

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

REPORT OF DEBENTURE TRUSTEES FOR THE HALF YEAR ENDED MARCH, 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 31 st March, 2013			Cumulative No. of debenture issues handled up to the year ended 31 st March, 2013	Size (in Rs. Crores) of debenture issues accepted during the half year ended 31 st March, 2013			Cumulative Size (in Rs. crores) of debenture issues handled up to the year ended 31 st March, 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	*1	0.00	0.00	0.00	30.55
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

* Debenture Trustee Assignment of Power Finance Corporation - Series 86 Secured Private Placement (FY 2011-12) wherein the Trust deed was executed in June 2012. The mandate for the assignment was signed in April 2011 i.e. prior to SEBI Ad-interim ex-parte order dated December 28, 2011

Note - Since SEBI order dated December 28, 2011 we have not taken up any fresh assignment and presently looking after only compliance function in respect of existing assignment (27 trenches Rs.43563.46 cr.)

Name of Compliance Officer in Charge – V Sridhar
Email Id – trustee@pnbisl.com



B. Activities other than debenture trusteeship

ACTIVITY TYPE	DESCRIPTION OF THE ACTIVITY	NUMBER OF CLIENTS
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.	25
Corporate Debt Restructuring	Our product portfolio under this activity includes :- <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 	17
Debt Syndication and Project Appraisal	Our product portfolio under this activity includes :- <ul style="list-style-type: none"> • Project appraisal and preparation of information memorandum • Structured finance Syndication • Infrastructure Project Advisory • Securitization • Debt & Equity Syndication 	52
Merchant Banking	Our product portfolio under this activity includes :- <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</p>	4

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	company. Pending SEBI final decision in the matter, no fresh assignment coming under the purview of SEBI is being taken up at PNBISL	
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Section II - REDRESSAL OF INVESTOR GRIEVANCES

For the Half Year ended 31st March, 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 March, 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 31 March, 2013

A	No conflict of interests with other activities	
	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)	YES * Change in Managing Director Details Mentioned on Pg. No. 6
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 31 st March, 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 March, 2013

Name(s) of the key personnel	Appointment / Cessation	Date of appointment/resignation	Qualification	Experience	Functional areas of work
Mr. Ranjan Dhawan	Resigned as a Director of the Company	25 th October, 2012	MBA, ACMA(UK), CA, (US)	More than 25 Years	Banking and Financial Services
Mr. J. K Agarwal	Ceased as Chief Operating officer	31 st October, 2012	BSc, MA, CAIIB (I)	35 Years	Banking and Financial Services
Mr. K K Khurana	Appointed/taken charge as Chief Operating Officer	1 st November, 2012	BSc, CAIIB, LLB, AICWA, CFA, ACS	34 Years	Banking and Financial Services
Sh. S A R ZAIDI	Resigned as the Managing Director and C.E.O	12 th January, 2013	BSc	More than 32 Years	Banking and Financial Services
Mr. K N R VERMA	Appointed as Managing Director and C.E.O	31 st January, 2013	MSC, LLB, CAIIB,	More than 32 Years	Banking and Financial Services

E	DETAILS OF DEFICIENCIES AND NON COMPLIANCES	SEBI had conducted on-site Inspection of our company's records in respect of Debenture Trustee activities on 11-13 th February, 2013. List of the observations of SEBI's Inspection Team and action taken by our company in the matters is given as Annexure to the Report.
F	DETAILS OF THE REVIEW OF THE REPORT BY THE BOARD OF DIRECTORS	
	DATE OF REVIEW OF THE BOARD	23.4.2013
I	OBSERVATION OF THE BOD	The Board has taken note of deficiencies pointed by SEBI inspection team and corrective action initiated by the company for rectification of the same and desired that the matter be followed up with SEBI for closure of their report in the matter. [*] SUBJECT TO APPROVAL BY THE BOARD
II	CORRECTIVE MEASURES INITIATED	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. [*] SUBJECT TO APPROVAL BY THE BOARD

