

**Mukand Ltd.**

**Regd. Office :** Bajaj Bhavan, 3rd Floor  
Jamnalal Bajaj Marg  
226 Nariman Point, Mumbai, India 400 021  
Tel : 91 22 6121 6666 Fax : 91 22 2202 1174  
www.mukand.com

**Kalwe Works :** Thane-Belapur Road  
Post office Kalwe, Thane, Maharashtra  
India 400 605  
Tel : 91 22 2172 7500 / 7700 Fax : 91 22 2534 8179  
CIN : L99999MH1937PLC002726

March 16, 2017

Ms. Komal Bais,  
Manager,  
Division of Issues and Listing, Corporation Finance Department,  
**Securities and Exchange Board of India,**  
C-4A, "G" Block, SEBI Bhavan,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai- 400051  
e-mail: komalb@sebi.gov.in

**Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 – Submission of reply to queries.**

**Re: Your e-mail dated March 9, 2017**

**Scrip Code – MUKANDLTD**

Dear Madam,

This is with reference to the telephonic conversation and your aforementioned e-mail to us wherein you have requested us to provide satisfactory explanation as to why our independent director Mr. Naresh Chandra Sharma (“**Mr. Sharma**”) should not be regarded as a wilful defaulter. Towards the same, please see below our response:

1. As you are aware, Mr. Sharma’s name appears in the Reserve Bank of India’s (“**RBI**”) list of non-suit filed wilful defaulters in his capacity as independent director of a company by the name of PSL Limited (“**PSL**”). Immediately upon receipt of your request, we have sought necessary clarifications on the matter from PSL. Please find attached as **Schedule 1** a response dated March 14, 2017 received from PSL which is self-explanatory. We have also sought appropriate confirmations from Mr. Sharma himself which too are annexed hereto for your review as **Schedule 2**.
2. However, for the sake of brevity, we have set out below our understanding of why Mr. Sharma ought not to be considered as a wilful defaulter. Moreover, without prejudice to our explanation below, since the loans with respect to which Mr. Sharma’s name appears in the list of wilful defaulters have not been taken by Mukand Limited (“**Mukand**”), we also submit that the processing of the Scheme of Arrangement and Amalgamation between Mukand Limited, Mukand Vijayanagar Steel Limited and

*aw*



Mukand Alloy Steels Private Limited and their respective shareholders and creditors (“**Scheme**”) presented to Securities and Exchange Board of India (“**SEBI**”) by Mukand should not be held up or delayed on account of this issue since neither Mukand nor its public shareholders have any connection with the loans borrowed by PSL. In the interest of processing the scheme expeditiously, Mukand is willing to make such appropriate disclosures in relation to PSL and Mr. Sharma’s role as independent director thereof as may be considered appropriate by SEBI so that the shareholders of Mukand are well informed of the facts of the matter.

3. Without prejudice to the above, to the best of our knowledge and based on submissions made to us by PSL and Mr. Sharma, Mr. Sharma ought not be considered as a wilful defaulter on account of the following:
- a. Mr. Sharma is only an independent director of PSL and is neither a promoter nor an executive director of PSL;
  - b. Under RBI’s Master Circular on Wilful Defaulters dated July 1, 2014 (“**Master Circular**”) and in particular paragraph 3 thereof, an independent director can be considered as wilful defaulter only in such rare circumstances wherein it is conclusively established that the default has occurred with the consent or connivance of such independent director and that such independent director was aware of the fact of the default by virtue of the receipt by him of any proceedings of the board of directors or any committees of the board thereof or participation in such proceedings, and who has not recorded his objections in the minutes of such meetings;
  - c. In order to establish the above, RBI itself has prescribed in paragraph 3 of the Master Circular that a transparent process should be followed by the banks which *inter-alia* involves
    - (i) issuance of a show cause notice to the independent director;
    - (ii) issuance of an order by a committee of the bank recording that the independent director should be a wilful defaulter;
    - (iii) re-confirmation of such order of the committee by another review committee headed by the Chairman / CEO and MD and consisting, in addition of two independent directors of the bank and
    - (iv) the declaration of an independent director as wilful defaulter becoming final only after confirmation by such review committee;
  - d. In the present case, from the records made available to us, it is clear that the process for declaring Mr. Sharma as wilful defaulter has not yet been concluded by the relevant banks. There is no material on record to evidence the fact that a

*aw*



review committee of any bank has passed an order declaring Mr. Sharma as a wilful defaulter;

- e. In the absence of the conclusion of such transparent process, it would be premature to conclude that Mr. Sharma individually is a wilful defaulter. While his name appears in the list of wilful defaulter for non-suit accounts, we believe it only appears in his capacity as director of a borrower who is declared as a wilful defaulter by RBI and not in his individual capacity as wilful defaulter;
- f. It appears that one of the banks (being Bank of Baroda) in its meeting with PSL has agreed that independent directors of PSL will not be part of proceedings in relation to the borrowings of PSL and hence will not be considered as wilful defaulters. Please refer to letter dated February 17, 2017 issued by PSL to Bank of Baroda in this regard which is Annexure 3 of the letter issued by PSL to Mukand (attached hereto as Schedule 1);
- g. Mr. Sharma himself has written to Bank of Baroda on February 15, 2017 confirming that he is not involved in the day to day affairs of PSL or any process relating to the borrowing of funds by PSL from its lenders. Mr. Sharma has also confirmed to Bank of Baroda that he has raised objections in relation to the performance of PSL and has been informed by senior management of PSL that they are taking steps to address these issues;
- h. In light of the above, it is evident that the process required to be undertaken by banks to declare an independent director as a wilful defaulter as per Paragraph 3 of the Master Circular has not been concluded. Moreover, it appears from the documents furnished to us that the conditions required to be fulfilled to declare Mr. Sharma as a wilful defaulter as per Paragraph 3 of the Master Circular are not met;
- i. Accordingly, it is the position of PSL and Mr. Sharma that he should not be declared as wilful defaulter in terms of the Master Circular.

We hope this clarifies your queries satisfactorily. We once again reiterate that since Mukand is not in any way concerned with PSL Limited and its affairs, this issue ought not to result in any delay in processing the Scheme. We request you therefore to take this response on record and provide your observations to the Scheme at the earliest.

*dw*

**Query 3 - Clarification on what % of parent company is going to be transferred and what is going to remain back with the transferor.**

**Reply:**

1. It may be noted that prior to consummation of the Scheme, transferred undertaking contributed ~ **43.07% of net assets** of Mukand Limited as on 31st March, 2016 and ~ **54.97% of turnover** of Mukand Limited for FY 15-16. Thus residual undertaking contributed ~ **56.93% of net assets** of Mukand Limited as on 31st March, 2016 and ~ **45.03% of turnover** of Mukand Limited for FY 15-16.
2. It is further clarified that the ultimate transferee company, MASPL, will remain a wholly owned subsidiary of Mukand Ltd. and the networth of Mukand Ltd. pre and post Scheme on a constituted basis also is unchanged.

