



Date: - 7th December 2022

**Listing Department/ Department of Corporate Relations,
The Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai, Fax- 022-22722037/39/41/61/3121/22723719**

Listing Deptt.

**National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra- Kurla Complex, Bandra (East),
Mumbai- 51, Fax- 022-26598237/38- 022-26598347/48**

Sub: Submission of Unaudited financial results for the quarter ended 30.06.2022.

Ref: Stock Code: - At BSE- 532524; At NSE- PTC

Dear Sir/Madam,

With regard to the above, this is to inform you that in the meeting of Board of Directors held today, Wednesday, 7th December 2022 the board has approved the unaudited standalone and consolidated financial results for the first quarter ended 30.06.2022. The results along with Limited Review Report are attached herewith.

The results are also being uploaded on the Company's website.

The Board meeting was concluded at 02:15 PM

You are requested to kindly take the same in record.

Thanking you,

For PTC India Limited

**(Rajiv Maheshwari)
Company Secretary
FCS- 4998**

Encl:

- Un Audited Standalone & Consolidated Financial Results for the QTR ended June 2022

PTC India Limited

(Formerly known as Power Trading Corporation of India Limited)

CIN : L40105DL1999PLC099328

2nd Floor, NBCC Tower, 15 Bhikaji Cama Place New Delhi - 110 066 Tel: 011- 41659500.41595100, 46484200, Fax: 011-41659144
E-mail: info@ptcindia.com Website: www.ptcindia.com,



Independent Auditor's Review Report on the Unaudited Quarterly Consolidated Financial Results of PTC India Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of PTC India Limited

1. We were engaged to review the accompanying Statement of Unaudited Consolidated Financial Results of **PTC India Limited** (the Holding Company) and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its share of the net profit/ (loss) after tax and total comprehensive income/ (loss) of its associates for the quarter ended June 30, 2022 (hereinafter referred to as "the Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulations").
2. The management of the Holding Company is responsible for the preparation and presentation of the Statement in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of Companies Act 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We were required to conduct our review of the Statement in accordance with the Standards on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We were also required to perform the procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated 29th March 2019, issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Circular"), to the extent applicable.

4. The Statement includes the unaudited quarterly financial results of the following entities:

Name of Entity	Relationship
PTC Energy Limited	Subsidiary
PTC India Financial Services Limited	Subsidiary
Hindustan Power Exchange Limited (formerly Pranurja Solutions Limited)	Associate

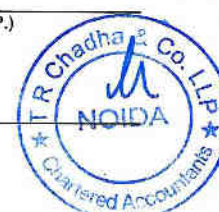
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Basis for Disclaimer of Conclusion

5. The accompanying Unaudited Consolidated Financial Results include the financial results of PTC India Financial Services Limited ("PFS"), whose separate unaudited financial results reflect total revenue of Rs. 206.99 Crores, total net profit/ (loss) after tax of Rs. 50.56 Crores and total comprehensive income/(Loss) of Rs. 50.98 Crores for the quarter ended June 30, 2022.

The Independent Auditors of PFS have given a qualified conclusion in their limited review report on the separate unaudited financial results of PFS for the quarter ended June 30, 2022 vide their report dated December 03, 2022, which has been considered by us. The basis for qualified conclusion described by the Independent Auditors of PFS in their abovementioned limited review report is as under:

"On January 19, 2022, three independent directors of the Company resigned mentioning lapses in governance and compliance. The Company, basis directions of the Audit Committee in its meeting held on April 26, 2022, appointed an independent firm (the "Forensic Auditor"), to undertake a forensic audit in relation to the allegations raised by the former independent directors.

On November 4, 2022, the forensic auditor submitted its final report to the Company which includes, in addition to other observations, instances of modification of critical sanction terms post sanction approval from the Board, non-compliance with pre-disbursement conditions, disbursements made for clearing overdues (evergreening), disproportionate disbursement of funds and delayed presentation of critical information to the Board. The Company's management has appointed a professional services firm (the "External Consultant") to assist the management in responding to such observations and subsequently, also obtained a legal opinion contesting certain matters with respect to the contents, including matters highlighted as evergreening in the Forensic Audit Report, and approach adopted by the Forensic Auditor. Accordingly, the management, has rebutted the observations made by the Forensic Auditor and has confirmed that, in their view, there is no additional impact on the Company's financial results of the year ended March 31, 2022 and that there are no indications of any fraud or suspected fraud. Further, the Company has uploaded the forensic audit report, management's responses, report of external consultant and legal opinion, on the website of stock exchanges.

