.44
Property, plant and equipment	8A	299.10	(13.44)	285.66
Other Intangible assets	8B	2.30	-	2.30
Other non- financial assets	9	9.44	1.73	11.17
		<u>783.03</u>	<u>(45.28)</u>	<u>737.77</u>
TOTAL		<u><u>442,313.00</u></u>	<u><u>2,216.46</u></u>	<u><u>444,529.46</u></u>
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	3	21.06	204.59	225.65
Payables	10			
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		42.28	-	42.28
Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	167.32	167.32
Borrowing	11	351,392.95	-	351,392.95
Other financial liabilities	12	136.63	-	136.63
		<u>351,529.92</u>	<u>371.91</u>	<u>351,964.83</u>
Non financial liabilities				
Current tax liabilities (net)	13	629.85	-	629.85
Provisions	14	192.47	208.92	401.39
Deferred tax liabilities (net)	7	-	535.32	535.32
TDS payable		12.76	-	12.76
Equity				
Equity share capital	15	18,001.01	-	18,001.01
Other equity	16	71,883.99	1,100.31	72,984.30
		<u>90,720.08</u>	<u>1,844.55</u>	<u>92,564.63</u>
TOTAL		<u><u>442,313.00</u></u>	<u><u>2,216.46</u></u>	<u><u>444,529.46</u></u>



PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 34 (b): Reconciliation of Equity as at March 31, 2018

	Notes	Regrouped Indian GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Cash and cash equivalents	1	36.48		36.48
Bank balance other than above	2	10,556.21		10,556.21
Derivative financial instruments	3	(16.03)	767.47	751.45
Loans	4	179.49	(28.09)	151.41
Investments	5	503,541.61	(3,676.26)	499,865.36
Other financial assets	6	11,729.87	-	11,729.87
		<u>526,027.66</u>	<u>(2,936.87)</u>	<u>523,090.78</u>
Non-financial assets				
Current tax assets (net)	13	458.15	-	458.15
Deferred tax assets (net)	7	59.66	1,299.44	1,359.10
Investment property		-	12.78	12.78
Property, plant and equipment	8A	279.19	(12.78)	266.40
Other Intangible assets	8B	0.29	-	0.29
Other non-financial assets	9	17.48	24.81	42.29
		<u>814.77</u>	<u>1,324.25</u>	<u>2,139.01</u>
TOTAL		<u>526,842.41</u>	<u>(1,612.63)</u>	<u>525,229.79</u>
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	3	20.91	760.91	781.83
Payables		-	-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	19.98	-	19.98
Borrowing	11	436,865.40	-	436,865.40
Other financial liabilities	12	976.51	-	976.51
		<u>437,882.81</u>	<u>760.91</u>	<u>438,643.72</u>
Non-financial liabilities				
Current tax liabilities (net)	13	557.53	-	557.53
Provisions	14	219.54	45.68	265.21
Deferred tax liabilities (net)		-	-	-
TDS payable		56.33	-	56.33
Equity		-	-	-
Equity share capital	15	18,001.01	-	18,001.01
Other equity	16	70,125.17	(2,419.22)	67,705.99
		<u>88,959.58</u>	<u>(2,373.54)</u>	<u>86,586.07</u>
TOTAL		<u>526,842.41</u>	<u>(1,612.63)</u>	<u>525,229.79</u>



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PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 34 (c): Reconciliation of Profit and Loss Account as at 31st Mar'18

	Notes	Indian GAAP	Adjustments	Ind AS
Revenue from operations				
Interest Income	17	32,943.14		32,943.14
Discount Income	18	7,164.43	(26.26)	7,138.17
Dividend Income		6.34		6.34
Net gain on fair value changes	19	-		-
Fees and commission Income	20	140.72		140.72
		<u>40,254.63</u>	<u>(26.26)</u>	<u>40,228.37</u>
Other Income	20	15.63	0.86	16.49
Expenses				
Finance Costs	21	33,072.20	-	33,072.20
Fees and commission expense	21	467.34	-	467.34
Net loss on fair value changes	19	(609.07)	5,704.68	5,095.61
Employees Benefit Expense	22	777.07	(166.60)	610.47
Other expenses	23	818.86		818.86
Depreciation, amortization and impairment	11(a), (b), (c)	48.50	-	48.50
		<u>34,574.90</u>	<u>5,538.08</u>	<u>40,112.98</u>
Prior Period Expense		167.32	(167.32)	-
Profit/(loss) before tax		<u>5,528.04</u>	<u>(5,396.16)</u>	<u>131.88</u>
Tax Expense:				
(1) Current Tax		1,879.10		1,879.10
(2) Earlier year		4.00		4.00
(2) Deferred Tax		(12.65)	(1,880.00)	(1,892.65)
Profit/(loss) for the period		<u>3,657.59</u>	<u>(3,516.16)</u>	<u>141.43</u>
Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan			(5.14)	(5.14)
(ii) Income tax relating to items that will not be reclassified to profit or loss			1.80	1.80
B (i) Items that will be reclassified (specify items and amounts)				
(ii) Income tax relating to items that will be reclassified to profit or loss			-	-
Other Comprehensive Income (A + B)			<u>(3.34)</u>	<u>(3.34)</u>
Total Comprehensive Income for the period		<u>3,657.59</u>	<u>(3,519.50)</u>	<u>138.09</u>



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PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 35

1. FVTPL financial assets

Under Indian GAAP, the company accounted for Held till maturity investments as investment at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the company has designated such investments as Fair value through profit & loss investments. Ind AS requires FVTPL investments to be measured at fair value and account for both depreciation and appreciation in fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised in the retained earnings, net of related deferred taxes.