Hope, the above clarifies the issue and in case you require any additional information, document or details or clarification on any matter in this regard, we will be pleased to provide the same upon hearing from you.

Thanking You,

Yours faithfully,

For **Mukand Limited**,



K. J. Mallya

Company Secretary

Encl : As stated above



## PSL LIMITED

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059.  
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711

Mr. K. J. Mallya  
Mukand Ltd.  
Bajaj Bhawan  
Jamnalal Bajaj Marg  
226, Nariman Point  
Mumbai - 400021

March 14, 2017

Sir,

Mr. N. C. Sharma, Independent Director on Board of PSL Limited, has forwarded to us your queries regarding "Wilful Defaulter" along with the enclosed **"RBI Data on Non Suit Filed Accounts"** print out (Annexure – 1). Our comments are as follows :

As per our understanding, there are clear RBI guidelines to Banks regarding the process to be followed for declaration of a company and/or individual Board Member as "wilful defaulter".

In this regard, we have the following to state :

- First and foremost, RBI guidelines clearly excludes Independent Directors from the scope of the entire process of "wilful defaulters" declaration, i.e. they should not even be included as noticees and in the process of personal hearings and separately the company and Mr. Sharma have pointed this out in the case of Bank of Baroda and received a verbal commitment from Ms. P. Sengupta – Executive Director to the effect that the names of Independent Directors would be removed from their proceedings. The same will apply in the event other banks initiate such proceedings.
- To the best of our knowledge, the final steps of RBI's process for declaration as "wilful defaulters" have been entered by only two of our banks to date :
  1. Bank of Baroda
  2. Federal Bank

In both the cases, PSL's Director and company representatives have appeared before the Constituted Board of each of the two banks and given our submission clearly outlining the reasons why such declaration was un-warranted and justified.

The recent letter dated 11<sup>th</sup> February, 2017 submitted to Bank of Baroda on 15<sup>th</sup> February, 2017 at the time of personal hearing is enclosed as Annexure – 2.



Also enclosed at Annexure – 3 subsequent letter dated 17<sup>th</sup> February, 2017, specifically seeking exemption for Mr. N. C. Sharma and other Independent Directors.

- Similar notices and hearings were held in the case of Federal Bank in 2016 and similar representations were subjected during the course of personal hearing which was attended by our Board Member – Mrs. Manjula Bhatia.

In both the above cases, subsequent to the personal hearings held by the Committee of Executives of each bank, we have not heard from either bank regarding any adverse decision taken by them in the matter of such declaration and no communication to this effect has been received to date by the company or any of its Directors from these two banks.

We do not mention communication from other banks received from time to time who have not proceeded along RBI guidelines with personal hearing and meetings of "Committee of Executives" and therefore cannot exercise such declaration without undertaking due process.

In view of the above, we request you to seek clarification, if you so desire, directly from RBI in this regard to justify your requirements with respect to Mr. N. C. Sharma.

Trust the above information will be helpful, we remain,

Yours Sincerely,  
**For PSL LIMITED**



**ASHOK PUNJ**  
**MANAGING DIRECTOR**

Encl : as above

## RBI DATA ON NON SUIT FILED ACCOUNTS

Enter Name of the Entity/Director Name: NARESH Search

## NON-SUIT FILED ACCOUNTS (WILFUL DEFAULTERS) OF RS.25 LAKHS AND ABOVE (AS ON 3TH JUNE, 2016)

Entity Wise

NO DATA AVAILABLE

Director Wise

Directors' Name	Name of the Entity	Outstanding Amount (In Lakhs)	Bankers Name & Branch / Other Bank	Address
SANDIP SHARMA 12616 ASHOK YOGINDER PUNJ  ASHOK SHARMA  Rajinderkumar Suraj Bahri  NARESH CHANDRA SHARMA  ALOK YOGINDER PUNJ  Harsh Pateria	PSL Ltd	Rs.2307.93	ABU DHABI COMMERCIAL BANK LIMITED,Mumbai - Churchgate,ABFL,Axis,BankBah&Kuw,BOB,BOI,CB,DBS, Edelweiss,EXIM,Federal,ICICI, IDBI, Indian,IOB,ING,KMBL,OBC ,PNB ,SCB,Syndicate,TCFSL,UBI,SBI ,Federal, Yes,DCB	Kachigam Daman, Union Territory of Daman And Diu, Daman And Diu. India - 396 210
CHITRANJAN KUMAR JAGDISHCHA NDRA GOEL 01372544 ASHOK YOGINDER PUNJ 00041911 ASHOK SHARMA 00042028 Rajinderkumar Suraj Bahri  NARESH CHANDRA SHARMA 00054922 ALOK	PSL LIMITED	Rs.15491	DEVELOPMENT BANK OF SINGAPORE,Mumbai,Axis,BOB, Canara,EXIM, SBI,Federal, ICICI	PSL TOWERS, 615 MAKWANA ROAD, MAROL AN DHERI EAST

YOGINDER PUNJ 00058049 Harsh Pateria 00197447				
ASHOK YOGINDER PUNJ,  ASHOK SHARMA  RAJINDERKU MAR SURAJ BAHRI				
NARESH CHANDRA SHARMA  ALOK YOGINDER PUNJ  HARSH PATERIA  HARINDER SHOURIE	PSL LIMI TED	Rs.11034.1520 760999	The Federal Bank Ltd,MUMBAI / FORT,ICICI, SBI, CBI, IOB, BOB, UBI, IDBI, EXIM Bank, Indian Bank, ING, Axis Bank, OBC, ADCB, Syndicate Bank	KACHIGAM DAMAN UNION TERRITOR Y OF DAMAN AND DIU DD 396210 IN
ASHOK YOGINDER PUNJ 00041911 SANDIP SHARMA 00012616 ASHOK SHARMA 00042028 RAJINDERKU MAR SURAJ BAHRI NARESH CHANDRA SHARMA 00054922 ALOK YOGINDER PUNJ 00058049 PRAKASH VINAYAK APTE 00137248	P S L LIMI TED	Rs.20776.9009 392	KOTAK MAHINDRA BANK,ANDHERI,SBI, ICICI, CANARA , IOB, BOB, UBI, FEDERAL, IDBI, ING VYSYA, INDIAN , EXIM, AXIS, OBC, SYNDICATE, SCB, DBS, YES, BANK OF BAHRAIN KUWAIT, ABU DHABI COMMERCIAL BANK, ADITYA BIRLA FINANCE,	KACHIGAM , DAMAN, UNION TERRITOR Y OF DAMAN & DIU - 396210



ASHOK PUNJ  
(MNG DIR)  
41911  
MURALI  
MANOHAR  
MATHUR DIR)

ASHOK  
SHARMA  
(DIR)

RAJENDRA  
KUMAR (DIR) PSL  
LTD

NARESH  
CHANDRA  
SHARMA  
(DIR)

ALOK Y PUNJ  
(DIR)

DEVKI  
NANDAN  
SEHGAL(DIR)