In the adjourned audit committee meeting of the Company held on November 13, 2022, the committee considered the forensic audit report and management's responses thereon and accepted the findings in the report, by majority but with dissent of two directors (out of five directors). In this regard, we have taken on record the communication of the Company dated November 30, 2022, shared with us (Annexure-A).

In the board meeting held on November 13, 2022, the board of directors of the Company (with the absence of Chairperson of the Audit Committee in the meeting, who recorded a dissent on the matters being discussed in his absence) considered the forensic audit report, management's responses, report of external consultant and legal opinions. We have taken on record the communication of the Company dated November 30, 2022, shared with us (Annexure-B).

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Due to resignation of the former independent directors, the Company has not complied with the various provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 related to constitution of committees and sub-committees of the Board, timely conduct of their meetings and timely filing of annual and quarterly results with respective authorities. As explained, the Company intends to file for condonation for delay in compliances of such provisions with respective authorities. Also, the minutes of audit committee meetings held since November 9, 2021, have not been finalized, which results in non-compliance with applicable provisions. (Refer Note 5 (c) of the accompanying Statement).

In light of the constraints and limitations highlighted by the Forensic Auditor while preparing the forensic audit report and as also noted by the Audit Committee, several other concerns raised therein as described in the second paragraph above (including observations around evergreening and disproportionate disbursement of funds) and lack of specific procedures and conclusions thereon, divergent views among directors regarding observations in forensic audit report, we are unable to satisfy ourselves in relation to the extent of forensic audit procedures and conclusion thereon, including remediation of the additional concerns raised therein.

Considering as stated above and indeterminate impact of potential fines and/ or penalties due to delay in compliances/ non-compliance of various provisions as mentioned above, we are unable to obtain sufficient and appropriate audit evidence to determine the extent of adjustments, if any, that may be required to the Consolidated Financial Results for the quarter ended June 30, 2022.

The above matter was also qualified by the predecessor auditor in their audit report dated November 16, 2022 on the financial results for the quarter and year ended March 31, 2022"

6. We draw your attention to Note 11 of the Statement regarding resignation of two independent directors of PFS namely Mr. Jayant Purushottam Gokhale and Mr. Devendra Swaroop Saxena, who have resigned from the Board of PFS w.e.f. December 02, 2022, mentioning lapses in governance, compliance and various other matters in PFS, as elaborated in their resignation letters dated December 2, 2022 (copy attached as Annexure C.1 and C.2). The resignee directors have raised various concerns including, the matters raised by the earlier independent directors of PFS (who resigned on January 19, 2022), regarding appointment of forensic auditor, observations in the forensic audit report including on evergreening of the loans etc., divergent views of the directors and management on the outcome of forensic audit report, limitations on scope of forensic audit, lack of cooperation from the management to the forensic auditor, non-compliance of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, change in financial results for the quarter ended December 31, 2021 and year ended March 31, 2022 after submission of draft financial results to the Audit Committee, calling meetings at short notice, matters discussed in meetings without adequate notice, violation of SEBI directive regarding change in Board composition, appointment of Information System Auditors and unilateral replacement thereof, submission of proposal for grant of facilities to the Business Committee/ Board of PFS during the period after April 2022 which were not in compliance with the extant policy laid down by the Board, amendments of the laid down policy for approval of proposals and non-compliance with pre-disbursement conditions after April 2022, not capturing the actual proceedings of the meetings in the minutes,

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etc. The auditors of PFS have not considered the implication of the issues mentioned and concerns raised in the resignation letters of these independent directors of PFS dated December 02, 2022 for the purpose of their reporting on the financial results of PFS for the quarter ended 30th June'2022. We have been communicated by the auditors of PFS that they were not aware of these resignation letters of the independent directors of PFS prior to issuance of their report for the quarter ended 30th June'2022 and now they are unable to conclude the impact of these matters due to paucity of time.

