

**Status Report**  
for  
**Information of Debentureholders of**  
**D S Kulkarni Developers Ltd.**

D S Kulkarni Developers Ltd. (**DSK / Company**) issued Secured Non-Convertible Debentures (**Debentures**) by way of public issue amounting to Rs.111.69 cr. on 05.09.2014. The said debentures have been issued under four options considering the rate of interest, tenure and face value. Catalyst Trusteeship Ltd. (formerly GDA Trusteeship Ltd.) (**CTL/Trustee**) has been appointed as 'Debenture Trustee' in respect of said issue of debentures.

The Company was regular in payment of interest on the said debentures till June, 2017 as per the agreed terms. However, the Company has not been able to pay interest due on the debentures from 01.07.2017 and also has not redeemed the debentures under Option-I due on 06.09.2017. The Debentureholders are therefore anxious to know about the status and future of their investment.

With a view to update the Debentureholders about status of payment of the said debentures, the relevant information has already been placed from time to time, on the website of CTL viz. [www.catalysttrustee.com](http://www.catalysttrustee.com) under the head 'Public Notice'. However, to facilitate easy reference, this report is placed for the benefit of the investors giving developments so far at a glance. It is proposed to update this report with further developments from time to time.

**Status as on 10.10.2017:**

- 01.** D S Kulkarni Developers Ltd. issued Debentures of Rs.111.69 cr. on 05.09.2014 under four options based on rate of interest, tenure and face value.
- 02.** Company executed Debenture Trust-Cum-Mortgage Deed (**DTD**) on 04.07.2014 thereby secured debentures by mortgage of parcels of land at the Dream City Project at village – Fursungi (Pune) valued at Rs.174.86 Cr. at the time of issue. The charge created by way of mortgage is registered with Sub-Registrar, Registrar of Companies and other authorities within the stipulated time.
- 03.** On 01.07.2017, the Company committed default in payment of interest due on debentures under Option-I and Option-IV.
- 04.** On 03.07.2017, Company reported about downgrading of credit rating of debentures by CARE from BBB + (Triple B plus) to C Negative (Single C outlook Negative).
- 05.** On 07.07.2017, Trustee issued press release to leading newspapers, regarding default committed by DSK. The news appeared in Time of India, Sakal.
- 06.** On 01.08.2017, the Company again defaulted in payment of interest due on the debentures. Considering two consecutive defaults, the 'event of default' in terms of the DTD was triggered.
- 07.** On 02.08.2017, Trustee issued a notice to the Company advising it to pay the interest due immediately, but not later than a period of 60 days, as per the terms of DTD.

08. On 02.08.2017, Trustee also advised Company to appoint its Nominee as Director on its Board of Directors.
09. On 23.08.2017, Trustee proposed the name of Mr. Shashank B. Mukherji, a veteran banker having 44 years' experience as its Nominee.
10. The Company defaulted in redeeming the debentures under Option-I due on 06.09.2017.
11. On 07.09.2017, Mr. S.B. Mukherji was inducted on the Board of the Company.
12. On 07.09.2017, Mr. Shirish D. Kulkarni was also inducted on the Board of Directors as Managing Director and Chief Executive Officer. Mr. D.S. Kulkarni was continued as Chairman of the Company.
13. On 03.10.2017, Trustee advised the Company to pay the entire amount of debentures along with interest and default interest immediately, since the defaults have persisted beyond the notice period of 60 days, as per the acceleration clause in DTD.
14. On 03.10.2017, the Board of Directors of the Company proposed to restructure the repayment of debentures. The Trustee advised Company to convene a meeting of Debentureholders to obtain their approval for any restructuring.
15. On 10.10.2017, the Company was again advised to take effective steps for convening a meeting of Debentureholders for appraising them and seeking mandate for proposed rephasing of redemption of debentures.

**Developments after 10.10.2017:** *(To be updated from time to time)*

**24.10.2017:**

16. Received a communication from the Company stating that a meeting of Debenture Holders is being convened by it in the second week of November, 2017 and the approval of Debenture Holders is being sought by way of "Postal-Ballot / E-Voting" for its revised payment schedule.

**17.11.2017:**

17. The Company had convened the meeting of Board of Directors on 14.11.2017 for inter alia consideration of un-audited financial results for the quarter ended on 30.09.2017. However, the company reported to BSE and NSE vide its letter dt. 13.11.2017 expressing its inability to hold the meeting of Board of Director scheduled on 14.11.2017 and also Annual General Meeting before 30.11.2017. It has further reported that during the process of investigation, Economic Offence Wing of Police Dept. has taken in its custody physical and electronically maintained records of the company.