Rs.2914.23 SYNDICATE BANK,LCB MUMBAI,

PSL  
TOWERS,  
615,  
MAKWANA  
ROAD,  
MAROL,  
ANDHERI  
(E)  
MUMBAI  
400059



# PSL LIMITED

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059.  
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711

February 11, 2017

Committee of Executives,  
Bank of Baroda,  
Baroda Corporate Centre,  
C-26,G-Block ,  
Bandra Kurla Complex,  
Bandra (East) Mumbai

Dear Sir,

**Re: Representation before the Committee of Executives on willful defaulters headed by Executive Director**

With reference to your letter dated 2<sup>nd</sup> February 2017, asking me to represent personally before the Committee of the Executives on Willful Defaulters, I further want to submit as under:

1. In addition to my reply dated 6<sup>th</sup> December 2016 submitted by me on 6<sup>th</sup> December 2016, I humbly wish to submit that our company had been banking with your esteemed bank since last 20 years and we have excellent relationship in respect of our transactions.
2. Your bank has disbursed loan from time to time on our project specific requirements and have co-operated all the way in helping us to accomplish our projects on time. We are indeed thankful to the bank for extending cooperation in our business activities by assisting us for our fund requirements.
2. The pipe industry started facing problems from 2010-11 since many government contracts were either withdrawn or postponed and all the peer group companies had to face a stiff competition to take small pie of orders tendered by any organization. This cut throat competition even led to bidding for lesser amount to keep the company afloat in the market in anticipation that the good time will



15-2-17

come in a year or so but till now the pipe industry has not seen day light and we are still passing through a bad phase.

4. The pipe industry started facing problems from 2010-11 and many projects were stuck up either due to administrative problem of Government or delayed due to geographical reasons and our company had to incur losses in some of the projects due to reasons beyond our control. Due to so many hurdles the company could not complete many projects in time.

5. The Company has availed loan of Rs. 320 Crores from your bank vide sanction letter dated 2<sup>nd</sup> January 2009 for HPCL-Mittal Pipeline Project and it was repaid in time.

Similarly, Rs. 135 Crores was disbursed by Bank of Baroda vide letter dated 18<sup>th</sup> March 2011 for miscellaneous projects which was also repaid in time. In addition to that, Loan of Rs. 100 Crores was also sanctioned by Bank of Baroda for miscellaneous projects which was also paid in time. Hence our track record shows that we have been regular in repaying our loan.

6. The GAIL project was awarded to us in June 2011 and we appointed Standard Chartered Bank to syndicate loan of Rs. 631 Crores to complete the project.

7. The loan was disbursed as follows in the first instance :

<b><u>NAME OF BANK</u></b>	<b><u>Rs. CR.</u></b>
Standard Chartered Bank	207.20
Canara Bank	315.90
Oriental Bank of Commerce	15.90



Later on Bank of Baroda disbursed loan of Rs. 300 Crores out of which Rs.197 Crores was taken back by Standard Chartered Bank and Rs. 103 Crores was used by the company for completion of the project.

8. You have sent us a letter dated 22/11/2016 in which you have raised three grounds on the basis of which you intend to declare our company as a willful defaulter for which I specifically want to answer on those grounds:

**(i) Company and its directors have sufficient properties and net worth.**

It is wrong to say that the company and its directors have sufficient properties and net worth but still they are not repaying the loan of the bank.

All the property of the company as well as directors are declared to banks and nothing is hidden from them. You are aware that since the company did not have sufficient amount of orders hence it was decided by all lender jointly to give at least four plants to any company which has got financial backing and orders in hand so that the cash can be generated from its operations and it can be shared between lessor and lessee. And on this line OMMA was signed by the company and Jindal Tubular Ltd but unfortunately they also could not get the orders and after one year they have handed over the plants to company and the company is maintaining all the plants and company is executing some job works in some of the plants. It has always been the endeavor of the company to run the plant to the maximum capacity and repay to the lenders. Whenever the company had the money the company has paid to the lenders. You will appreciate that the company had even paid Rs. 40 lacs on 16th June 2016 to your bank as part payment which shows our bonafide and our intention to repay the loan as and when we get the funds. You are also aware that Edelweiss ARC who is our Monitoring Institution is trying to sell some of the plants of the Company for which we have also got some buyers and fixed up their meeting with Edelweiss ARC and they are in negotiation with them to sell those plants.

Whatever proceeds are realised from sale of these plants will be distributed among all the lenders and not only Edelweiss ARC, but all lenders have agreed in principle that wherever it is possible we should monetise the assets and the sale proceeds shall be distributed among lenders in the ratio of their loans. Hence it is not correct to say that the Company has got sufficient property and we are not repaying the loan.

**(ii) The company received the funds from Gail and the same was not routed through our bank account which has been admitted by the company vide its letter dated 3<sup>rd</sup> October 2013 wherein it has confirmed about utilisation of funds for other purposes.**

It is not correct to say that any amount received from Gail will be routed through your bank account.

Standard Chartered Bank had arranged credit facilities for the project vide its sanction letter dated 22<sup>nd</sup> July 2011 and it has mentioned that entire flow of Gail will be deposited in ICICI Bank. Hence there was no pre-condition to deposit the sale proceeds from GAIL into your bank account.

The copy of sanction letter dated 22<sup>nd</sup> July 2011 is enclosed herewith as **Annexure - A**. It is also important to note that vide our letter dated 3<sup>rd</sup> October 2013, we have submitted how the amount received from Gail had been used. The copy of the letter dated 3<sup>rd</sup> October 2013 is enclosed as **Annexure - B**. However, we also want to state that around Rs. 152 Crores had been paid to Bank of Baroda out of the receipts of GAIL only. Since the project funded by other banks got stuck due to some technical/administrative problems and the liquidity crunch started at that time due to which some of the instalments of other banks were also paid out of GAIL account.

We want to humbly submit that there was no willful default in our case. It was only due to pressure from other bank for keeping their account standard, the amount has been transferred to their account. But the intention of the company was very clear that as soon as the fund from stuck projects will be received the payment to bank of Baroda and other banks will be repaid. But unfortunately those projects could not be completed on time and we had to pay heavy penalty for those projects. But at no point of time, the company had willfully defaulted instalment of your bank.

**(iii) Company has diverted the funds received from M/s. Gail India Limited and used for purpose other than for closure of our demand loan facility as per term of sanction. In the letter dated 03.10.2013, Company has informed that they spent the amount towards repayment of working capital, interest and towards exchange difference and towards payment of raw material against L/C and other expenses.**

The Company has not diverted any fund to any associate company or to any subsidiary or for any personal reason or for any capital expenditure. Due to liquidity crunch, the instalment of some other banks were paid, but there is no diversion of funds for any purpose.

We further want to submit that the JLF has appointed M/s T R Chadha & Co., Chartered Accountant to conduct the forensic audit and to find out whether there is any diversion of funds from the Company and it was categorically mentioned by the forensic auditor that there is no diversion of funds by the Company. Hence it is not correct to say that we have diverted any funds.