7. We draw your attention to Note 10 of the Statement that four independent directors of the Company have resigned from the Board of the Company (Mr. Jayant Purushottam Gokhale, Mrs. Sushama Nath and Mr. Subhash S. Mundra have resigned w.e.f. December 05, 2022 and Ms. Preeti Saran has resigned w.e.f. December 06, 2022), mentioning lapses in governance, compliance and various other matters in the Company and in PFS. They have also raised concerns regarding conduct of the proceedings of the Risk Management Committee (RMC), and cognizance taken by the Board of Directors of the Company of the RMC's report to look into the matters of corporate governance of PFS, non-implementation of recommendations in the RMC report, calling meetings at short notice, etc., as elaborated in the resignation letters of these three directors (Copy attached as Annexure D.1 to D.4).
8. We draw your attention to Note 12 of the Statement that due to the resignation of four independent directors of the company, the composition of Board of the Company is not in accordance with the requirements of the Regulations in terms of minimum number of independent directors.
9. We draw your attention to Note 8 (iii) of the Statement that as at June 30, 2022, PFS has assessed its financial position, including expected realization of assets and payment of liabilities including borrowings, and believes that sufficient funds will be available to pay-off the liabilities through availability of High- Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in at least 12 months from the reporting date.
10. We draw your attention to Note 8 (i) (b) of the Statement that PFS, with the recommendation of the Holding Company, had appointed four independent directors through circular resolution who have also been the independent directors on the Board of the Holding Company. PFS, based on an email from SEBI acknowledging PFS's email, which summarized the mode of appointment of these directors through a circular resolution and opinion received from external legal firm, believes that there is no non-compliance with SEBI's directions (for conducting Board meeting without an independent director).
11. We draw your attention to Note 8 (v) of the Statement that PFS had received a communication from ROC on March 28, 2018, pursuant to complaints received from identified third parties, alleging mismanagement in the PFS's operations. PFS had submitted a reply dated April 18, 2018, after discussion with its Audit Committee, and denied all allegations and regarded them as frivolous attempt made by such identified third parties. As stated, on September 24, 2021, PFS had received another notice from ROC u/s 206(4) of the Companies Act, 2013, pursuant to its previous communication in 2017-18 and reference to complaints received by them in 2017-18,

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seeking further information on certain matters including details about erosion of investments made in associate companies and actions taken by the PFS's management, including other details and details about NPA accounts. PFS responded to this notice on October 22, 2021 and has confirmed that no further intimation from ROC has been received till date.

12. We draw your attention to Note 8 (ii) of the Statement that in assessing the recoverability of loans and advances, PFS has considered internal and external sources of information (i.e. valuation report from Resolution Professional for loan assets under IBC proceedings or otherwise, one time settlement (OTS) proposal, asset value as per latest available financials of the borrowers with appropriate haircut as per ECL policy). PFS expects to recover the net carrying value of these assets, based on assessment of current facts and ECL methodology which factors in future economic conditions as well. However, the eventual recovery from these loans may be different from those estimated as on the date of approval of these consolidated financial results.
13. We draw your attention to Note 8 (i) of the Statement that RBI's officials visited the premises of PFS in February 2022 and reviewed few documents, in context of allegations made by the former independent directors of PFS. The management of PFS has represented that while PFS has satisfactorily responded to queries of officials, no further communication has come from RBI, so far, in this regard.

Considering that the matters raised by the independent directors of PFS as well as of the Company in their latest resignation letters respectively are yet to be examined independently by the Company as well as by PFS and the auditors of PFS, and pending the conclusion of the matters described in Para 5 to 13 above, we are unable to determine and comment on the possible various non-compliances and their impact and the extent of adjustments and further disclosures if any, that may be required to these Unaudited Consolidated Financial Results for the quarter ended June 30, 2022.

14. The accompanying Statement does not include the results of following entities because the financial results/ information of these entities was not available with the Holding Company for consolidation. The Group has fully impaired the value of investment in these entities in earlier periods.