2. Derivative adjustment

Under IGAAP, Derivative contracts entered for trading/ hedging purposes are measured at fair value and only depreciation is accounted for, however 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 IGAAP, concessional loans/interest free loans given to staff are recognized at the disbursed amount. However 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 Expected Credit Loss (ECL) on Deposits

Under Indian GAAP no provision on Deposits with CCIL and SHCIL was made. However, under Ind AS ECL will be recognised on these deposits as required.

5 Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. 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.

6 Other comprehensive income (OCI)

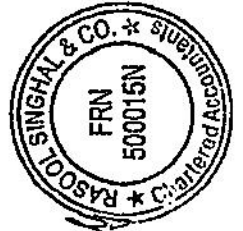
Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

7. Leases

The Company has taken Delhi office on lease from Punjab National Bank and the validity of lease is 11 months with three times rollover.

8. Company's consultants:

Ind AS Consultants- Ernst & Young Associates LLP
GST Consultant- Luthra & Co.
Tax Consultant- Vinod Krishnan & Associates
Actuary- Dr. Y.P. Sabharwal



Note 36: Related party disclosures

1.1 Details of Related Party

Particulars	Relationship
Punjab National Bank	Parent
Punjab National Bank (International) Ltd.	Subsidiary of Parent
PNB Investment Services Ltd.	Subsidiary of Parent
Druk PNB Bank Ltd.	Subsidiary of Parent
PNB Insurance Broking Pvt. Ltd.	Subsidiary of Parent
Madhya Bihar Gramin Bank	Associates of Parent
Sarva Haryana Gramin Bank	Associates of Parent
Himachal Gramin Bank	Associates of Parent
Punjab Gramin Bank	Associates of Parent
Sarva UP Gramin Bank	Associates of Parent
Principal PNB Asset Management Co. Pvt. Ltd.	Associates of Parent
Principal Trustee Co. Pvt. Ltd.	Associates of Parent
PNB Housing Finance Ltd.	Associates of Parent
PNB Metlife India Insurance Co. Ltd.	Associates of Parent
JSC Tengri Bank	Associates of Parent
Everest Bank Ltd.	Associates of Parent
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 Ltd. Employees Company Gratuity Fund Trust	Post Employment benefit plan of Reporting Entity

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.

	2019	2018
	INR Laacs	INR Laacs
Short-term employee benefits		
- Mr. S.K. Dubey- MD (from April 01, 2018 to January 31, 2019)	53.19	82.29
- Mr. Vikas Goel-MD & CEO (w.c.f. February 01, 2019)	16.46	-
- Mrs. Sunita Gupta (ED & CFO)	46.24	65.13
- Mrs. Monika Kochar (Company Secretary)	19.82	23.39
- Sitting Fee to Non-Executive Directors	22.67	17.49
Post-employment pension (defined contribution)	-	-
Termination benefits	-	-
Other Long term benefits	-	-
Share Based Payments	-	-
TOTAL	158.38	188.30



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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 18-19, PLI paid to Mr. S.K. Dubey (Managing Director) was Rs. 8.60 lacs, to Mrs. Sunita Gupta (Executive Director and CFO) was Rs. 6.56 lacs and to Mrs. Monika Kochar (Company Secretary) was Rs. 1.40 Lacs. During FY 17-18, PLI paid to Mr. S.K. Dubey (Managing Director) was Rs. 39.10 lacs, to Mrs. Sunita Gupta (Executive Director and CFO) was Rs. 29.25 lacs and to Mrs. Monika Kochar (Company Secretary) was Rs. 7.50 Lacs.

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

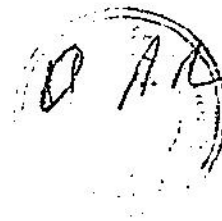
All the transactions with related parties are at arm's length prices except fee income from three superannuation funds of PNB and PNB sponsored RRBs and leasing of property (renting of business and residential premises of the company) etc. The required disclosure of the same is being given in form AOC-2 forming part of Board's Report.

