

REPORT OF DEBENTURE TRUSTEES FOR THE HALF YEAR ENDED SEPTEMBER, 2013

REPORT OF DEBENTURE TRUSTEES FOR THE HALF YEAR ENDED SEPTEMBER, 2013

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, 2013			Cumulative No. of debenture issues handled up to the year ended 30 th September, 2013	Size (in Rs. Crores) of debenture issues accepted during the half year ended 30 th September, 2013			Cumulative Size (in Rs. crores) of debenture issues handled up to the year ended 30 th September, 2013
	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



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B. Activities other than debenture trusteeship

ACTIVITY TYPE	DESCRIPTION OF THE ACTIVITY	CUMULATIVE NUMBER OF CLIENTS AS ON 30.09.2013 SINCE INCEPTION (APPROX)
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.	38
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 	24
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 	60
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. <p>*SEBI has passed Ad-interim ex-parte order dated December 28, 2011 and confirmed the same vide interim order dated September 07, 2012 passed in the matter of IPO of Takshel Solutions Ltd by Hon'ble Whole time member of SEBI, where in PNBISL was prohibited from taking up any fresh Assignment or involvement in any new issue of capital including IPO; follow on issue etc., till further directions. Under the matter, our company has recently filed a reply before Designated Authority, SEBI under SEBI Regulation, requesting for dropping the matter and not taking action against our company. Pending SEBI final decision in the matter, no fresh assignment coming under the purview of SEBI is being taken up at PNBISL</p>	4



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Section II - REDRESSAL OF INVESTOR GRIEVANCES

For the Half Year ended 30th September, 2013

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



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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 30th September, 2013 :-

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)



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SECTION - IV – COMPLIANCE

COMPLIANCE CERTIFICATE FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2013

A	No conflict of interests with other activities	NIL
The activities other than debenture trusteeship performed by us 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)		
C	Other Information	NIL
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 30th September, 2013 (as per the latest audited financials)	Rs. 30.78 Crores
ii.	Any change in infrastructure since the last report / registration/ renewal	NIL



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Changes in Key personnel during the half year ended 30th September, 2013

Name(s) of the key personnel	Appointment / Cessation	Date of appointment/resignation	Qualification	Experience	Functional areas of work
Mr. Rajendra Mahajan	Cessed as Director of the Company	27 th July, 2013	M.Com and CAIIB	More than 30 Years	Banking and Financial Services
Mr. A K Verma	Appointed as Director of the Company	27 th July, 2013	M.Sc. Physics	More than 30 Years	Banking and Financial Services

E	DETAILS OF DEFICIENCIES AND NON COMPLIANCES	A team of SEBI officials carried out inspection of the Company's books and record maintain for activity of Debenture Trustee during the period 10 th February to 12 th February 2013 and submitted their report by letter dated 22.08.2013. List of the observations of SEBI's Inspection Team and action taken/proposed by the Company in the matters are given as Annexure to the Report. As directed by SEBI, the above position was placed before the Board of Directors in their meeting held on 12.09.2013.			
F	DETAILS OF THE REVIEW OF THE REPORT BY THE BOARD OF DIRECTORS	09.10.2013			
I	OBSERVATION OF THE BOD	The Board in its meeting held on 13.09.2013 has taken note of observations of the SEBI inspecting team 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 proposed by the Company.			
II	CORRECTIVE MEASURES INITIATED	In view of strenuous responsibility and accountability attached with the assignment, the Board desired that strict compliances and adherence of SEBI's rules and regulation, as prescribed from time to time, be meticulously ensured to obviate the final observations by SEBI in future.			

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.



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**OBSERVATIONS AND FINDINGS OF SEBI INSPECTION VIDE LETTER DATED 22ND AUGUST, 2013 AND STEPS TAKEN TO RECTIFY ALL THE DEFICIENCIES
ANNEXURE**