Name of Entity	Relationship
Krishna Godavari Power Utilities Limited	Associate
RS India Wind Energy Private Limited	Associate
Varam Bio Energy Private Limited	Associate
RS India Global Energy Limited	Associate

15. We did not review the quarterly financial results/ information of two subsidiaries included in these Unaudited Consolidated Financial Results, whose separate unaudited quarterly financial results/ information reflect total revenue of Rs. 291.46 Crores, total net profit/(loss) after tax of Rs. 62.88 Crores, and total comprehensive income/(loss) of Rs. 63.30 Crores for the quarter ended June 30, 2022 as considered in these Unaudited Consolidated Financial Results. The Unaudited Consolidated Financial Results also include group's share of net profit/ (loss) after tax

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of Rs. (-) 3.77 Crores and total comprehensive income/ (loss) of Rs. (-) 3.77 Crores, for the quarter ended June 30, 2022, as considered in these Unaudited Consolidated Financial Results in respect of one associate company, whose financial results/ information have not been reviewed by us. These financial results have been reviewed by other auditors whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 6 and 7 above.

Disclaimer of Conclusion

16. We do not express any conclusion on the accompanying Statement. Because of the significance of the matters described in the Basis of Disclaimer of Conclusion section of our report, we are unable to obtain sufficient appropriate evidence to provide a basis for conclusion on the unaudited consolidated financial results.

For T R Chadha & Co LLP

Chartered Accountants

Firm's Registration No. 006711N/N500028

Hitesh Garg

Partner

Membership No. 502955



Place: Noida

Date: December 07, 2022

UDIN: 22502955BEZVRR4580

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1. Resolution as agreed by (adjourned) Audit Committee in meeting dated: 13th November, 2022 and confirmed by all members.

“It is noted that the Forensic Auditor has given his findings in the Final Forensic Audit Report submitted by him on 4th November 2022. It is also noted that the forensic auditor has concluded that the findings as given by him in the draft report are not significantly altered by the explanations given by the management. The Audit Committee discussed these findings in reasonable detail and noted that the audit committee can go into even further detail in giving its observations on the forensic audit report. However as emphasized repeatedly by the management, considering the urgency of adoption of the annual accounts for the year ended March 22, it is felt that the significant and salient aspects of the forensic audit report have been brought out in the discussion and also the statutory auditor, who was present as an invitee during this discussion has taken note of these observations and examined the report of the forensic auditor in complete detail. Therefore, at this stage, the audit committee decides not to go into a further detailed discussion of the contents of the forensic audit report, its findings and conclusions in light of the priorities mentioned by the management. Accordingly, the audit committee takes on record Final Forensic Audit Report submitted by CNK & Associates LLP and thanks them for their services. After this discussion it was resolved that:-

The audit committee accepts findings of the forensic auditor as given in the Final Forensic Audit Report. The committee recommends them to the Board for appropriate follow up action. The Committee notes the constraints and scope limitations operating on the forensic auditor, which find mention in the Forensic Audit Report and that but for such limitations the forensic auditor would probably have been able to give even more specific findings. The Committee has also taken note of the responses given by the management. The Committee also notes that an external agency was appointed by the management to act as advisors to the management in responding to the findings given by the forensic auditor. It is noted that the views expressed by the said advisors contain many reservations, disclaimers and limitations. Some of the salient disclaimers are mentioned in the email dt 8th Oct 22 sent by the Chairman of the Committee to the board members. It is seen that the advisors state that they have relied on the *justification provided by the management*; and *it is possible that there are factual inaccuracies where we have not been provided with the complete picture/information/documentation on a particular matter by the process owners*. In turn the management states that it has relied upon the consultant's findings to prepare their response to the forensic audit report. The audit committee therefore has given limited weightage to the recommendations of the consultant. The committee also notes that the statutory auditor assures that all significant aspects of the forensic audit report have been taken into consideration by them and further, that these aspects have been taken into consideration in auditing the financial results for the year ended March 22, and that appropriate modifications based on these findings have been suitably incorporated in their reports.

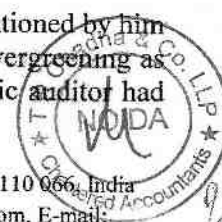
The above resolution was proposed by the Chairman (D1) and approved of by D4 & D5.