	(Rs. In Lacs)	
	2018-19 (Book Value)	2017-18 (Book Value)
1 Security Purchase		
PUNJAB GRAMIN BANK	18,775.43	112,458.04
PNB Employees PF Trust	8,673.03	1,043.52
Himachal Gramin Bank	13,884.43	1,027.00
MADHYA BIHAR GRAMIN BANK/ Dakshin		
Bihar Gramin Bank	19,856.56	19,767.25
Sarva Haryana Gramin Bank	5,447.65	3,489.15
Sarva UP Gramin Bank	8,278.94	8,047.10
Punjab National Bank	35,389.66	2,061.75
Principal PNB Asset Management Co. Pvt. Ltd.	2,490.75	-
PNB Metlife India Insurance Co. Ltd.	436.35	-
2 Security Purchase Against Short Sale		
MADHYA BIHAR GRAMIN BANK/ Dakshin		
Bihar Gramin Bank	54,210.60	22,426.95
PUNJAB GRAMIN BANK	-	6,178.35
Sarva Haryana Gramin Bank	5,810.95	-
Himachal Gramin Bank	1,893.15	-
Sarva UP Gramin Bank	492.23	-
3 Security Sale		
SARVA UP GRAMIN BANK	21,974.18	47,097.91
Punjab National Bank	1,986.80	9,349.24
MADHYA BIHAR GRAMIN BANK/ Dakshin		
Bihar Gramin Bank	185,033.13	175,681.98
Himachal Gramin Bank	40,452.66	19,199.00
PNB Housing Finance Ltd.	6,008.94	6,296.94
PNB Employees PF Trust	12,948.70	3,479.76
PUNJAB GRAMIN BANK	47,075.61	66,442.33
Sarva Haryana Gramin Bank	12,887.02	53,292.19
PNB Metlife India Insurance Co. Ltd.	7,535.02	-
PNB Employees Pension Fund	59,761.59	-
4 Short Sale		
SARVA UP GRAMIN BANK	487.00	-
MADHYA BIHAR GRAMIN BANK	-	8,910.20
5 Fixed Deposit Redemption		
Punjab National Bank	-	13.00
6 Interest on Fixed Deposit		
Punjab National Bank	-	0.33
7 Reverse Repo Lending		
Punjab National Bank		20,483.19



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8 Interest on Reverse Repo Lending Punjab National Bank		1.13
9 Profit on Sale/Purchase against short sale MADHYA BIHAR GRAMIN BANK/ Dakshin		
Bihar Gramin Bank	109.30	99.08
SARVA UP GRAMIN BANK	10.25	10.54
Punjab National Bank	0.03	(0.04)
Himachal Gramin Bank	69.53	101.93
PNB Housing Finance Ltd.	3.63	6.34
PNB Employees PF Trust	(4.98)	9.72
PUNJAB GRAMIN BANK	72.29	40.28
PNB Employees Pension Fund	(5.70)	-
PNB Metlife India Insurance Co. Ltd.	(5.89)	-
Sarva Haryana Gramin Bank	2.55	20.29
10 Fee Income		
Himachal Gramin Bank	1.58	1.42
PNB Housing Finance Ltd.	0.62	0.59
MADHYA BIHAR GRAMIN BANK/ Dakshin		
Bihar Gramin Bank	0.59	0.99
PUNJAB GRAMIN BANK	0.76	0.97
Sarva Haryana Gramin Bank	0.80	0.92
PNB Employees Pension Fund	0.58	-
PNB Employees PF Trust	0.28	-
PNB Employees Gratuity Fund	0.13	-
SARVA UP GRAMIN BANK	0.73	0.86
11 Rent Paid		
Punjab National Bank	160.68	327.46
12 Bank Charges Paid		
Punjab National Bank	2.95	0.96
13 Rent booked in P&L from PNB	4.20	-
14 Term Insurance premium paid		
PNB Metlife India Insurance Co. Ltd.	3.61	3.21
15 Rent receivable from PNB	0.18	-
16 TDS receivable on rent from PNB	0.42	-
17 Interest accrued on CD		
Punjab National Bank	14.94	-
18 Line of credit availed		
Punjab National Bank	91,766.88	-
19 Interest paid on line of credit		
Punjab National Bank	70.20	-



PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 37: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share 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.

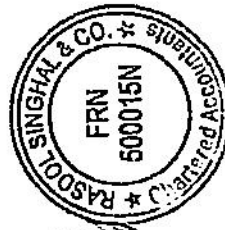
The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a capital adequacy ratio, which is weighted assets divided by total capital derived as per the RBI requirements. 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:

	31 March, 2019	31 March, 2018	31 March, 2017
Capital Adequacy Ratio	36.59%	38.27%	37.08%

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 31 March 2019, 31 March 2018 and 31 March, 2017.



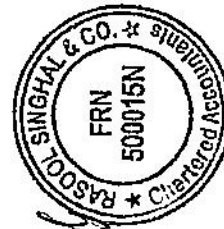
PNB GILTS LIMITED
Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

Note 38: Change in liabilities arising from financing activities

Particulars	01-Apr-17	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-18
Payables	209.60	(189.62)	-	-	-	19.98
Borrowing other than debt securities	351,392.95	85,472.45	-	-	-	436,865.40
Other financial liabilities	136.63	839.88	-	-	-	976.51

Particulars	01-Apr-18	Cash Flows	Changes in fair values	Exchange difference	Other	31-Mar-19
Payables	19.98	52.46	-	-	-	72.44
Borrowing other than debt securities	436,865.40	386,526.54	-	-	-	823,391.94
Other financial liabilities	976.51	(166.68)	-	-	-	809.83



Note 39: Contingent liabilities, commitments and leasing arrangements

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.

CONTINGENT LIABILITY

CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT

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

Assessment year	2018-19	2017-18	Forum where pending
2012-13 under section 143(3) of the Income Tax Act, 1961	342.80	356.58	ITAT
2013-14 under section 143(3) of the Income Tax Act, 1961	190.51	205.25	ITAT
2014-15 under section 143(3) of the Income Tax Act, 1961	268.70	277.72	ITAT
2016-17 under section 143(3) of the Income Tax Act, 1961	123.83	-	CIT(A)
2014-15 under section 271(1)(c) of the Income Tax Act, 1961	7.12	-	CIT(A)
2007-08 under section 115WE(1) of the Income Tax Act, 1961	1.33	-	AO
2008-09 under section 115WE(1) of the Income Tax Act, 1961	0.13	-	AO
2008-09 under section 143(3) of the Income Tax Act, 1961	1.78	-	AO
2011-12 under section 154 of the Income Tax Act, 1961	3.21	-	AO
TOTAL	939.41	839.55	

Note 40: Segment information

The Company's primary business segment is reflected based on the principal business carried out, i.e. trading in securities. The company does not meet the definition of operating segments, therefore no operating segments reporting is done. The risk and returns of the business of the company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment.