9. Our company has a track record of never defaulting in the loan but due to lack of orders, huge fixed expenditure of labour and huge maintenance expenses of plants, the Company could not generate profits and it was hit in the cross fire.



10. The management of the Company has worked diligently for betterment of the company and tried to salvage the situation. But it is not only PSL, all other peer group companies are also in the same league in what PSL is today.

11. **Prayers :-**

We humbly pray that we have not done any act which amounts to declaring us or the company as willful defaulter on the grounds as mentioned above and as particularly given below:

- (a) The reference in CDR was admitted in March 2013 & CDR package was sanctioned in September 2013. As per RBI guidelines CDR reference cannot be admitted and CDR package cannot be sanctioned if the funds are siphoned off or fraud has taken place. Nothing of this sort was observed in CDR proceedings. Your Bank has also consented for CDR from March 2013 to September 2013 which clearly show that you also did not opinioned for any diversion of funds or fraud & willingly accepted the CDR package without any riders.
- (b) Since projects dried up from 2011, the liquidity crunch forced the Company for the mismatch of repayment of the loans to the bank.
- (c) Stiff competition in tender also forced the Company to bid even for loss to have continuity with the anticipation that in future we will be able to muster good profits.
- (d) The company has not diverted any money either to associate or to sister concern or to subsidiaries nor any amount was withdrawn for the personal purposes of the directors.
- (e) The company has not given any loan to any person out of the bank loan received by the Company.

(f) No money was siphoned off from the Company which has also been certified by the forensic auditor.

(g) The management always has a bonafide intention and that is the reason that as and when the flow of money came in the company, a repayment was made like Rs.40 Lakhs was paid to Bank of Baroda on 16th June 2016.

(h) The promoters are helping/assisting to all the lenders to sell plants so that cash can be generated which can be used for repayment. Even the promoters are striving hard to generate cash flow through some operations so that repayment can take place.

We therefore humbly submit that our company has worked in a bonafide manner and had taken all possible steps required for repaying the loan to the lenders and even today trying hard to repay them. Hence we request your good office to withdraw the notice issued to declare the company and its directors as willful defaulters as no action of the company or its directors amount to this act.

Thanking you,

Yours faithfully,  
For PSL Limited



Ashok Punj  
Managing Director

Encl: a/a.

Date : 22<sup>nd</sup> July 2011  
 BCA Ref : 10116007

**PSL Limited**  
 Kachigam, PO Box No 25,  
 Daman UT 396 210

Kind Attn : Mr M Venkatesh

Dear Sir,

### Banking Arrangements/Facilities

We, Standard Chartered Bank, a body corporate incorporated under Royal Charter, 1853 having its principal office at 1 Aldermanbury Square, London EC2V 7SB acting through its branch office inter-alia in India at 23, Narain Manzil, Barakhamba Road, New Delhi-110001 (hereinafter referred to as "the Bank", which expression shall unless repugnant to the subject or context thereof, be deemed to include our successors and /or assigns) refer to our facility letter ref. no. 10096968 dated 17<sup>th</sup> March 2011 ("Original Facility Letter") conveying our sanction for facilities ("Existing Facilities") to PSL Ltd ("The Company / Customer / Borrower")

(The Customer and the Bank are hereinafter collectively referred to as the "Parties" and each individually as the "Party").

In continuation and amendment to the above Original Facility Letter, we are pleased to inform you the following amendments to the Existing Facilities. (The Existing Facilities as well as the amendments thereto are hereinafter referred to as "Facility")

Facility	Amount
Limit 1	USD 65,000,000/- (Reduction from earlier USD 79 mio to USD 65 mio)
Limit Type	Bond and Guarantees

Please note cancellation of following limits :

- Limit 1b & Limit 1C – Preship & Post shipment limit of INR 285 mio.
- Limit 1e : Post shipment limit of INR 1250 mio
- Limit 1(g) : Post shipment limit of INR 220 mio

In continuation and amendment to the Original Facility Letter, we are pleased advise following additional limits on the terms & conditions mentioned herein below :

Limit 2	INR 5,054,000,000/-
Limit Type	Working Capital Demand Loan
Purpose ("Purpose")	Senior Secured Syndicated loan Facility for financing the for financing the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project. Facility to be provided in the INR or FCY against FCNR ( B ) funds

Standard Chartered Bank  
 Credit Risk Control

Mumbai : 90, Mahatma Gandhi Road, Fort, Mumbai - 400 001. Phone: 91 (0) 22 2263 0579 Fax: 91 (0) 22 2265 5295  
 Gurgaon : #7A, DLF Building, 2nd Floor, DLF Cyber City, Sector 24/25/25A, Gurgaon - 122 002. Phone: 91 (0) 124 487 6138/6089 Fax: 91 (0) 124 487 6080  
 Bangalore : Raheja Towers, 26-27, M.G. Road, Bangalore - 560 001. Phone: 91 (0) 80 2559 9292 Fax: 91 (0) 80 2559 9255  
 Kolkata : 19, Netaji Subhas Road, Kolkata - 700 001. Phone: 91 (0) 33 2222 0191/0433 Fax: 91 (0) 33 2222 0206  
 Chennai : 19, Rajaji Salai, Chennai - 600 001. Phone: 91 (0) 44 2534 9146 Fax: 91 (0) 44 2534 9184  
 Hyderabad : 6-3-1090, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082. Phone: 91 (0) 40 2339 7197 Fax: 91 (0) 40 2339 7008  
 Ahmedabad : Abhijeet II, Ground Floor, Near Mithakali Six Roads, Ahmedabad - 380 006. Phone: 91 (0) 79 4007 0886 Fax: 91 (0) 79 4007 0881

Incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18  
 The Principal Office of the Company is situated in the U.K.

For PSL LIMITED  
 DIRECTOR

For PSL LIMITED

DIRECT



Tenor

Maximum 6 months.

Repayment

As per the below table:

Month	Percentage	Amount of Repayment
January-12	2.5	126,350,000.00
February-12	12.5	631,750,000.00
March-12	15	758,100,000.00
April-12	15	758,100,000.00
May-12	15	758,100,000.00
June-12	15	758,100,000.00
July-12	12.5	631,750,000.00
August-12	10	505,400,000.00
September-12	2.5	126,350,000.00
	<b>Total</b>	<b>5,054,000,000.00</b>

Interest

For INR Loan : Base Rate + Margin

For Foreign currency Loan : LIBOR + Margin.

Margin

As may be agreed with the Bank from time to time.

Security Summary and Documents

First pari-passu charge on all stock & book debts of the orders awarded by GAIL for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project for INR 5054 mio.

Specific Terms and Conditions:

- ✦ Drawdown will be in tranches at the discretion of the Bank.
- ✦ First pari passu charge on all stock and book debts related to the GAIL Orders.
- ✦ First pari passu charge, lien and right of set off over the designated SCB Account through which cash flows for the project shall be routed.
- ✦ IDBI Trusteeship Services Ltd. or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders
- ✦ PSL Limited to route GAIL project related cash flows through the Account Bank i.e. designated Standard Chartered Bank ("SCB") Account. The Company to provide an undertaking that project inflows through ICICI would be deposited with SCB Account within 2 days of credit.
- ✦ PSL Limited to provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status
- ✦ PSL Limited to inform other banks about project specific lending availed from SCB.