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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1.	Details of Observations of SEBI Inspection team	Reason/Necessary Action Taken
	The Debenture Trustee has not disseminated information/reports on debentures Issues including compliance reports filed by the issuer companies on its website as per Regulation 23(4) of SEBI (ILDS Regulations, 2008) and SEBI Circular dated August 06,2007 In case of all the issues.	We have since hoisted the requisite information/report on debenture issue, including compliance report filed by the issuer company on our website up to half year ended September 2012. Information in respect of subsequent period has been called for and is being vigorously followed for receipt, The same will be hoisted upon receipt.
2.	The Debenture Trustee maintains an excel sheet containing details of issues handled, however, certain columns were not included in the excel sheet VIZ. date of closure, date of allotment etc. noticed during the course of inspection when compared with the respective files.	Database of all Security Trustee Assignments, as maintained by us in Excel Sheet, now also incorporates information regarding date of closure, date of allotment etc. as pointed out by SEBI. A copy of the database containing the same has been sent to SEBI for their information and further comments.
3.	NCDs have been allotted to more than 49 persons in respect of Housing & Urban Development Corporation Ltd (privately placed issue).	During the Course of our Company's Inspection by SEBI, the matter was discussed and the stand taken by HUDCO, saying that their company is classified as Public Finance Institution (PFI) under Section 4A of the Companies Act 1956 and accordingly, this observation is not applicable to them was conveyed to them (SEBI). The matter has again been taken up with SEBI by enclosing a copy of the Government of India Notification Dated December 06, 1996 furnished by the company in this regard. SEBI's further response in the matter is awaited.
4.	Delay in Execution of Trust Deeds in respect of following issues :- <ul style="list-style-type: none"> • PFC Series 79 Secured Private Placement FY 2011-12 • HUDCO Series A Unsecured Private Placement FY 2011-12 • HUDCO Series B Unsecured Private Placement FY 2011-12 	We have taken note of the SEBI Inspection Team's Observation in the matter and will ensure that in all future assignments, the trust deed will be executed within 3 Months of closure of the issue.
5.	<p>a) End utilization certificate obtained from the practicing Company Secretary /Chartered Accountant instead of the Issuer auditor for assignment of PFC Series 86 – Private Placement</p> <p>b) End utilization Certificate is not available for following issues :-</p> <ol style="list-style-type: none"> 1. PFC All issues 2. HUDCO (All Issues) 	<p>a) End utilisation certificate in the assignment of PFC Series 86- Private Placement was signed by practicing Chartered Accountant, who was in fact the Issuer Auditor. The same has been brought to the notice of SEBI.</p> <p>b) 1. PFC –The company has sent us end utilisation Certificate duly certified by statutory auditors only in respect of one issue (PFC Public Issue of Infrastructure Bonds (2011-12) out of 26 issued handed by us. For all other issues, the end utilisation certificates have been provided by the company's Authorised Official instead of providing the certificates by the company's Statutory Auditor. Matter being followed up.</p>



		<p>2. HUDCO- The company is taking a stand that proceeds of their issues in all cases have been used for meeting their long terms requirements of the company and accordingly, submission of their Auditor Certificate in the matter is not possible. The matter has been taken up with SEBI for further guidance in the matter.</p>
6.	<p>Not Exercised Due Diligence to ensure compliance of listing agreement by the issuer company (half yearly report to stock exchange)</p> <ul style="list-style-type: none"> Power Finance Corporation HUDCO Limited 	<p>Matter has already been initiated to ensure compliance of Issuer companies (PFC & HUDCO) obligations toward stock exchanges, where bonds have been listed, for display of the requisite information after its vetting by our company (as Debenture Trustee). In this regard, we have sent Performa of the reports requiring the requisite information for half year ended March 2013 to both the Issuer companies (PFC & HUDCO). Once the requisite information is received, the same will be countersigned at ours to ensure that the company is taking steps to ensure meticulous compliance of listing agreements with Exchanges.</p>
7.	Not Obtained Quarterly Report for the Quarter Ended 31st March, 2012 from HUDCO.	<p>Quarterly reports for all subsequent quarters viz June 2012, September 2012 December 2012 were timely furnished by Issuer companies. SEBI has been informed that we would ensure in future that no deficiency take place regarding receipt of Quarterly reports.</p>
8.	Time limit for creation of security is not mentioned in the written agreement or the correspondence exchanged between the Debenture Trustee and issuer company in case of Public Issue of Infra Bonds, FY 2011-12 by Power Finance Corporation.	<p>Despite the fact that no time limit was given in the mandate letter of Power Finance Corporation Public Issue of Infra Bonds FY 2011-12, the concerned Trust Deed was timely executed.</p>
		<p>We will ensure that Time limit for creation of Security shall be mentioned in all future debenture trustee mandates signed with the issuer companies.</p>
9.	<p>Certain Mandatory clauses have not been explicitly incorporated in the Trust Deed :-</p> <ul style="list-style-type: none"> Appointment of Nominee Director of Debenture Trustee in case of default of payment of interest/redemption in case of all issues by PFC and HUDCO Submission of Quarterly Reports by issuer companies 	<p>Clause of Appointment of Nominee Director in the Trust Deed</p> <p>Both HUDCO and PFC being Public Sector Undertaking are not agreeable to incorporate the above clause in the Trust Deed. Stand taken by these Companies have been conveyed to SEBI and their (SEBI) further response in the matter is awaited.</p> <p>Clause of submission of Quarterly Reports by Issuer Companies</p> <p>Despite absence of the said clause in the Trust Deed, both HUDCO and PFC. , have been submitting timely Quarterly Reports.</p>