Note 41: Standards issued but not yet effective

Ind AS 116: Leases

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

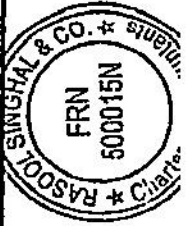


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Note 42: Maturity analysis of assets and liabilities

Assets	31-Mar-19			31-Mar-18			31-Mar-17		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	20.52	-	20.52	36.48	-	36.48	18.55	-	18.55
Bank balance other than above	10,488.00	71.88	10,559.88	10,488.00	68.21	10,556.21	26.00	49.40	75.40
Derivative financial instruments	37,467.43	-	37,467.43	751.45	-	751.45	62.66	-	62.66
Receivables	-	-	-	-	-	-	-	-	-
Loans	5,001.55	255.79	5,257.34	33.76	117.65	151.41	1.23	21.15	22.38
Investments	881,771.57	-	881,771.57	499,865.36	-	499,865.36	434,994.04	-	434,994.04
Other financial assets	14,762.40	1,579.00	16,341.40	10,408.50	1,321.37	11,729.87	7,524.82	1,093.84	8,618.66
Non-financial assets									
Current tax assets (net)	306.59	-	306.59	458.15	-	458.15	425.19	-	425.19
Deferred tax assets (net)	-	97.42	97.42	-	1,359.10	1,359.10	-	-	-
Investment property	-	28.41	28.41	-	12.78	12.78	-	13.44	13.44
Property, plant and equipment	-	228.79	228.79	-	266.40	266.40	-	285.67	285.67
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Other Intangible assets	-	29.19	29.19	-	0.29	0.29	-	2.30	2.30
Other non-financial assets	20.64	74.84	95.48	17.49	24.80	42.29	9.44	1.73	11.17
Total Assets	949,838.70	2,365.33	952,204.03	522,059.19	3,170.60	525,229.79	443,061.92	1,467.53	444,529.46
Liabilities									
Financial liabilities									
Derivative financial instruments	38,721.80	-	38,721.80	781.83	-	781.83	225.65	-	225.65
Trade Payables (other than MSME)	72.44	-	72.44	19.95	0.03	19.98	38.52	3.76	42.28
Other Payables (other than MSME)	-	-	-	-	-	-	167.32	-	167.32
Debt Securities	-	-	-	-	-	-	-	-	-
Borrowing	823,391.94	-	823,391.94	436,865.40	-	436,865.40	351,392.95	-	351,392.95
Deposits	-	-	-	-	-	-	-	-	-
Other financial liabilities	734.45	75.38	809.83	904.73	71.78	976.51	85.94	50.70	136.63
Non financial liabilities									
Current tax liabilities (net)	69.18	-	69.18	557.53	-	557.53	629.85	-	629.85
Provisions	181.04	166.57	347.61	145.81	119.40	265.21	296.46	104.93	401.39
Deferred tax liabilities (net)	-	-	-	-	-	-	-	535.32	535.32
TDS payable	24.01	-	24.01	56.33	-	56.33	12.76	-	12.76
Total Liabilities	863,194.86	241.95	863,436.81	439,331.58	191.21	439,522.79	352,849.44	694.71	353,544.15

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Note 43: 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, a Risk Management Committee, constituted at management level, has been entrusted with the responsibility by the Board in laying down procedures for risk assessment and minimization. The Committee also reviews these procedures periodically to ensure that executive management is implementing and controlling the risks through means of a properly defined risk framework. Risk Management Policy is reviewed annually by the Audit Committee and on the basis of the Committee's recommendation, the Board approves the same.

(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 table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2019.

	31-Mar-19	Over one month 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		328,214.14	31,083.34	-	2,705.68	-	-	-	-	365,003.16
Market Borrowing		459,724.64	31,083.34	-	2,705.68	-	-	-	-	459,724.64
		787,938.78	31,083.34	-	2,705.68	-	-	-	-	824,727.80

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 31st March, 2018:

	31-Mar-18	Over one month 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		225,778.00	33,415.00	-	17,105.00	-	-	-	-	276,298.00
Market Borrowing		154,294.00	33,415.00	-	17,105.00	8,131.00	-	-	-	162,945.00
		380,072.00	33,415.00	-	17,105.00	8,131.00	-	-	-	438,723.00

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities as at 1st April, 2017:

	01-Apr-17	Over one month 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		209,768.00	2,320.00	20,342.00	4,091.00	-	-	-	-	236,521.00
Market Borrowing		115,269.00	2,320.00	20,342.00	4,091.00	-	-	-	-	142,822.00
		325,037.00	2,320.00	20,342.00	4,091.00	-	-	-	-	351,990.00

(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. 172/03.02.001/2010-11 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. 22336.52 lacs (P.Y. 2018 RA. 18983.63 lacs) and to single group of borrowers/counterparty was Rs. 28704.37 lacs (P.Y. 2018 RA. 36969.19 lacs), before and after taking into account collateral or other credit enhancements.