FOR PSL LTD

Dis

**Limit 3** **INR 1,576,000,000/-**

**Limit Type** Working Capital Demand Loan

**Purpose ("Purpose")** Senior Secured Syndicated Working Capital Demand Loan Facility for financing the orders awarded to PSL Limited by National Thermal Power Corporation ("NTPC"). Facility to be provided in the INR or FCY against FCNR (B) funds.

**Tenor** Maximum 6 months

**Repayment** As per the below table

Month	Percentage	Amount of Repayment
March-12	12	189,120,000.00
April-12	12	189,120,000.00
May-12	12	189,120,000.00
June-12	15	236,400,000.00
July-12	15	236,400,000.00
August-12	12	189,120,000.00
September-12	12	189,120,000.00
October-12	7.5	118,200,000.00
November-12	2.5	39,400,000.00
	<b>Total</b>	<b>1,576,000,000.00</b>

**Interest** For INR Loan : Base Rate + Margin  
For Foreign currency Loan : LIBOR + Margin.

**Margin** As may be agreed with the Bank from time to time.

**Security Summary and Documents** First pari-passu charge on all stock & book debts of the orders awarded by NTPC for its Project located at Solapur for INR 2324 mio.

**Specific Terms and Conditions:**

- Drawdown will be in tranches at the discretion of the Bank.
- First pari passu charge on all stock and book debts related to the NTPC Orders.
- First pari passu charge, lien and right of set off over the designated SCB Account through which cashflows for the project shall be routed.
- IDBI Trusteeship Services Ltd. or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders
- PSL Limited to route NTPC project related cash flows through the Account Bank i.e. designated Standard Chartered Bank ("SCB") Account. The Company to provide an undertaking that project inflows through ICICI would be deposited with SCB Account within 2 days of credit.

3  
For PSL LIMITED



  
DIRECTOR

- PSL Limited to provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status
- PSL Limited to inform other banks about project specific lending availed from SCB.

**Limit 4** **INR 1,264,000,000/-**

**Limit Type** Working Capital Demand Loan

**Purpose ("Purpose")** For import / local purchase of raw materials for the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project  
Facility may be drawn in INR or FCY against FCNR (B) funds.

**Tenor** 15 months.

**Maturity Period(s) / Repayment** As per the below table:

Month	Percentage	Amount of Repayment
January-12	2.5	31,600,000.00
February-12	12.5	158,000,000.00
March-12	15	189,600,000.00
April-12	15	189,600,000.00
May-12	15	189,600,000.00
June-12	15	189,600,000.00
July-12	12.5	158,000,000.00
August-12	10	126,400,000.00
September-12	2.5	31,600,000.00
	<b>Total</b>	<b>1,264,000,000.00</b>

**Interest** For INR Funding : Base Rate + Margin  
For Foreign currency funding : LIBOR + Margin.

**Margin** As may be agreed with the Bank from time to time

**Security** First pari-passu charge on stock & book debts of the orders awarded by GAIL for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project for INR 1264 mio.

**Specific Terms and Conditions:**

- Drawdown to be allowed in tranches
- First pari passu charge on all stock and book debts related to the GAIL Orders
- First pari passu charge, lien and right of set off over the designated SCB Account through which cashflows for the project shall be routed

For PSL LIMITED



*[Signature]*  
DIRECTOR

- ✦ IDBI Trusteeship Services Ltd or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders. Inflows may be routed to the account in the form of cheques from the counterparties or transfers from PSL ICICI Account. Customer to provide an undertaking that inflows through ICICI would be deposited with SCB Account within 2 days of Credit.
- ✦ PSL Limited to route GAIL project related cash flows through the Account Bank i.e. designated Standard Chartered Bank Account.
- ✦ PSL Limited provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status
- ✦ PSL Limited to inform other banks about project specific lending availed from Standard Chartered Bank

<b>Sub Limit 4a</b>	<b>(INR 1,264,000,000/-)</b>
<b>Limit Type</b>	Pre-shipment Financing Under Export Orders
<b>Purpose ("Purpose")</b>	For import / local purchase of raw materials for the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project Facility may be drawn in INR or FCY against FCNR (B) fund
<b>Tenor /Maturity Period(s)</b>	Maximum up to 15 months
<b>Interest</b>	(for Facility drawn down in Indian rupees): Base Rate + Margin
<b>Interest</b>	(for Facility drawn down in currency other than Indian rupees): Margin + LIBOR
<b>Margin:</b>	As may be agreed with the Bank from time to time
<b>Security Summary and Documents</b>	Same as limit 4
<b>Specific Terms and Conditions:</b>	Same as limit 4
<b>Sub Limit 4b</b>	<b>(INR 1,264,000,000/-)</b>
<b>Limit Type</b>	FI Post - shipment Export Finance - Invoice Finance
<b>Purpose ("Purpose")</b>	For import / local purchase of raw materials for the INR 7433 million order awarded to the Borrower by GAIL for supply of carbon steel line pipes (bare/ coated) for its Kochi-Kottanad-Bangalore-Mangalore Pipeline project. Facility may be drawn in INR or FCY
<b>Tenor /Maturity Period(s)</b>	Maximum up to 15 months
<b>Interest</b>	(for Facility drawn down in Indian rupees): Base Rate + Margin

For PSL LIMITED



DIRECTOR



Interest (for Facility drawn down in currency other than Indian rupees): Margin + LIBOR

Margin: As may be agreed with the Bank from time to time

Tenor of Invoices: Not to exceed 15 months

Other Charges: As advised from time to time

Security Summary and Documents Same as limit 4

Specific Terms and Conditions: Same as limit 4

**Limit 5** INR 394,000,000/-

Limit Type Working Capital Demand Loan

Purpose ("Purpose") For import / local purchase of raw materials for INR 2324 million order awarded by NTPC Limited to the Borrower for supply of water pipes required for the Thermal Power Project located at Solapur, Maharashtra  
Facility may be drawn in INR or FCY against FCNR (B) funds

Tenor 17 months.

Maturity Period(s) / Repayment As per the below table:

Month	Percentage	Amount of Repayment
March-12	12	47,280,000.00
April-12	12	47,280,000.00
May-12	12	47,280,000.00
June-12	15	59,100,000.00
July-12	15	59,100,000.00
August-12	12	47,280,000.00
September-12	12	47,280,000.00
October-12	7.5	29,550,000.00
November-12	2.5	9,850,000.00
	<b>Total</b>	<b>394,000,000.00</b>

Interest For INR Funding : Base Rate + Margin  
For Foreign currency funding : LIBOR + Margin.