	Comments	Steps taken for Rectifications
a	<p>Execution of Trust Deed for Debenture Trustee Assignments:-</p> <p>Incorporation of certain clauses in the Trust Deed that absolve or extinguish the obligations and liabilities of the Debenture Trustee in respect of all the 8 issues inspected (i.e. 6 issues of M/s Power Finance Corporation & 2 issues of M/s Housing Urban Development Corporation Limited.)</p>	<p>SEBI in their first preliminary report dated 13th February, 2013 has commented upon the matter at two places.</p> <p>At the first place SEBI has not specified the clauses in the trust Deed which are absolving and extinguishing the obligations and liabilities of the Debenture Trustee of the Debenture Trustee in the issued referred to by SEBI.</p> <p>At the second place, SEBI has specifically quoted that the following clauses have not been incorporated which are absolving and extinguishing the obligations and liabilities of the Debenture Trustee</p> <ul style="list-style-type: none"> i) Appointment of Nominee Directors (in case of both PSUs) ii) Submission of quarterly reports (for HUDCO issue) <p>As regard their first observations, we have requested SEBI to point out the list of clauses in the Trust Deeds which are absolving and extinguishing the obligations and liabilities of the Debenture Trustee so that corrective action be taken in the matter. However, we have so far not received any response in the matter. We intend to take up the matter again with SEBI.</p> <p>Based on their second observations, we have taken up the matter with both the PSUs for execution of a Supplementary Trustee Deed incorporating the clause of regarding appointment of Nominee Director enforceable in case of default in payments of periodical interest. However, there is no positive response from their side.</p> <p>Further, despite the fact that Clause of regular submission of quarterly report is not included in Trust Deeds in HUDCO issues, the PSU has been submitting regular information. As SEBI has not</p>



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<p>dropped the observations, we have taken up the matter with HUDCO for the execution of Supplementary Trust Deed.</p>	<p>As per Regulation 15 (1) (i) of SEBI (Debenture Trustees) Regulations, 1993 the Debenture Trustee is required to exercise due diligence to ensure that the issuer company complies with the provisions of Companies Act and Listing agreement of the stock exchange/s.</p> <p>In terms of the listing agreement, the Debenture Trustee has to ensure that the issuer company is required to submit a half yearly communication to debenture holders and also to the stock exchange duly countersigned by the Debenture Trustee along with the financial results including credit rating, asset cover available, debt equity ratio, previous due date for the payment of interest / principal and whether the same has been paid or not and the next due date for the payment of interest / principal,</p> <p>Copies of Issuer's companies Half Yearly reports, submitted to the respective debenture holders and exchanges countersigned by us for half year ended March 2013 in respect of all the Debenture Trustee Assignments are now available on our website.</p> <p>The above position was duly informed to SEBI subsequent to their observation.</p> <p>As SEBI has not dropped the observations, we have taken up the matter with HUDCO for the execution of Supplementary Trust Deed.</p>
<p>b</p> <p>Exercise of Due Diligence Failure to exercise due diligence to ensure compliance by the body corporate with the provisions of the Listing Agreement in respect of all the 8 issues inspected (i.e 6 issues of M/s Power Finance Corporation & 2 issues of M/s Housing Urban Development Corporation Limited.)</p>	



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<p>c</p>	<p>Timely execution of Trust Deed</p> <p>Delay in the execution of trust deeds in respect of 3 issues out of the 8 issues inspected (1 issue of M/s Power Finance Corporation & 2 issues of M/s Housing Urban Development Corporation Limited.)</p>	<p>Delay in execution of Trust Deeds was mainly account of non-finalisation of the Trust Deed by the issuer.</p> <p>We have, however, informed SEBI that we have taken note of their observation in the matter and would ensure that in all future assignments, the trust deed would be executed within 3 Months of closure of the issue.</p> <p>Since, SEBI has not dropped the matter and we have once again written to SEBI again requesting for condonation of the delay.</p>
<p>d</p>	<p>Hoisting of information on Website of Debenture Trustee:</p> <p>Non- dissemination of information on the website of Debenture Trustee in respect of all the 8 issues inspected (i.e 6 issues of M/s Power Finance Corporation & 2 issues of M/s Housing Urban Development Corporation Limited.)</p>	<p>We have immediately hoisted the requisite information on our website and informed SEBI accordingly. However, SEBI has not dropped the matter. We have again requested SEBI for dropping of the matter.</p>
<p>e</p>	<p>Trustee Deed -</p> <p>Non- incorporation of the clause for submission of quarterly reports by issuer company in the trust deed in respect of 1 issue of M/s Housing Urban Development Corporation Limited.)</p>	<p>Despite the fact that Clause of regular submission of quarterly report is not included in Trust Deeds in HUDCO issues, the PSU has been submitting regular information.</p> <p>As SEBI has not dropped the observations, we have taken up the matter with HUDCO for the execution of Supplementary Trust Deed.</p>



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