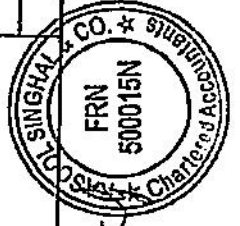


(Amounts in Rs.lakhs, unless otherwise stated)

(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. The Company's exposure to market risk is segregated into trading and non-trading portfolios.

	31-Mar-19		31-Mar-18		01-Apr-17		Primary risk sensitivity
	Carrying amount	Traded risk Non-traded risk	Carrying amount	Traded risk Non-traded risk	Carrying amount	Traded risk Non-traded risk	
ASSETS							
Financial assets							
Cash and cash equivalents	20.52	-	36.48	-	18.55	-	Interest rate
Bank balance other than above	10,559.88	-	10,556.21	-	75.40	-	Interest rate
Derivative financial instruments	37,467.43	37,467.43	751.45	-	62.66	62.66	Interest rate
Loans	5,257.34	-	131.41	-	22.38	-	Interest rate
Investments	881,771.57	881,771.57	499,865.36	499,865.36	434,994.04	434,994.04	Interest rate
Other financial assets	16,341.40	16,341.40	11,729.87	-	8,618.66	-	Interest rate
Total	951,418.14	919,239.00	523,090.78	500,616.81	443,791.68	435,056.70	8,618.66
LIABILITIES							
Financial liabilities							
Derivative financial instruments	38,721.80	38,721.80	781.83	781.83	225.65	225.65	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	72.44	72.44	19.98	19.98	42.28	42.28	Interest rate
Other payables	-	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
Borrowing	823,391.94	823,391.94	436,865.40	436,865.40	351,392.95	351,392.95	Interest rate
Other financial liabilities	809.83	809.83	976.51	976.51	136.63	136.63	Interest rate
Total	862,996.01	862,974.21	438,643.72	437,861.89	351,964.83	245.65	351,739.18



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Market risk – trading

Interest 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 (Interest rate risk + Spread risk+ equity risk) over a 301 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.

Limitations:

The limitation of the historical simulation lies in its IID (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 301 Days of historical data

	(Rs. In Lacs)		
	Interest Rate Risk	Equity & Equity FA	Other*
2017-18 -31st March	1,175.80	6.26	-
2017-18 -Average	3,012.70	23.57	33.51
2017-18 -Maximum	5,937.70	81.25	209.27
2017-18 -Minimum	1,165.79	0.98	-

	(Rs. In Lacs)		
	Interest Rate Risk	Equity & Equity FA	Other*
2018-19 -31st March	2,476.46	11.53	-
2018-19 -Average	891.75	11.96	22.53
2018-19 -Maximum	2,800.27	30.72	231.00
2018-19 -Minimum	465.88	3.93	-

*Other includes Currency Derivatives 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 2018-19, the Company recorded three back-testing exceptions (2017-18: zero exceptions), when actual losses exceeded daily VaR limits.

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 has fixed rate bank deposits and borrowings and hence not exposed to interest rate risk as far as these financial instruments are concerned.



PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs. lakhs, unless otherwise stated)

Note 44 Fair value measurement

44.1 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.

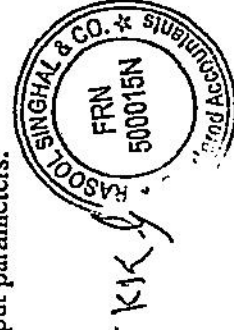
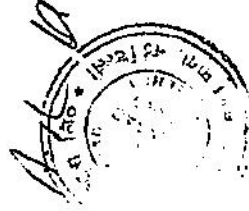
In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

44.2 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.



44.4 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 Fixed Income Money Market and Derivatives Association (FIMMDA) 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 seven tenors of 14 days, 1 month, 2 months, 3 months, 6 months, 9 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.

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) 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 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.

44.5 There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2018 and 31 March 2019.



PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

44.6 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 to all relevant (not fully collateralised) over-the-counter positions with the exception of positions settled through central clearing houses and DVA to all relevant (not fully collateralised) over-the-counter positions and positions settled through central clearing houses. Based on regular assessment of the extent of the adjustments, the Company concluded that these adjustments were not significant to the leveling classification of the relevant instruments in 2018 or 2019.

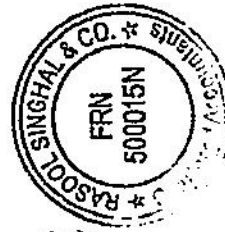
44.7 Impact of valuation adjustments

The following table shows the amount recorded in the statement of profit and loss:

Type of adjustment	2018-2019	2017-2018
Credit value adjustment	1.28	-
Total	1.28	-

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PNB GILTS LIMITED

Notes to Financial Statements for the year ended 31 March 2019

(Amounts in Rs.lakhs, unless otherwise stated)

44.8 Fair value of financial instruments not measured at fair value

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.

