

REPORT OF DEBENTURE TRUSTEES FOR THE HALF YEAR ENDED 30 SEPTEMBER, 2014

REPORT OF DEBENTURE TRUSTEES FOR THE HALF YEAR ENDED 30 SEPTEMBER, 2014	
NAME	PNB INVESTMENT SERVICES LIMITED
REGISTRATION NO	IND000000510
DATE OF REGISTRATION	FEBRUARY 22,2010

SECTION I: ACTIVITIES

A. Details of Debenture Issues (Public (P) / Rights (R) / Privately Placed Listed (PPL) / Privately Placed Unlisted (PPUL)

Type	No. of debenture issues accepted during the half year ended 30 th SEPTEMBER, 2014			Cumulative No. of debenture issues handled up to the year ended 30 th SEPTEMBER, 2014	Size (in Rs. crores) of debenture issues accepted during the half year ended 30 th SEPTEMBER, 2014			Cumulative Size (in Rs. crores) of debenture issues handled up to the year ended 30 th SEPTEMBER, 2014
	Secured	Unsecured	Total		Secured	Unsecured	Total	
Public	0	0	0	0	0.00	0.00	0.00	0.00
Rights	0	0	0	0	0.00	0.00	0.00	0.00
Privately Placed Listed	0	0	0	0	0.00	0.00	0.00	0.00
Privately Placed Unlisted	0	0	0	0	0.00	0.00	0.00	0.00
Total	0	0	0	0	0.00	0.00	0.00	0.00

We are already acting as Debenture Trustee to 27 Bonds issues of Power Finance Corporation of India Limited and HUDCO Limited. Although no new assignment has been undertaken during the HY ended Sept, 2014+, but day to day compliances and execution of assignments in respect of existing Debenture Trustee Assignments was being carried out during HY Ended September, 2014.

B. Activities other than debenture trusteeship

ACTIVITY TYPE	DESCRIPTION OF THE ACTIVITY	DURING THE HY ENDED 30.09.2014
Security Trustee	Acting as Security and Facilities Agent in holding the charge and mortgage, holding pledge of share(s) monitoring the performance of the facilities and transparently servicing all the lenders.	10
Corporate Debt Restructuring	<p>Our product portfolio under this activity includes :-</p> <ul style="list-style-type: none"> • Preparation Flash Report • Preparation of Techno Economic Viability Study • Preparation of CDR Package • Preparation of Final Report for CDR EG Approval • Preparation of Letter of Approval 	12
Debt Syndication and Project Appraisal	<p>Our product portfolio under this activity includes :-</p> <ul style="list-style-type: none"> • Project appraisal and preparation of information memorandum • Structured finance Syndication • Infrastructure Project Advisory • Securitization • Debt & Equity Syndication 	16
Merchant Banking	<p>Our product portfolio under this activity includes :-</p> <ul style="list-style-type: none"> • Managing Initial Public Offerings and Follow-on Public offerings and Offers-for-Sale. • Managing Rights Offering, be it the traditional or the structured formats. • Qualified Institutional Placements. • Open offers, Buyback and Delisting of securities. 	-

Section II - REDRESSAL OF INVESTOR GRIEVANCES

For the Half Year ended 30th SEPTEMBER, 2014

A Status of Investor Grievances

Name of the issuer (tranche wise)	Pending complaints at the end of the previous half year	No. of complaints received during the half year	No. of complaints resolved during the half year	No of complaints pending at the end of half year
POWER FINANCE CORPORATION	NIL	NIL	NIL	NIL
HUDCO	NIL	NIL	NIL	NIL

B Details of the complaints pending for more than 30 days

Name of the Issuer	No. of complaints pending for more than 30 days	Nature of the Complaint(s)			Steps taken for redressal	Status of the complaint (if redressed, date of redressal)
		Delay in payment of interest	Delay in payment of redemption	Any other		
POWER FINANCE CORPORATION	NIL	NIL	NIL	NIL	NIL	NIL
HUDCO	NIL	NIL	NIL	NIL	NIL	NIL

Section III - DEFAULT DETAILS

Information regarding default by the Issuer Companies in Public (P) / Rights (R) / Privately Placed Listed (PPL) Issues of Debentures up to the half year ended SEPTEMBER, 2014 :-

Name of the Issuer	Secured / Unsecured	Type (P/R/PPL)	Issue Size (in Rs. crores)	Type of Default*	Details of action taken
NOT APPLICABLE - None of Issuer Companies in all assignments so far handed by us have committed any default.					

*Type of Default

1. Non-payment of interest;
2. Non-payment of redemption;
3. Delay in payment of interest/redemption;
4. Any other (like non-creation of security)

SECTION - IV – COMPLIANCE

COMPLIANCE CERTIFICATE FOR THE HALF YEAR ENDED 30 SEPTEMBER, 2014

A	No conflict of interests with other activities	
	The activities other than debenture trusteeship performed by are not in conflict with DEBENTURE TRUSTEE activities and appropriate Systems and Policies have been put in place to protect the interests of debenture holders.	
We confirm that activities other than debenture trusteeship performed by Debenture Trustee are not in conflict with DEBENTURE TRUSTEE activities and appropriate Systems and Policies have been put in place to protect the interests of debenture holders.		
B	Change in status or constitution	
	Reporting of changes in status or constitution' of Debenture Trustee (In terms of SEBI Circular No. CIR/MIRSD/10/2011 dated June 20, 2011)	NIL
C	Other Information	
i.	Details of arrest / conviction of key officials of Debenture Trustee	NIL
ii.	Details of prosecution cases or criminal complaints filed by investors against the Debenture Trustee	NIL
iii.	Details of any fraudulent activity by the employees associated with Debenture Trustee activities and action taken by the Debenture Trustee	NIL
iv.	Details of conviction of any offence involving moral turpitude or any economic offence by employees of DEBENTURE TRUSTEE	NIL
v.	Action taken by the Debenture Trustee on the above issues	NIL
D	Compliance with registration requirements	
	Certified that the requirements specified for SEBI registration as Debenture Trustee are fulfilled, the details are as under;	
i.	Net worth (audited) as defined in the Regulations as on FY ended 30 st SEPTEMBER, 2014 (as per the latest audited financials)	Rs. 33.82
ii.	Any change in infrastructure since the last report / registration/ renewal	NIL