Margin As may be agreed with the Bank from time to time

Security Summary and Documents First pari-passu charge on stock & book debts of the orders awarded by NTPC orders pertaining to STP Project at Solapur.

For PSL LIMITED



DIRECTOR

**Specific Terms and Conditions:**

- ✦ Drawdown to be allowed in tranches
- ✦ First pari passu charge on all stock and book debts related to the NTPC Orders
- ✦ First pari passu charge, lien and right of set off over the designated SCB Account through which cashflows for the project shall be routed
- ✦ IDBI Trusteeship Services Ltd. or any other Security Trustee as selected by the Lenders for holding security on behalf of all lenders. Inflows may be routed to the account in the form of cheques from the counterparties or transfers from PSL ICICI Account. Customer to provide an undertaking that inflows through ICICI would be deposited with SCB Account within 2 days of Credit.
- ✦ PSL Limited to route NTPC Solapur project related cash flows through the Account Bank i.e. designated Standard Chartered Bank Account.
- ✦ PSL Limited provide project related updates on a monthly basis regarding extent of work done, billings made and cash flow status
- ✦ PSL Limited to inform other banks about project specific lending availed from Standard Chartered Bank

Sub Limit 5a	(INR 394,000,000/-)
Limit Type	Pre-shipment Financing Under Export Orders
Purpose ("Purpose")	For import/ local purchase of raw materials for orders awarded by NTPC for their Solapur Project. Facility may be drawn in INR or FCY against FCNR (B) funds
Tenor /Maturity Period(s)	Maximum up to 17 months
Interest	(for Facility drawn down in Indian rupees): Base Rate + Margin
Interest	(for Facility drawn down in currency other than Indian rupees): Margin +LIBOR
Margin:	As may be agreed with the Bank from time to time
Other Charges	As advised from time to time
Security Summary and Documents	Same as limit 5
Specific Terms and Conditions:	Same as limit 5

For PSL LIMITED



  
DIRECTOR

<b>Sub Limit 5b</b>	<b>(INR 394,000,000/-)</b>
<b>Limit Type</b>	<b>FI Post – shipment Export Finance – Invoice Finance</b>
<b>Purpose ("Purpose")</b>	For import/ local purchase of raw materials for INR 2324 million order awarded by NTPC Limited to the Borrower for supply of water pipes required for the Thermal Power Project located at Sholapur, Maharashtra Facility may be drawn in INR or FCY
<b>Tenor /Maturity Period(s)</b>	Maximum up to 17 months
<b>Interest</b>	(for Facility drawn down in Indian rupees): Base Rate + Margin
<b>Interest</b>	(for Facility drawn down in currency other than Indian rupees): Margin + LIBOR
<b>Margin:</b>	As may be agreed with the Bank from time to time
<b>Tenor of Invoices:</b>	Not to exceed 17 months
<b>Other Charges:</b>	As advised from time to time
<b>Security Summary and Documents</b>	Same as limit 5
<b>Specific Terms and Conditions:</b>	Same as limit 5

**Outstanding Amounts under the existing facilities**

The Bank takes this opportunity to confirm that the current outstanding for the following facilities granted to the Customer are as follows:

<b>Facility</b>	<b>Outstanding as on 30<sup>th</sup> June 2011</b>
Letter of Credit	1,341,000,000/-
Guarantee	78,707,760/-
Packing Credit	1,412,520,000/-

Save as stated herein, all other terms and conditions as mentioned in the Original Facility Letter shall remain unchanged.

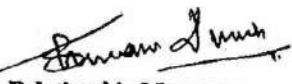
In confirmation of your letter to be bound by the above terms and conditions, please return the duplicate copy of this Facility Letter duly signed by the authorised signatories of the Customer along with the documents to the Bank's Credit Risk Control Unit at Standard Chartered Tower, DLF Building No. 7A, 2nd floor, DLF Cyber City, Sector- 24/ 25/25 A, Gurgaon-122002 (Haryana) for the attention of Ms. Ashima Tandon / Mr. Suresh G. Nair within one month after the date of this Facility Letter, after which the offer will lapse unless the Bank in its sole discretion (but shall not be bound to so) accepts it after one month. When accepted this Facility Letter will be in addition/amendment to the previous Original Facility Letter which the Bank has issued to the Customer.

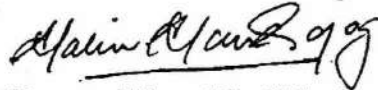
For PSL LIMITED  
  
 DIRECTOR

Assuring you of our best services at all times.

Yours faithfully,

For and on behalf of STANDARD CHARTERED BANK

  
**Relationship Manager**  
Origination & Client Coverage  
Wholesale Banking, India

  
**Manager - Sales and Credit Services**  
Origination & Client Coverage  
Wholesale Banking, India

We hereby accept the terms and conditions set out in your letter dated 22<sup>nd</sup> July 2011 of which this is a true copy.

IN WITNESS WHEREOF the Borrower has executed this Facility Letter, on the dates mentioned above.

Pursuant to the Resolution of its Board of Directors  
passed in their meeting held on July 22, 2011, the Common  
Seal of P S L Limited has been affixed in the presence of

M.M. MATHUR  
S.P. GHATIA, R.K. KHURANA

Director/s of the \_\_\_\_\_, who has/have in  
token thereof signed this Facility Letter

Place:

Date:

Enclosures

  
\_\_\_\_\_  
Subrata Chatterjee



FOR PSL LIMITED

DIRECTOR

For PSL LIMITED



DIRECTOR



**List of Documents:**

1. Accepted Banking Facility Letter
2. Board Resolution
3. Demand Promissory Note for INR 5054 mio
4. Letter Of Continuity for INR 5054 mio
5. Facility Agreement for INR 5054 mio
6. Demand Promissory Note for INR 1576 mio
7. Letter Of Continuity for INR 1576 mio
8. Facility Agreement for INR 1576 mio
9. Demand Promissory Note for INR 1264 mio
10. Letter Of Continuity for INR 1264 mio
11. Facility Agreement for INR 1264 mio
12. Packing Credit Agreement for INR 1264 mio
13. Demand promissory Note for INR 394 mio
14. Letter Of Continuity for INR 394 mio
15. Packing Credit Agreement for INR 394 mio
16. Facility Agreement for INR 394 mio
17. Security Trustee Agreement
18. Memorandum Of Charge
19. Form 8
20. Certificate for Registration of Charge
21. NOCs from existing Lenders / company letter to all the lenders to exclude GAIL's Kochi-Kottanad-Bangalore-Mangalore Pipeline Project receivables & NTPC's STP Solapur Project receivables from their drawing power. This letter should be acknowledged by all the existing lenders.
22. Confirmation from the Trustees to the bank that all the required security has been perfected and original security documents are held with them.
23. Undertaking from the company that project inflows through ICICI would be deposited with the SCB within 2 days of credit.
24. All other documents as required by Legal.