	31-Mar-19				31-Mar-18				01-Apr-17								
	Carrying Value	Fair Value			Carrying Value	Fair Value			Carrying Value	Fair Value							
		Level 1	Level 2	Level 3		Total	Level 1	Level 2		Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial Assets:																	
Cash and cash equivalents	20.52	20.52	-	20.52	36.48	36.48	-	36.48	18.55	18.55	-	18.55	-	-	-	18.55	
Bank balance other than above	10,559.88	10,559.88	-	10,559.88	10,556.21	10,556.21	-	10,556.21	75.40	75.40	-	75.40	-	-	-	75.40	
Loans	5,257.34	-	5,257.34	5,257.34	151.41	-	151.41	151.41	22.38	-	22.38	-	-	-	-	22.38	
Other Financial assets	16,341.40	-	16,341.40	16,341.40	11,729.87	-	11,729.87	11,729.87	8,618.66	-	8,618.66	-	-	-	-	8,618.66	
Total financial assets	32,179.14	10,580.40	21,598.74	32,179.14	22,473.97	10,592.69	11,881.28	22,473.97	8,734.98	93.94	8,641.04	-	-	-	8,734.98		
Financial Liabilities:																	
Trade payables	72.44	-	72.44	72.44	19.98	-	19.98	19.98	42.28	-	42.28	-	-	-	-	42.28	
Other payables	-	-	-	-	-	-	-	-	167.32	-	167.32	-	-	-	-	167.32	
Borrowing	823,391.94	-	823,391.94	823,391.94	436,865.40	-	436,865.40	436,865.40	351,392.95	-	351,392.95	-	-	-	351,392.95		
Other financial liabilities	809.83	-	809.83	809.83	976.51	-	976.51	976.51	136.63	-	136.63	-	-	-	136.63		
Total financial liabilities	824,274.21	-	824,274.21	824,274.21	437,861.89	-	437,861.89	437,861.89	351,739.18	-	351,739.18	-	-	-	351,739.18		

44.9 Valuation methodologies of financial instruments not measured at fair value

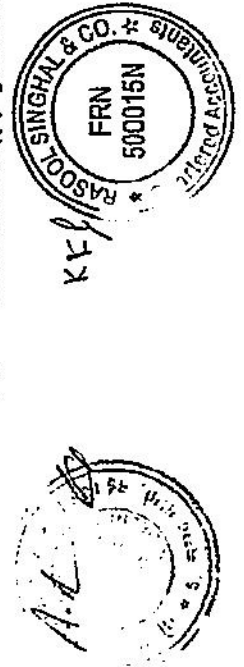
Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions 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 include 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.



NOTE 45: DISCLOSURES ON INTEREST RATE SWAPS

	Hedging Swaps		Trading Swaps	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Notional Principal (Gross)	231500.00	65000.00	2210000.00	407500.00
Marked to Market Positions	234401.30	65006.56	2208907.45	407460.40
Max. of 100 * PV01 observed during the year	1765.02	625.43	1894.59	1028.60
Min. of 100 * PV01 observed during the year	414.28	72.17	15.46	NIL
Market Risk	In the event of 100 basis points adverse movement in interest rate there will be a negative impact of Rs. 1440.00 lacs (prev. year Rs. 458.03 lacs) on Hedging Swaps and Rs. 1000.00 lacs (prev. year Rs. 40.96 lacs) on Trading Swaps in Swap Book. The losses, which would be incurred if, counter parties fail to fulfill their obligations works out to Rs. 1.28 lacs (prev. year Rs. Nil lacs) The Company's exposure with regard to outstanding swap transactions is limited to banks and CCIL.			
Collateral	No Collateral is insisted upon from counterpart			
Credit Risk Concentration	Rs. 1191.26 lacs (Prev. Year Rs. 105.06 lacs))			

NOTE 46: ISSUER COMPOSITIONS OF INVESTEMENTS IN NON-GOVERNMENT SECURITIES

As on March 31, 2019, the total stock of Rs. 880469.93 lacs (P.Y. Rs. 505588.66 lacs) (Book Value before providing diminution/appreciation) comprises of

- Govt. Securities (including T. Bills) -Rs. 657613.50 lacs (prev. year Rs. 399137.75 lacs),
- Equity Instruments -Rs. 269.01 lacs (prev. year Rs. 128.83 lacs),
- Money Market instruments -Rs. 64750.32 lacs (prev. year Rs. 4983.48 lacs),
- Corporate Bonds and Debentures -Rs. 157837.10 lacs (prev. year Rs. 101338.60 lacs) &
- Mutual Fund Units -Rs. NIL lacs (prev. year Rs. NIL lacs).

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

- AAA rated - Rs. 139507.03 lacs (prev. year Rs. 81353.01 lacs)
- AA+ rated bonds -Rs. 8512.74 lacs (prev. year Rs. 19985.59 lacs)
- AA rated bonds - Rs. 2327.84 lacs (prev year Rs. NIL lacs)
- A+ rated bonds -Rs. 2480.94 lacs (prev year Rs. NIL lacs)
- A1+ rated Bank CDs. - Rs 64750.32 lacs (prev. year Rs. 4983.48 lacs)
- A rated bonds -Rs. 5008.55 lacs (prev year Rs. NIL lacs)

The ratings of the following bonds have declined as under:

Issuer Name	Migrated Rating	Rating Action
Mahindra & Mahindra Financial Services Ltd.	AA+	AAA to AA+
Deewan Housing Finance Corporation Limited	A	AA- to A
Reliance Home Finance Limited	A+	AA to A+
SREI equipment Finance Limited	AA	AA+ to AA

(Rs. in lacs)

S. No.	Issuer	Book Value	Extent of Private Placement	Extent of Below Investment Grade	Extent of Unlisted Securities	Extent of Unrated Securities