D2 expressed his dissent stating that in addition to the other points as mentioned by him during the course of discussions, he did not agree with the concept of evergreening as interpreted / applied by the forensic auditor. He also felt that the forensic auditor had

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been selective in the presentation of certain facts and also, he was not in agreement with the findings given by the forensic auditor in regard to Shri Ratnesh and related matters. He was not in agreement with scope limitation or constraints mentioned by Forensic Auditor. The Forensic Auditor has not done weekly discussions with the management as stipulated in the engagement letter, which is legally binding on him. He also pointed out that the limitations mentioned in the Advisor's Report should be read in full, not selectively and the limitations as expressed are as per generally accepted norms.

D3 recorded his dissent on the basis of numerous issues mentioned by him in the course of earlier discussion including all the points specifically stated by D2. Further, Advisors has clarified that the facts mentioned in their note were based on independent review of supporting documents in relation to reply submitted by PFS. Thus, it was their independent assessment.

Basis the above, the Resolution was adopted and passed with a majority of 3 against 2 dissents."

This is issued on specific requirement of Statutory Auditors and above resolution was passed during the meeting and minutes will be finalised shortly.


(Dr. Pawan Singh)
MD&CEO


(Mohit Seth)
Acting CS



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Annexure B



2. Resolution as agreed by Board Meeting dated: 13th November, 2022 and confirmed by all members present in the meeting (except one Director -Audit committee chairman who was not present in the meeting)

The Board considered the forensic audit report of CNK along with management replies, E&Y remarks, legal opinion by Former CJI, legal opinion of CAM and Former Director (Finance) of PFC. The Board noted that the Audit Committee considered the forensic audit report of CNK on 11, 12 and 13th Nov and accepted the report by majority (3:2). The Board deliberated the report and observed that;

- i. CNK report is that CNK has not identified any event having material impact on the financials of the Company. Hence not quantified.
- ii. CNK has not identified any instance of fraud and diversion of funds by the company.
- iii. Procedural / operational issues identified by CNK needs to be dealt with expeditiously.
- iv. The Issue related to Mr. Ratnesh has already been examined by RMC committee of PTC (Holding Company) and approved by Board of PTC India. The report is already submitted to the regulators.

The Company has already complied with SEBI (LODR) by submitting the same to Stock Exchanges along with management comments and E&Y remarks. The management is directed to submit the report of Forensic Audit with management comments, E&Y remarks, legal opinion by Former CJI, legal opinion of CAM and former Director (Finance) of PFC and this Board resolution to SEBI.

The Board is of the view that recommendation of E&Y may be obtained by management to strengthen the business processes & operational issues and submit to the Board at the earliest.

This is issued on specific requirement of Statutory Auditors and above resolution was passed during the meeting and minutes will be finalised shortly.

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by MOHIT SETHI
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SETH 2022.11.16
09:49:00 +05'30'

(Mohit Sethi)
Acting CS
16/11/2022



PTC India Financial Services Ltd. (CIN: L65999DL2006PLC153373)

(A subsidiary of PTC India Limited)

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2nd December 2022

To,
The Board of Directors
PTC India Financial Services Limited
7th Floor, Telephone Exchange Building
8 Bhikaji Cama Place
New Delhi - 110066

Sirs,

RE: Letter of resignation from my position as Independent Director of PTC India Financial Services Limited ("Company" or "PFS")

1. This is to inform you that I have decided to resign from my position as independent director of the company. I do so with a heavy heart since it was my sincere endeavour to fulfil the responsibility cast upon me to protect the interests of all stakeholders in the company, and particularly those of the small and non-promoter members. However, despite the best efforts of my colleague directors and myself; the management¹ / majority of the Board have consistently acted in a manner which I believe is not in consonance with the norms of good governance. Such actions by the management/board have resulted in the position of 'independent director' being rendered nugatory. All attempts to head the company in the direction which would be in the long-term interest of all stakeholders have been systematically stymied and frustrated. As such I see no purpose in continuing to remain on the Board; which in public perception and law is responsible for the superintendence, control and supervision of the actions of the management; but is in fact not in a position to exercise such influence. My resignation from the position of independent director of the company is therefore with immediate effect.
2. You will recall that 3 Independent Directors resigned together on **19th January 2022** giving rise to a legal impasse rendering the Board and its committees dysfunctional. The reasons for resignation cited by these 3 highly respected and experienced independent directors² also pointed to certain serious irregularities / deficiencies in compliance with norms of corporate governance and disclosure of information to the board.
 - 2.1. In this regard, SEBI observed that such a situation '*is an extraordinary circumstance which highlights that the affairs of the company were not managed appropriately*' --" and apparently there was no such precedent in recent Indian corporate history.
 - 2.2. On **22nd January 22** – SEBI wrote to say "*company is directed to address the CG issues and all other issues raised by the resigning IDs and ex-Chairperson first, before holding any Board meeting and to file an action taken report*".
 - 2.3. An Action Taken Report (ATR) was filed by the management on **8th Feb 22**.