The Company is still in the process of convening the meeting of debenture holders or starting the process of "Postal-Ballot / E-Voting" for its revised payment terms, as scheduled in second week of Nov.,2017.

Section 71(10) of Companies Act, 2013 provides that where a company fails to redeem the debentures on the due date, on the application of any debenture holder or debenture trustee, the National Company Law Tribunal (NCLT) after hearing the parties directs the

company to redeem the debentures. In case of default in complying with the order of the NCLT, every officer of the company who is in default shall be punishable with imprisonment for three years or with fine or both.

As per the legal advice, the Debenture Trustee has filed an application under Section 71(10) of Companies Act, 2013 with NCLT on 17.11.2017 which is registered at Sr. No. 21763.

#### **24.11.2017:**

18. DSK has issued following communications on 22.11.2017 to all debenture holders:

- Notice of Postal Ballot along with Explanatory Note and Ballot Form for seeking approval of debenture holders for revised plan of repayment and substitution of portion of the security land by another piece of land. The process for voting will remain open between 25.11.2017 and 24.12.2017.
- Notice of Debenture Holders Meeting to be held on 21.12.2017 to explain the rationale for seeking approval through Postal Ballot process.

The communication issued by DSK in this regards is attached separately on our website under head 'Press Release', for information of debenture holders.

#### **22.12.2017:**

19. The meeting of debentureholders was held on 21.12.2017 at Maharashtra Chamber of Commerce, Industries & Agriculture, Tilak Road, Pune at 9.30 a.m. Dr. Jagtap, Director and Mr. Rohit Purandare, Company Secretary of DSK, represented the Issuer Company and Mr. Shashank Mukherji, a Director on the Board of DSK nominated by Debenture Trustee, chaired the meeting. Mr. Shashank Mukherji informed the steps already taken and also required to be taken by Trustee after default committed by the Company. During the meeting the reasons for default by the Company were explained and the exact proposal of the Company was clarified.

It was observed that there was general apprehension in the minds of those who attended the meeting that even if one does not give consent the resolution passed by way of majority votes will be binding on them. It was therefore, clarified that as per the SEBI Regulations and Trust Deed, the debentures can be rolled over only with the **positive** consent of the holders of at least 75% of the outstanding amount and the Company shall have to redeem the debentures to all such holders, who do not give their positive consent to the roll-over. Some of the debentureholders requested for placing the application filed with NCLT under section 71(10) of the Companies Act, 2013, on the website for their information. Accordingly, the application filed by Trustee with NCLT on 17.11.2017, has been placed on the website namely [www.catalysttrustee.com](http://www.catalysttrustee.com).

#### **26.12.2017 (6:00 P.M.):**

20. The Scrutinizer's Report on Postal Ballot was expected to be submitted by the Scrutinizer to DSK and who in turn was expected to submit it to DT by end of day on 26.12.2017. Since, such report was not received till 6.00 p.m., DT sent letter to DSK advising to expedite the submission of the report.

### **27.12.2017:**

21. The Scrutinizer's Report on Postal Ballot in respect of the resolutions proposed by DSK regarding roll-over and substitution of mortgaged properties has been from DSK. The same has also been submitted DSK to BSE and NSE. It observed that BSE has uploaded the same on its website. DT has also uploaded the said results on its website.

It is observed from the said Scrutinizer's Report of Postal Ballot that none of the two proposed resolutions have been passed by requisite majority of debentureholders. As such, appropriate further action for realisation of the security is being taken by DT, in consultation with the Legal Counsel.

As to the application filed under section 71(10) of the Companies Act, 2013, a copy of which has already been served on DSK, there are no further developments in the matter.

### **17.01.2018:**

22. The DT had issued Press Release requesting information on or before 16.01.2018, specifically from debentureholders to whom company has not paid interest due prior to 01.06.2017. The Company has received few communications in this regard till the end of business hours on 16.01.2018. The details of these debentureholders, if not already included while calculating the total amount of claim, will be considered thereof.

The Debenture Trustee will crystallize the total amount of claim to be filed with the appropriate Court / Tribunal having jurisdiction in the matter.

As to the application filed under section 71(10) of the Companies Act, 2013, with the National Company Law Tribunal, there are no further developments as yet.