Changes in Key personnel during the half year ended SEPTEMBER, 2014

Name(s) of the key personnel	Appointment / Cessation	Date of appointment/resignation	Qualification	Experience	Functional areas of work
Mr. K K GUPTA	Appointed as Director in the company	27.08.2014	B.Com (Hons.), F.C.A	More than 35 Years	Banking and Financial Services

E	DETAILS OF DEFICIENCIES AND NON COMPLIANCES
	<p>During the half year ended September, 2014, the company has not handled any fresh Debenture Trustee (DT) assignments during the period of prohibition by SEBI till 05.08.2014 and even during the period subsequent to the disposing of the prohibitory order. Accordingly, there were no fresh deficiencies or compliance issues pointed out by any regulatory authority during the half year ended September, 2014.</p> <p>However, the rectification in respect of the following deficiencies, as pointed out by a team of SEBI officials which carried out inspection of the Company's books and records maintain for activity of Debenture Trustee during the period 10th February to 12th February 2013 followed by their report vide letter dated 22.08.2013, are in correspondence with SEBI:</p> <ol style="list-style-type: none"> 1. Exercise of Due Diligence to ensure compliance of provision of listing agreement. 2. In the trust deed executed by company with PFC (6 issues) & HUDCO (2 issues) there are certain clauses which absolve or extinguishes the obligation of Debenture Trustee. <p>1. Exercise of Due Diligence to ensure compliance of provision of listing agreement</p>

SEBI had pointed out the above deficiency because of our company not hoisting on its website Half Yearly reports on Debenture Trustee, containing certain financial disclosures of Issuer and position of payment of interest on debenture(s), duly signed by issuer company and counter signed by Debenture Trustee. This report is also required to be submitted respective stock exchange(s) where the Debentures are listed. This observation has not been dropped and kept under constant review to be dropped later on.

Action Taken -

The Subsequent to the Inspection in Feb 2013, we have started hoisting all said half yearly reports subsequent to the inspection under the Compliance Section on our Company's official website. The Company is forwarding the Compliance reports duly signed by the compliance officer of the company and the company representative to stock exchanges where the debentures are listed for hoisting on their website.

We understand from SEBI that the deficiency will be dropped only after their verification of the requisite compliances by our company at the time of their next visit to our company for inspection.

Accordingly, this irregularity will remain in our books till the next inspection.

2. Clauses in the trust deed limiting or extinguishing the obligations of the DT :-

Action Taken :

After getting indicative list of clauses which absolves or extinguishes the obligations of Debenture Trustee, the matter has

	<p>been taken up with both the Issuer companies for execution of revised Trust Deeds for rectification of the deficiencies in eight assignments (PFC-6 & HUDCO-2) to comply with Regulation 14 of SEBI (Debenture Trustee Regulation 1993, and Regulation 15(3)(ii), SEBI Issue and Listing of Debt Securities(ILDS) 2008.</p> <p>Earlier both the companies were reluctant for the execution of the revised Trust Deeds in view of the cost involved, no default what so ever and the fact of compliance of all parameters of issue of Debentures by both the companies.</p> <p>Meanwhile, both the companies have pointed out that the SEBI in its Circular reference - CIR/MIRSD/25/2011 Dated 19, Dec, 2011- Under Sr. (b)(6) had earlier clarified that if there are clauses included in the trust deed that limit or extinguish the obligations of DTs in relation to any rights or interests of investors or are in conflict with the Provisions of the Regulations, then such clauses in the existing Trust Deeds shall not be applicable and shall stand null and void.</p> <p>However, for ensuring the compliance of the observation by the SEBI, the matter is being followed up for the execution of revised Trust Deeds for the requisite Statutory Compliance.</p> <p>Once the supplemental trust deeds are executed, the matter will be taken up with SEBI for dropping of the above deficiency.</p>
F	DETAILS OF THE REVIEW OF THE REPORT BY THE BOARD OF DIRECTORS
	DATE OF REVIEW OF THE BOARD
I	<p>OBSERVATION OF THE BOD</p> <p>The Board has taken note of the matter of rectification of the observation in correspondence with SEBI and corrective actions undertaken/ proposed by the company for rectification and desired that the matter be followed up with SEBI for dropping of the outstanding irregularities after taking corrective actions as</p>

<p>proposed by the Company.</p>	
<p>In view of strenuous responsibility and accountability attached with the assignment, the Board desired that the company should further strengthen its internal control procedures to obviate any chance of deficiency or non-compliance in future.</p>	<p>II CORRECTIVE MEASURES INITIATED</p>

Certified that we have complied with SEBI (Debenture Trustee) Regulations, 1993, applicable provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, Circulars issued by SEBI and any other laws applicable from time to time except the deficiencies and non compliances those specifically reported at Section IV (E) above.