¹ Which phrase would generally include a reference to the promoter / nominee Directors

² Mr. Thomas Mathew, Mr. Santosh Nayar and CA Kamlesh Vikamsey



- 2.4. This ATR was rejected by SEBI on 2nd March 2022. Permission to hold a meeting without appointment of independent directors was also rejected for the same reason.
3. Since the Company was unable to resolve this legal deadlock for 3 months, certain further defaults arose (for e.g. Adoption of Q3 accounts and holding of stipulated meetings). It was at this stage, on 29th March 2022, that 4 independent directors (including myself) from the parent company (PTC India Ltd.) were inducted onto the board of PTC India Financial Services Ltd. (PFS) A note in regard to the same is given at **Annexure A titled 'Background'**. Our objective was clearly to facilitate a proper enquiry into the said allegations, *'to address the CG issues and all other issues raised by the resigning IDs'* and formulate a speedy and suitable resolution of the matter as the circumstances demanded.
4. I have to sadly note that over the last 8 months, though I have tried my level best to contribute positively towards attainment of this objective; there were significant hurdles in this path due to the approach adopted by the management / Board. The management has consistently taken a view that there was in fact no deficiency in the past. Further, several of the issues cited by the previous IDs continue to persist despite the best efforts of the new IDs. In this letter, I am pointing out some of the continuing irregularities and lapses which have come to my notice during the period that I have been an ID with the Company. I have noted that rather than recognise the problem and attempt to resolve it, the management has refused to recognise that any deficiency of the nature alleged by the resigning IDs exists. The approach adopted by the management had frustrated all attempts by some of the IDs to initiate corrective actions. What finally convinced me to take the step of resigning was the persistent refusal of the management to cooperate with the conduct of the forensic audit and the ultimate conclusion drawn by management that the forensic audit report did not contain any significant findings whatsoever. Despite the forensic auditor pointing out numerous lapses and irregularities; the management continues to insist that there is nothing wrong and in fact, challenges the forensic auditor's understanding and interpretation of certain basic facts. Apart from this, the forensic auditors have in their report **made numerous assertions of 'scope limitations'** and have clearly stated that their conduct of the forensic audit was hampered by the lack of cooperation from the management in submitting information in a timely manner, as well as the numerous technical impediments raised by the management. Notwithstanding the above, issues have been raised by the management; seeking to lay the responsibility for delay in conclusion of forensic audit as also for the delay in adoption of accounts for FY 21-22 with the forensic auditors, statutory auditors, with the Audit Committee (ACB) and some of the independent directors, including myself. This approach has to be noted in the backdrop of the unprecedented situation of 3 Independent Directors resigning together on 19th January 2022. I believed that ensuring that the Annual Results for FY 21-22 with an appropriate audit report was made available to the stakeholders was one of my prime tasks for which I was inducted onto the Board. Therefore, I soldiered on despite the tremendous difficulties faced. I was hoping to see that the entire backlog (June 22 - Q2 & September 22 - Q3 results which are yet to be declared even in December 22) would be cleared before I resigned. However, the approach even after the Annual Results for FY 21-22 were passed by the Board has convinced me that I cannot continue on the Board of PFS any longer.