### **22.01.2018:**

23. The DT has filed an application with Debt Recovery Tribunal ('DRT'), Pune under section 19 of the Recovery of Debts and Bankruptcy Act, 1993 on behalf of the debentureholders for the total claim of **Rs.131,46,37,600/-** on 22.01.2018. While calculating the claim, following amounts have been considered:

- (a) Total principal amount of NCDs outstanding as on 21.01.2018.
- (b) Interest from the last date of payment by DSK to the debentureholders under respective options up to and inclusive of 21.01.2018 as follows:
  - i) **Option I:** From 01.04.2017 (interest is payable on quarterly basis)
  - ii) **Option II:** From 06.09.2014 (interest is payable on cumulative basis)
  - iii) **Option III:** From 06.09.2016 (interest is payable annually)
  - iv) **Option IV:** From 01.06.2017 (interest is payable monthly)
- (c) The default interest at the rate of 2% p.a. has also been considered on the defaulted amount of principal and interest.

The prayer made through the said Application filed with DRT, Pune, includes (i) issue of Recovery Certificate for the amount of claim and (ii) sale of mortgaged properties for satisfaction of the amount of claim. On passing of the order by DRT, Pune, necessary

further steps for sale of mortgaged properties will be taken by DT. However, since this is a legal process, the time for obtaining final order cannot be anticipated as on date.

It is further reported that, the DT had received a notice dated 16.12.2017, from Police Inspector, Economic Offences Wing, Crime Branch, Pune calling for the information of the loan facility given to DSK. Accordingly, DT has submitted the required information on 18.12.2017, clarifying that the loan has not been given by DT to DSK, but it is in the form of debentures and the amount is due from DSK to the debentureholders, whom the DT represents as Debenture Trustees. The information relating to the properties mortgaged by DSK has also been furnished to the said Department.

As to the application filed on 17.11.2017, under section 71(10) of the Companies Act, 2013, with the National Company Law Tribunal, there are no further developments as yet.

#### **21.02.2018:**

24. DSK has informed Stock Exchanges and DT vide its letters dt. 17.02.2018 that as per the legal opinion obtained by it, all the Directors of Company have been disqualified from holding the office since the said company has defaulted in payment of Fixed Deposits for more than twelve months. In view of the same, even the director nominated by DT has been considered as disqualified. DT has requested DSK to re-examine the issue of disqualification of directors and also to take corrective measures for non-compliance, if any. After the appointment of Nominee Director on the Board of DSK on 07.09.2017, only one meeting has been held on 03.10.2017. The DT is of the view that the disqualification of directors shall have no impact on the action already initiated by DT for enforcement of security for redemption of debentures. As to the application filed in NCLT and DRT, there are no further developments as yet.

#### **26.02.2018:**

25. As a part of the DRT process, originals documents mentioned as Annexures in the Application have been filed with the DRT, Pune today. Even if the properties are mortgaged on first charge exclusive basis, as an abundant precaution, an application for attachment of the mortgaged properties and for granting of an injunction restraining DSK from transferring the mortgaged properties in any manner, has been filed with DRT. The Original Application has been allotted O.A. No. 25/2018.

With regards to the petition filed with the NCLT Mumbai Bench, the same has been numbered as 697/2017 and Court Room No. 1 has been assigned for the case.

#### **19.03.2018:**

26. The DRT, Pune, has issued summons dated 15.03.2018, on the O.A. No. 25/2018 filed by Debenture Trustee, to DSK, under section 19(4) of the Recovery of Debts & Bankruptcy Act, 1993. A copy of the summons has been served at the office of DSK on 17.03.2018. DSK is required to show cause within 30 days of the service of summons and also file its written statement and appear before the Registrar, DRT, on 03.05.2018. The said Summons of the DRT inter alia directs DSK to disclose the particulars of the properties other than those mortgaged to the Debenture Trustee, not to deal with or dispose of the mortgaged properties and also not to sell, lease or transfer the mortgaged properties.

**29.03.2018:**

27. The date of hearing on the application filed by DT under section 71(10) of the Companies Act, 2013 with NCLT, Mumbai Bench is fixed on 06.04.2018. A notice of the said hearing is served on DSK through our Advocate on 22.03.2018.
28. DSK has informed the Stock Exchange vide its letter dated 17.02.2018 that all its directors are disqualified pursuant to the provisions of section 164 and 167 of the Companies Act, 2013. Accordingly, the Director nominated by DT also stands disqualified to act as such, for a period of five years. As such, the Nominee Director has formally submitted his resignation letter dated 27.03.2018 to DSK. Further, no meeting of Board of Directors has been held since October, 2017 and the Annual General Meeting of shareholders has also not been convened till date.

