



Share Department, Finance Division, HO Plot No.4 Sector 10, Dwarka, New Delhi-110075  
Tel Nos : 011-28044866 E-mail : [hosd@pnb.co.in](mailto:hosd@pnb.co.in)

<b>Script Code : PNB</b>	<b>Script Code : 532461</b>
The Asstt. Vice President National Stock Exchange of India Limited "Exchange Plaza", Bandra – Kurla Complex, Bandra (E), <b>Mumbai – 400 051</b>	The Dy. General Manager Bombay Stock Exchange Limited 1st Floor, Phiroze Jeejeebhoy Towers Dalal Street, <b>Mumbai – 400 001</b>

Date: 15-02-2018

Dear Sir,

**Reg.: Clarification/confirmation on news item**

With reference to the media reports regarding "ED raids offices of Nirav Modi, PNB and Gitanjali gems". We submit as under:

S.No.	QUERY	CLARIFICATION/CONFIRMATION
a)	Whether such event stated in published news were taking place?  If so, you are advised to provide the said information along with the sequence of events in chronological order.	Yes  On 16.01.2018, the partnership firm of Nirav Modi group approached our branch at Brady House, Mumbai and presented a set of import documents with a request to allow buyers' credit for making payment to the overseas suppliers. Since there was no sanctioned limit in the name of the above firms, the branch officials requested the firms to furnish at least 100% cash margin for issuing Letter of Undertaking (LOU) for raising buyer's credit. On denial, the firms contested that they have been availing such transactions since past several years.  On scrutiny, it was observed that earlier Issuance of Letter of Undertakings (LOU) had been made by the branch officials through SWIFT (The Society for Worldwide Interbank Financial Telecommunication) without obtaining approval of the competent authority, necessary applications from Importer, documents of import, legal documentation with bank and also without making entries in Bank's trade finance module of CBS system.  A series of meetings were held with representatives of Nirav Modi group and Gitanjali group at Delhi & Mumbai to impress upon them to pay the amount. They were also directed to provide all necessary documents as per law to







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ensure that the imports are bonafide trade transactions.

Upon confirming the first maturity of LOUs liabilities on 25.01.2018 as fraudulently credit against the bank, an FMR-1 (fraud report format of RBI) was submitted to RBI on 29.01.2018 amounting to USD 44.22 mio equivalent to Rs.280.70 crore (related to 3 group firms of Nirav Modi).

On 29.01.2018, a criminal complaint for registration of FIR against accused persons including the maker & checker employees of the bank for offence of cheating of fraud was filed with Joint Director (Policy), Central Bureau of Investigation and same stands registered on 31.01.2018.

On 05.02.2018, BSE, NSE stock exchanges were informed of fraud of Rs.280.70 crores in Nirav Modi group.

In addition to above, Nirav Modi Group firms, upon confirming the maturity of LOUs liability on 09.02.2018 of Gitanjali group companies, fraud report was submitted to RBI on 07.02.2018 amounting to USD 10.20 mio equivalent to Rs.65.25 crore (related to 2 companies of Gitanjali group promoted by Mehul Choksi).

Simultaneously a criminal complaint for registration of FIR against accused persons for offence of cheating of fraud was filed on 07.02.2018 with Joint Director (Policy), Central Bureau of Investigation. During this period further LOUs of USD 59.23 mio equivalent to Rs.379.28 crore also matured for Nirav Modi Group. We have mentioned in CBI complaint this issue and reported that since investigation is underway we shall be reporting crystalized amount of fraud after completion of detailed investigation.

While investigation process is on, 10 officers/employees were suspended on account their suspected involvement in the fraud.

Foreign bank branches namely Allahabad Bank, Hong Kong, Axis Bank, Hong Kong and other banks were requested to provide all communication with borrower and documents, if any held in their record to understand bonafide of the transactions

On 12.02.2018, on the basis of investigation report, total fraud of Rs.11394.02 crore in case of





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		<p>unauthorized issuance of Letters of Undertakings, Foreign Letter of Credits and Inland Letter of Guarantees in the group accounts of Nirav Modi Group &amp; M/s Gitanjali Group and in the account of M/s. Chandri Paper &amp; Allied Products Pvt. Ltd. reported to RBI.</p> <p>On 13.02.2018, FIR filed with CBI against above 2 groups and M/s Chandri Paper &amp; Allied Products Pvt Ltd.</p> <p>On 13.02.2018, Bank also files complaint to Enforcement Directorate on 13.2.2018.</p> <p>On 14.02.2018, BSE, NSE exchanges were informed.</p>
b)	The material impact of this article on the company	The bank liability is contingent only. The liability shall be decided based on the law of land.
c)	Whether company are aware of any information that has not been announced to the Exchanges under Regulation 30 of Listing Regulations. If so, you are advised to provide the said information and the reasons for not disclosing the same to the Exchange earlier as required under Regulation 30 of the Listing Regulations.	Yes. The information of fraud of Rs.280.70 crores stands reported to Exchange on 05.02.2018. Subsequently on receiving investigation report on 12.02.2018, incident of total fraud amount of Rs.11394.02 crore stands reported to Exchange on 14.02.2018.

Submitted for information please.

Thanking you

Yours faithfully,

**(Balbir Singh)**  
**Company Secretary**