5. As chairman of the ACB, I have been deeply conscious of the responsibility cast on the audit committee, and have therefore also been in touch with the statutory auditor to ascertain their views in this regard. It would be appropriate to mention that on numerous occasions, the Board attempted to 'direct' the audit committee' to adopt the accounts without compliance of the basic requirements that would be essential for consideration of the financial statements by the audit committee. There are factual and technical issues that rendered such consideration and adoption of the financial statements impossible for the audit committee. However, the broad fact that in none of these meetings of the ACB (except the meeting in mid-November 22 when the ACB actually considered the Annual Financial statements of March 22), was a complete draft audit report made available to the ACB. This fact has been pointed out on record and attention has been drawn to the specific wording of the SEBI LODR which clearly states that the role of the audit committee (as per Reg. 18 (3) r/w Para C (A4) is "*Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board.....*".
6. Apart from the above reasons, there are numerous significant and other contributory factors which made me extremely uncomfortable in discharging my duties as the Chairman of the audit committee and as a member of the board. I have held this position for just 8 months, but within this short period, the sense of unease, a continuous feeling of an adversarial approach in the functioning of the board and the unwillingness on part of the management to consider positively, numerous suggestions made by the independent directors; has eventually led to my deciding to resign as mentioned above. I have also noted that on various occasions, even information that was furnished, was furnished only in response to specific queries and was often not forthcoming in a very transparent manner. There are far too numerous issues that I may mention. Therefore, in order to focus on the significant issues these are given in Para 6 onwards, and other instances are listed briefly in **Annexure B to this letter**]. Having joined the board pursuant to the unprecedented resignation by 3 independent directors; it was hoped that the deficiencies in compliance with corporate governance norms as pointed out by the resigning IDs would be improved upon taking guidance from the incoming 4 IDs. However, the picture that has emerged in the last 8 months has been quite the contrary as can be seen from the illustrative list³ of instances mentioned hereunder.
- 6.1. It is important to note that the forensic auditor in his preliminary findings has indicated certain irregularities which they have pointed out "*may have implications on the financial statements*". The management, however, continues to deny that there are any irregularities and further asserts that there are in any case, no implications on the financial statement and **even challenges the concept of evergreening** of Loans raised in the forensic audit report (despite the forensic auditor having pointed out the references to the same in RBI Circulars and Guidance Note issued by the ICAI).
- 6.2. Some directors also raised questions about the intent and correctness of the statutory auditor expressing a disclaimer on the quarterly results for Q3 of FY 22 disregarding the fact that expressing his professional opinion is the sole prerogative of the statutory auditor.

³ As mentioned – this is only an illustrative list and, in my view, numerous other matters are not mentioned here or in the Annexure B – only to observe some limitation on the length of this resignation letter.



- 6.3. It would be interesting to note that initially the quarterly financial results for **Q3 – Dec 2021** as presented to the audit committee (on **24th & 26th May 22**) reflected a Net Profit of Rs 52 Crores. Upon deliberation in the ACB and considering the presentation / comments of the statutory auditor, the ACB was constrained to not approve of the said accounts until appropriate provisioning in accordance with the standards / regulations was made. After very extended deliberations resulting in a reconsideration of the financial results; the net profit got reduced to Rs. 2 Crores. **Thus, there was a 96% variation** from the figures initially presented by the management to the ACB and the figures ultimately presented by the management before the ACB. These and other related facts which I found highly disturbing were noted in my **email dt 26th May 22 and 30th May 22** which is enclosed herewith as **Annexure C**. This clearly indicates an extremely irresponsible approach of the management in presentation of financial data. It also establishes clearly the need for the ACB to be extremely vigilant. Considering the above facts **the ACB forwarded the Q3 results to the Board without approving or recommending the same.**
- 6.4. Despite having expressed strong disapproval of such an approach when considering the Q3 results; the same approach was adopted by the Management when the annual financial **results of March 22** were presented before the ACB on **11th Nov 22**. In response to various issues raised in the ACB, the management agreed to increase the provisioning by more than RS. 10 crores. Such adjustments clearly undermine the degree of reliability that the ACB could place on the financial statements presented before it by the management.
- 6.5. It is also worth noting that even in an earlier meeting of the ACB before I joined the Board, the consideration of quarterly / annual results had to be deferred for making certain additional provisioning that arose in discussion in the Audit Committee / Board. (Refer ACB meeting of 07-06-2021 deferred to 09-06-2021 to enable necessary additional provisioning to be made).
- 6.6. MEETINGS: Almost all the meetings of the Board and its important Committees were called at short notice a without circulation of proper agenda in advance. The same pattern has continued for 13 further meetings of the Board and 10 ACB meetings held after those cited in para 6.6.2 below.
- 6.6.1. The matter reached a ridiculous level when a meeting of the Board which **considered the forensic audit report** was called at 11:38 am (**22 minutes notice**). At that time, an ACB meeting was already in progress and I had earlier intimated that I had to leave for a personal function at 12:30 pm. Despite this, the ACB extended till 1:10 PM as a result of which, I had no occasion to even see the notice circulated at 11:38 AM. After I (as Chairman) concluded the ACB meeting, and was in transit for attending the said personal function, I came to know that a meeting of the Board had been convened and was in progress. I immediately sent a mail objecting to the same and reserving the right to issue further comments. The relevant mails giving notice without giving the agenda and my **mails dated 13th and 14th November are enclosed as Annexure D**. It is inconceivable that matters of such importance, are discussed without adequate notice to the Chairman ACB and despite my written objections being submitted on 13th & 15th Nov 2022.