**PSL LIMITED**

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059  
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711

October 3, 2013

The Deputy General Manager  
Bank of Baroda,  
1st Floor, 3, Walchand Hirachand Marg,  
Ballard Pier,  
Mumbai - 400 001

Kind Attn: Mr. R.L. Guttikar

Dear Sir,

With reference to the meeting we had with you, we wish to submit as follows:

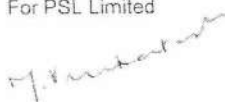
The company executed the Gail order and has received Rs. 672 Cr. against the said order (net). The said amount has been received in ICICI Bank Ltd and Standard Chartered Bank. The said amount has been spent towards repayment of working capital, interest and towards exchange differences and towards payment of raw material against LC and other operating expenses.

The break-up of the same is as follows:

	<u>Rs. in Crores</u>
Raw material payments	- 335.11
Customs duty / Sales tax	- 40.71
Salary	- 20.67
Site expenses including transportation	- 18.93
Interest	- 29.42
Installments	- 227.00
BG Charges / Others	- 0.16
Total	- <u>672.00</u>

Thanking you,

Yours faithfully,  
For PSL Limited

  
M. Venkatesh  
Executive Director



## PSL LIMITED

PSL Towers, 615 Makwana Road, Marol, Andheri (East), Mumbai - 400 059.  
Telephone : 66447777 / 66447788 / 66447799 • Fax : 022-66447700 / 66447711

The Executive Director  
Committee of Executives on Wilful Defaulter,  
Bank of Baroda  
Baroda Corporate Centre,  
C-26,G-Block ,  
Bandra Kurla Complex,  
Bandra (East) Mumbai

February 17, 2017

**Sub : Refer Personal Hearing held on 15<sup>th</sup> February, 2017**

Dear Madam,

While thanking you for the courtesy extended to the Directors of PSL Limited, who attended the above date of personal hearing and thanking you also for giving us an opportunity to present and submit various documents and submissions as to why such a declaration would be neither just not defendable and furthermore would also not be in the best interest of the Bank and the entire Lender Group.

You had kindly agreed to review all our submissions and presentations and reconsider your decision in this regard.

At the meeting, you were kind enough to confirm, at our request, that as per RBI guidelines the following categories of Directors would not be subjected to further communication in this regard :

1. Independent Directors
2. Women Director recently appointed
3. Non-Executive Directors on the Board

Please find below a list of such Directors on the Board of PSL Limited, who, we once again request may kindly be exempted from the process.

1. Independent Directors
  - a. Mr. N. C. Sharma
  - b. Mr. Harinder Shourie
  - c. Mr. Ashok Sharma
  - d. Mr. Harsh Pateria



In this regard, we enclose a submission made by Mr. N. C. Sharma requesting exemption of above mentioned Independent Directors .. Annexure 'A' enclosed.

2. Woman Director
  - a. Mrs. Manjula Bhatia

Appointed as Director only on 13/05/2015 to meet the requirements of "Women Director" as mandated by SEBI.

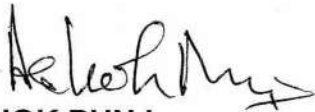
3. Non-Executive Directors
  - a. Mr. Alok Punj – Non Executive Director
  - b. Mr. Surinder Paul Bhatia – Director retired in February, 2016

In anticipation of your confirming exemption to the above Board Members, we express our gratitude and await your decision on the main matters.

Should there be a requirement for additional information or submissions from the company, please feel free to ask for the same and compliance shall be done in the shortest possible time.

Thanking you,

Yours Sincerely,



**ASHOK PUNJ**  
**MANAGING DIRECTOR**



**ANNEXURE 'A'**

**Subject: Request/Representation for hearing by the Committee of Executives on wilful defaulters headed by Executive Director.**

From: naresh sharma <n\_c\_sharma@yahoo.com> on Wed, 15 Feb 2017 14:08:05

To: <asp@pslltd.co.in>

The General Manager,  
Bank of Baroda,  
Corporate Financial Service Branch,  
3 Walchand Hirachand Marg,  
Ballard Pier,  
Mumbai-400001.

15/02/2017

Dear Sir,

I have to invite your kind attention to your letter reference CFSBAL/RECYCLE/PSL dated 02/02/2017 directing the undersigned to be present for a personal hearing before the Committee of Executives at the BKC office of your Bank at 11.00AM today i.e. 15/02/2017. On reaching your BKC office a few minutes before the scheduled time of 11.00 am, as desired by you, I was informed that the meeting has been rescheduled for 4.30pm today evening.

As this rescheduling has taken place at very short notice I find myself in a very difficult position to be not able to come to your office at 4.30pm today on account of some commitments made earlier. I would therefore request you to be kind enough to give me about two to three days' notice to present my case before the Committee of Executive. At the same time I would request you to kindly consider my reply dated 10/02/2017 conveyed to you on your email id along with a hard copy of the same delivered at your BKC office today stating, inter alia, that

1. I am an Independent Director on the Board of PSL Ltd and my involvement in the affairs of the Company is restricted to attending meetings of the Board and some of the Committees once every three months to review and approve unaudited quarterly financial results.
2. Apart from the above I have no other involvement in the affairs of the Company. I am in no way involved in the day to day affairs or matters of the Company.
3. I would also like to emphasise that I am not an employee of the Company and that I am not a promoter or from the promoter group or family. Furthermore I do not own a single share of the Company.
4. For my participation in the meetings of the Committees/Board I am paid a sitting fee of Rs.20,000.(twenty thousand) per meeting. There is absolutely no other payment or compensation to me for attending these meetings.

5. I have not been involved in any process relating to the borrowing of funds from lenders, including your Bank, or in the process of disbursement of these funds. I am sure that documents available with your office will confirm that I have not been involved in any process relating to the borrowing or lending of funds in any capacity whatsoever as guarantor or even as signatory in any of the documents available with you or any where else.

6. As a responsible member of the Board, with inherent limitations of being an Independent Director, I have been red flagging, along with other Independent Directors, issues of concern regarding the performance of the Company. On each such occasion we were informed that the senior management of the Company was taking steps to address the situation and that the situation would improve soon.

7. The directions of RBI regarding the categorisation of Independent Directors as "wilful defaulters" are also very clear. It has been explicitly stated that Independent Directors are to be excluded from the category of wilful defaulters unless their involvement or complicity in the act of "wilful default" can be established or proved. On perusal of records available at your end, I am confident, no such involvement on my part can be proved.

It is my belief and my hope that whatever I have stated above will convince you and the Committee of Executives of my non-involvement in the affairs of PSL Ltd that have led to the unfortunate position of default on the part of the Company.

It is also my expectation that on the basis of my above statements my personal appearance to establish my non-involvement in the act of wilful default before the Committee of Executives may not be necessary.

If you still wish that my personal presence would be required and is necessary to present my case before the Committee of Executives please be kind enough to give me two to three days' notice to comply with the same.

I hope you will kindly accede to my request.