				Securities		
1	PSUs	48342.81 (12609.20)	NA	NA	NA	NA
2	FIs	999.80 (88547.58)	NA	NA	NA	NA
3	Banks	64750.32 (4983.48)	NA	NA	NA	NA
4	Other PDs	NIL (NIL)	NA	NA	NA	NA
5	Private Corporates	11086.70 (181.82)	NA	NA	NA	NA
6	Subsidiaries/Joint Ventures	NIL (NIL)	NA	NA	NA	NA
7	Others (NBFCs)	97407.80 (NIL)	NA	NA	NA	NA
8	Provision held towards (-diminution)/ appreciation	134.94 (-906.05)	NA	NA	NA	NA
	Total	222587.43 (105416.03)	NA	NA	NA	NA

Figures in brackets relate to FY 2017-18

NOTE 47: CRAR AND RELATED INFORMATION

Sl. No.	Particulars	Current Year	Prev. Year
i)	CRAR (%)	36.59	38.27
ii)	CRAR – Tier I (Capital (%))	36.59	38.27
iii)	CRAR – Tier II (Capital (%))	NA	NA

Interest Rate Swaps

(Rs. in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	The Notional Principal of swap agreements	2441500.00	472500.00
ii)	Losses which would be incurred if counterparties fail to fulfill their obligations under the agreements	1.28	-
iii)	Concentration of credit risk arising from the swaps	1191.27	105.06
iv)	The fair value of the swap book	2440308.73	472466.96

Quantitative Disclosures of Interest Rate Swaps for Financial Year 2018-19 are as under:

(Rs. in lacs)

Sl. No.	Particulars	Current Year	Prev. Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	a) For Hedging	231500.00	65000.00
	b) For Trading	2210000.00	407500.00
ii)	Marked to Market Positions		
	a) Asset (+)	2440308.73	472466.96
	b) Liability (-)	-	-
iii)	Credit Exposures	1191.27	105.06
iv)	Likely impact of one percentage change in interest rate (100* PV01)		
	a) On Hedging Derivatives	1000.00	458.03

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	b) On Trading Derivatives	1440.00	40.96
v)	Maximum and Minimum of 100*PV01 observed		
	a) On Hedging Derivatives	1765.02 & 414.28	625.43 & 72.17
	b) On Trading Derivatives	1894.59 & 15.46	1028.60 & NIL

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 stop loss 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.

For hedging of Interest Rate Derivative transactions undertaken on the exchanges, Company follows RBI guidelines.

Quantitative Disclosures of Interest Rate Futures & Currency Derivatives for Financial Year 2018-19 are as under:

(Rs. in lacs)

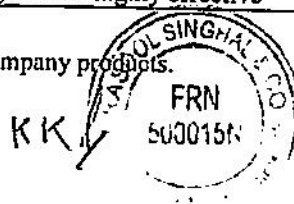
Sl. No.	Particulars	Current Year	Previous Year
i)	Derivatives (Notional Principal Amount Outstanding)		
	For Hedging		
	a) Currency Derivatives	-	-
	b) Interest Rate Futures	-	-
ii)	Marked to Market Positions (Currency Derivatives)		
	a) Asset (+)	-	-
	b) Liability (-)	-	-
	Marked to Market Positions (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 2018-19 are as under:

(Rs. in lacs)

S.No.	Particulars	Current Year	Previous Year
i)	Notional Principal Amount of IRF undertaken during the year	20811.50	86170.69
ii)	Notional Principal Amount of IRF outstanding as on 31.03.2018	-	-
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.



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NOTE 48: REAL ESTATE EXPOSURES

Exposure to Real Estate Sector

(Rs in lacs)

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 lacs may be shown separately)	217.46	102.49
	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
	iii.	Investments in mortgage backed securities (MBS and other securitized exposures-		
		a. Residential	NIL	NIL
		b. Commercial Real Estate		
b.		Indirect Exposure		
		Fund Based and non fund based exposures on Housing Finance Companies(HFCs)	44167.16	49022.97

NOTE 49: ASSET LIABILITY MANAGEMENT

FY-2018-19

(Rs. in lacs)

	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	327538.97	34000.00	-	2500.00	-	-	-	-	364038.97
Market Borrowings	459352.97	-	-	-	-	-	-	-	459352.97
Assets									
Advances / Investments	886793.57	-	-	-	22.19	1.50	15.00	1861.11	888693.37



	1 day to one month	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to one year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	225400.00	33331.00	-	16400.00	-	-	-	-	275131.00
Market Borrowings	154134.40	-	-	-	7600.00	-	-	-	161734.40
Assets									
Advances / Investments	499896.12	-	-	-	20.48	0.85	14.29	1441.27	501373.01

NOTE 50: Details of Corporate Social Responsibility expenses:

(a) Gross amount required to be spent by the company during the year is Rs. 255.61 lacs (P.Y. 291.56 lacs)

(b) Amount spent during the year on:

(Rs. in lacs)

		In cash/cheque	Yet to be paid in cash/ cheque	Total
(i)	Construction/acquisition of any asset	NIL	NIL	NIL
(ii)	On purposes other than (i) above (Towards Prime Minister's National Relief Fund)	55.61 (P.Y. 291.56)	NIL	55.61 (P.Y. 291.56)
(iii)	On purposes other than (i) above (Towards Clean Ganga Fund)	200.00 (P.Y. NIL)	NIL	200.00 (P.Y. NIL)