**09.04.2018:**

29. The Advocates informed that the hearing on the application by DT under section 71(10) of the Companies Act, 2013 with NCLT, Mumbai Bench fixed on 06.04.2018 was not listed on the scheduled day. It is further informed that as the volume of cases being filed against DSK is large, the NCLT is in process of clubbing all these matters. As of today, no specific date has been fixed by NCLT. In case no date is fixed within reasonable period, DT may consider filing an application through Advocates for early hearing.

**17.04.2018:**

30. The Advocates approached the NCLT Mumbai Bench for early hearing since the matter was not heard on the last date of hearing. It is informed by our Advocate that the hearing on the application filed by DT under section 71(10) of the Companies Act, 2013, with NCLT has been fixed on 23.04.2018. A notice of the hearing has been served on DSK vide email dated 17.04.2018.

**24.04.2018:**

31. The Advocates informed that the application filed by DT under section 71(10) of the Companies Act, 2013, with NCLT fixed on 23.04.2018, was not placed on the Board once again. However, the Advocates mentioned the matter before the Hon. Tribunal and explained the urgency in matter. The Bench however, decided to list the matter for hearing as per the Tribunal roster and directed the court officer to take steps to list the matter accordingly. The Advocates also informed that the Bench would be closed between 19<sup>th</sup> May and 3<sup>rd</sup> June, 2018. The next date of hearing is not fixed as yet.

**03.05.2018:**

32. The application filed by DT against DSK with DRT Pune, was scheduled for hearing today. The Registrar noted the Service Affidavit regarding notice of summons served by DT on DSK. It was further noted that DSK has neither filed any written statement nor has it filed its say to the Injunction Application. No one was present on behalf of DSK at the hearing. The matter is posted for hearing on 14.05.2018.

### **18.05.2018:**

33. The Maharashtra Government has issued order dated 5<sup>th</sup> May, 2018 under the provisions of the Maharashtra Protection of Interest of Depositors Act, 1999, (**MPID Act**) attaching various immovable properties, bank accounts and vehicles of DSK. It is noticed that the attached immovable properties include some of the properties mortgaged in favour of DT. The DT had already informed the Economic Offence Wing, about mortgage of certain immovable properties of DSK as security for debentures. The DT will be taking necessary action to inform the Competent Authority under the MPID Act about its first charge on mortgaged properties in due course of time.

### **23.05.2018:**

34. The Presiding Officer of DRT, Pune, delivered final order on 21.05.2018, allowing DT's application filed in January 2018 seeking issuance of recovery certificate from the Tribunal and directed DSK to pay ₹131.46 crores to the Trustees with interest thereon from the date of the application till the date of completion of realization, failing which the DT will be at liberty to sell the mortgaged properties, as described in the schedule of the Debenture Trust-cum-Mortgage Deed / application, in accordance with the law. A copy of the order was received by DT on 23.05.2018. DT may take necessary further steps in the matter, after examining the effect of order dt. 05.05.2018 issued by Govt. of Maharashtra under MPID Act.

### **04.06.2018:**

35. The DT has received certified copy of the Recovery Certificate issued by the Presiding Officer of the DRT, Pune. The DT will take further steps in the matter as per the directions of the Recovery Office

### **22.06.2018:**

36. The DT has received copy of the Demand Notice dated 20.06.2018 (R.P. No. 38 of 2018) issued by the Recovery Officer of the DRT, Pune addressed to DSK. As per the demand notice, DSK has been called upon to deposit the amount of dues of Rs.137,28,58,352/- as mentioned in the Recovery Certificate, within 15 days of receipt of the demand notice, failing which the recovery shall be made in accordance with the law.  
A copy of the Demand Notice and certified copy of Recovery Certificate and DRT Order are uploaded on our website [www.catalysttrusteeship.com](http://www.catalysttrusteeship.com) under 'Public Notices' section.

### **31.08.2018**

37. As directed in the Demand Notice dated 20.06.2018, the representatives of DT appeared before the Recovery Officer at DRT on 30.08.2018. It was informed that the Demand Notice served on DSK through post was returned undelivered. The Recovery Officer therefore, re-issued the Demand Notice dated 30.08.2018 to DSK to be served to Mr. D.S. Kulkarni through the Superintendent (Officer in Charge) of the Yerwada Central Jail, since he is under judicial custody. The said notice is uploaded on our website [www.catalysttrusteeship.com](http://www.catalysttrusteeship.com) under 'Public Notices' section. The matter is now fixed on 15.10.2018 to note the status of service of notice.