Thanking You,

Yours faithfully,

Naresh Chandra Sharma,  
Independent Director, PSL LTD,  
B-605, Dosti Blossom,  
Dosti Acres,  
Wadala (East),  
Mumbai-400037

asp@pslltd.co.in on behalf of Ashok Punj [asp@pslltd.co.in]  
Friday, February 17, 2017 4:50 PM  
naresh sharma ; Harry Shourie ; ashok Sharma ; Harsh Pateria  
M N ; alokpunj ; spbpsl ; C K ; rkb  
Fw: Personal Hearing held on 15th February 2017  
BOB\_ltr17Feb.pdf; B0B\_ANNX\_A\_.docx

Subject:  
Attachments:

Forwarding letter sent to Bank of Baroda.

From: "Ashok Punj" [asp@pslltd.co.in](mailto:asp@pslltd.co.in)  
Sent: Fri, 17 Feb 2017 16:10:07 +0530  
To: "[ed.psg@bankofbaroda.com](mailto:ed.psg@bankofbaroda.com)" [ed.psg@bankofbaroda.com](mailto:ed.psg@bankofbaroda.com)  
Subject: Personal Hearing held on 15th February 2017

Please find enclosed our letter dated 17th February, 2017.

Regards,

Ashok Punj  
PSL Limited  
Mumbai

The information contained in this electronic message and any attachments to this message are intended for the exclusive use of the addressee(s) and may contain proprietary, confidential or privileged information. If you are not the intended recipient, you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately and destroy all copies of this message and any attachments.

WARNING: Computer viruses can be transmitted via email. The recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email.

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WARNING: Computer viruses can be transmitted via email. The recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email.

Cleg

Ms. Nivedita Shetty

Received your message of 14<sup>th</sup> March on "Excise" matters along with trailing mails from Mr. Dheer.

I summarize our situation with regard to Excise as follows :

- At all three locations – Vizag, Jaipur and Varsana, we have not received any intimation of surrendering by JTIL of their Excise licence and registration. We had requested for these in order to facilitate and smoothen our operation as lack of surrender of previous licence was acting as an impediment to smooth operations.
- Realizing that JTIL is not willing to cooperate, we are at all three locations somehow managing without JTIL surrendering their licences.
- For your information, we understand that Excise Department, particularly in Varsana, is more than happy not to receive surrender application from JTIL as this enables them not only to keep past claims on JTIL alive, but also to raise fresh claims on JTIL, as and when the need arises, since licence will be continuing in absence of a declaration of surrender.
- We were asked to explain at the last meeting as to how the excise claim on the equipment shifted to Pithampur far in excess for the value of that equipment.
- In all three licence registrations, excise has claimed an amount equivalent to approximately 60% of the amount of capital deposits that PSL had under that licence.
- They have given no reason for this number and it is correct to state that in each case it exceeds the value of excise applicable to the equipment shifted to Pithampur.
- Since show cause notices were initiated by excise after receiving intimation of removal of equipment, we had suggested that return of the equipment, regardless of the excise amount claimed, would be sufficient grounds to ask for a favourable ruling on setting aside the excise demands.
- Since JTIL is not willing to accept our suggestion in this regard, they will continue to receive claims from excise and will need to respond to the same as they have at present.
- Any claim on PSL by excise may not be sustainable since removal was unilateral by JTIL under their gate pass.



- Regarding the equipment lying at Pithampur, this shifting was accorded approval by Lenders and we now await Lender's decision regarding its return.
- On the question of amounts payable by PSL, these have been exchanged between JTIL and PSL and the net amount outstanding is far lower than the amounts recoverable from JTIL on account of illegal removal under OMMA of critical parts and equipment as evidenced by gate passes duly signed by JTIL's representatives clearly denoting transfer to non-approved locations. Replacement value of such goods, illegally removed, far exceeds the outstanding amounts exchanged between the parties as legacy dues.
- Finally, the procedure for legacy dues adjustments has been clearly outlined in the OMMA and needs to be followed before any claims on such account can be entertained.
- Therefore, any proposal to set off such dues against proposed lease payments clearly indicates the lack of seriousness when entering into the proposed lease agreement and warrants an insertion of a clause in the lease agreement by the Lenders clearly stating that the lease payment agreed to will not be subjected, on any grounds whatsoever, to any setting off and will be paid on or before the due date every month or else the equipment would need to be repossessed.
- Clearly such clause has become necessary since JTIL have expressed their intention prior to signing of the lease to effect such setting off.

We trust the above will receive due attention from the Lenders.

## K J Mallya

---

**From:** naresh sharma [n\_c\_sharma@yahoo.com]  
**Sent:** Thursday, March 16, 2017 5:34 PM  
**To:** kjmallya@mukand.com  
**Subject:** Scheme of arrangement of funds-Mukund Ltd

Mr.K.J.Mallya,  
Mukund Ltd,  
Bajaj Bhawan,  
Jamnalal Bajaj Marg,  
226,Nariman Point,  
Mumbai-400021.

Dear Sir,

This is with reference to your e-mail to me dated 9th.March,2017 wherein you have requested to provide certain clarification regarding my name appearing in the list of RBI data on Non-suit filed accounts(wilful defaulters).Towards the same,I would like to bring your attention to the following points:

a) I am an Independent Director on the Board of PSL Ltd.(PSL) and my involvement in the affairs of of PSL Ltd is restricted to attending meetings of the Board and some of the Committees once every three months to review and approve unaudited quarterly financial results.Apart from this I have no other involvement in the affairs of the Company.I am not involved in day to day activities of the Company.

b) I would also like to emphasise that I I am not an employee of PSL and also not a promoter or from the the promoter group or family.Furthermore I do not own a single share of PSL.

c)For my participation in the meetings of PSL's Committees/Board I am paid a sitting fee of Rs.20,000(Twenty thousand) per meeting.There is absolutely no other payment or compensation to me for attending these meetings.

d) I have not been involved in any process relating to the borrowing of funds from lenders or in the process of disbursement of these funds.I have also not acted as guarantor for PSL Ltd in any document related to the borrowing of funds from lender banks.

e)Further,I would like to state that the default,if any,which which has taken place in PSLLTD has not taken place with my consent or connivance.

f)I was not aware of any wilful default by the Company and I have also not been part of any proceedings of the Board or any of its Committees through which I was informed of such wilful default..

g)The directions of RBI regarding the categorisation of Independent Directors as "wilful defaulters" are also very clear.It has been explicitly stated that Independent Directors are to be excluded from the category of "wilful defaulters "unless their involvement or complicity in the act of "wilful default " can be established or proved.In my case there is absolutely no evidence of any involvement or complicity whatsoever.

h)I would also like to state that the Committee of Executives on wilful defaulters for Bank of Baroda has issued a notice regarding personal hearing.My submission by way of an email/letter before the Committee of Executives of Bank of Baroda to establish my non-involvement in the act of wilful default is enclosed at Annexure A.

It is my belief and my hope that whatever I have stated above would convince you and the SEBI of my non-involvement in the affairs of PSLLTD that have led to the unfortunate position of default on the part of PSLLTD.

Thanking You,

Yours faithfully,  
Naresh Chandra Sharma,  
Independent Director.