NOTE 51: 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

NOTE 52: Exposure to capital market

(Rs in Lacs)

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;	269.01	128.83
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;		
Advances for any other purposes where shares or convertible bonds or		

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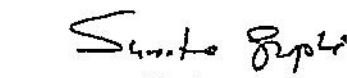
convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bond/ convertible debentures/ units of equity oriented mutual funds 'does not fully cover the advances'		
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;		
All exposure to venture capital funds(both registered and unregistered)	Nil	Nil
	Nil	Nil
Total exposure to capital market	269.01	128.83

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN:07430460


(Prem Prakash Pareek)
Director
DIN:00615296

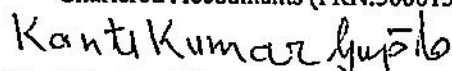

(Vikas Goel)
Managing Director & CEO
DIN:08322541


(Sunita Gupta)
Executive Director & CFO
DIN:06902258


(Monika Kochar)
Company Secretary
Membership No.F6514

Date : May 27, 2019
Place :New Delhi
Regd Off: 5, Sansad Marg, New Delhi - 110 001

In terms of our report of even date
For Rasool Singhal & Co.
Chartered Accountants (FRN:500015N)


(CA. Kanti Kumar Gupta)
Partner (Membership No.071615)



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
Liabilities Side:

	Amount outstanding	Amount overdue
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured : Unsecured (Other than falling within the meaning of public deposits*)		
(b) Deferred Credits		
(c) Term Loans		
(d) Inter-Corporate loans and borrowing		
(e) Commercial Paper		
(f) Other Loans (specify nature)	823,391.94	
Secured Loans		
1 Borrowings from RDI	146,000.00	
2 CBLO Borrowings	91,952.08	
3. Repo Borrowing	367,400.89	
4. Overdraft Borrowing		
Unsecured Loans		
1 Call Money Borrowings		
2. Line of Credit from PNB	129,960.00	
* Please see Note 1 below	88,078.97	
Assets Side:		
(2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):		
(a) Secured	5,232.22	
(b) Unsecured	25.12	
(3) Break up of leased Assets and stock on hire and other assets counting towards AFC activities	NA	NA
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial lease		
(b) Operating lease		
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire		
(b) Repossessed Assets		
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above		
(4) Break-up of Investments / Stock-in-trade : Current Investments (Stock-in-trade):	Amount outstanding	
1. Quoted :		
(i) Shares : (a) Equity	269.01	(Market Value Rs 266.77 lacs)
(b) Preference		
(ii) Debentures and Bonds	157,837.11	(Market Value Rs. 157941.11 lacs)
(iii) Units of mutual funds		
(iv) Government Securities	657,613.50	(Market Value Rs 658807.6 lacs)
(v) Others (Please specify) CDs	64,750.32	(Market Value Rs. 64763.01 lacs)
2. Unquoted :		
(i) Shares : (a) Equity		
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of Mutual Funds		
(iv) Government Securities		
(v) Others (please specify)		



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Long Term Investments :

1. Quoted :

- (i) Shares : (a) Equity
(b) Preference
- (ii) Debentures and Bonds

- (iii) Units of mutual funds
- (iv) Government Securities
- (v) Others (Please specify)

2. Unquoted :

- (i) Shares : (a) Equity
(b) Preference
- (ii) Debentures and Bonds
- (iii) Units of Mutual Funds
- (iv) Government Securities
- (v) Others (please specify)
- (Term Deposit)
- TOTAL :

830,469.94	

(5) Borrower group-wise classification of Assets financed as in (2) and (3) above :
(Please see Note 2 below)

Category	Amount net of provisions	
	Secured	Unsecured
1. Related Parties **		
(a) Subsidiaries		
(b) Companies in the same group		
(c) Other related parties		
2. Other than related parties		
TOTAL:		

Note: Loans & Advances given in Col. 2 above are Staff Advances & Security Deposits, hence do not fall in this category and not disclosed.

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

Category	Market Value/Break up or fair value or NAV	Book Value
1. Related Parties **		
(a) Subsidiaries		
(b) Companies in the same group	19,860.11	19,840.30
(c) Other related parties		
2. Other than related parties	861,920.38	860,629.64
TOTAL	861,920.38	880,469.94

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

(7) Other Information

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

Notes:

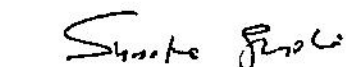
- 1 As defined in paragraph 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- 2 Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

For and on behalf of the Board


(Sunil Mehta)
Chairman
DIN: 07430460


(Prem Prakash Pareek)
Director
DIN: 00615296

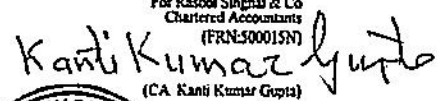

(Vikas Goel)
Managing Director & CEO
DIN: 08322541


(Sumita Gupta)
Executive Director & CFO
DIN: 06902258


(Manjika Kochar)
Company Secretary
Membership No. F6514

In terms of our report of even date

For Rasool Singhal & Co
Chartered Accountants
(FRN:500015N)
(CA. Kanti Kumar Gupta)
Partner
Membership No. 071615



Date: May 27, 2019
Place: New Delhi
Regd. Off: 3, Sansad Marg, New Delhi - 110 001