6.6.2. I may mention that while one understands 'urgency', all matters of the board and ACB cannot be taken as 'urgent' so casually and is clearly contrary to the norms of corporate governance. That this is a continuing problem over the last 8 months is highlighted by giving for illustrative purposes, data relating only to the meetings held in April & first week of May 22.

- 144th BM - 06.04.2022 (Notice 01.04.2022 & agenda on 05.04.2022 evening)
- 145th BM- 08.04.2022 (No agenda) – Meeting later adjourned.
- 77th ACM (08.04.2022) (Notice on. 7 April22 & agenda on 7 April 22 late night)
- 78th ACM (26.04.2022) (Notice & agenda sent on 23.04.2022 - for appointment of forensic auditor which was under discussion for months)
- 47th NRC (28.04.2022) (Notice on 27.04.2022)- No Agenda was sent
- 48th NRC (05.05.2022) (Notice on 29April & Agenda on 2nd May22)
- 146th BM (05.05.2022) (Notice on 29 April no agenda)- Meeting adjourned.

A proper analysis of the dates of notice / dates of agenda circulation and dates of the meeting for the 7 month period thereafter will show that the situation deteriorated further after May 22.

6.6.3. It is clear that when convening meetings of the ACB/Board citing urgency, the reasons for urgency would have been known to the management. Yet, these reasons were not disclosed in the agenda, which was often made available to the directors just before the meeting.

6.6.4. In a meeting held on **25th June 2022**, there was no agenda in regard to identification of new independent directors. Even if such agenda were considered as urgent, this would be known to the management much earlier and should have been communicated in a timely manner. Despite my objections recorded in the meeting, the Chairman ruled that discussion would continue. As per Code of Conduct of the IDs as prescribed in the Companies Act, 2013, the appointment process of independent directors shall be independent of the company management. This aspect was not complied with in spirit. Further, the process followed was also non-compliant with the company's own laid down policy in regard to calling for IDs to provide inputs. The Company Secretary confirmed that the process being followed was not proper and in violation of SEBI directives which restricted any change in the Board composition. However, on being overruled by the Chairman, he refused to continue in the meeting as well as in the Company since the process adopted was in violation of the SEBI directive. He accordingly pressed for giving effect to his resignation that he had earlier submitted and physically left the meeting at that stage. Chairman however continued the discussion on the subject and the meeting and proceeded to accept the nominations as purportedly recommended by NR Committee and appointed the three new Independent Directors despite the objections of some of the existing IDs. It may be noted that in the instant case all the names were placed by the Management, which is against the basic rule of independence as identification of IDs should be done by the other IDs and not by management.

- 6.6.5. Agenda Notes when provided for NR Committee, did not give complete factual data. Earlier minutes of the N&R Committee and the Board clearly refer to certain process to be followed for re appointment of whole-time directors. This was totally ignored in one of the Meetings. No mention of this was made in the agenda papers. Upon management being questioned, it was explained that it was not within the knowledge of the MD & CEO, when in fact he was party to the proceedings when the process was laid down and this was also part of NR Committee and Board proceedings recorded. When this was pointed out, it was tried to be explained as an oversight. The fact remains that a material factual information was not placed for the consideration of the board in regard to important issues such as appointment of whole-time director.
- 6.7. Other issues raised in the audit committee / Board about the appointment of one of the Big Firms in the country as information system (IS) auditors for FY 22 and thereafter unilaterally replacing them and obtaining the system audit report from some other auditor, have also not been satisfactorily explained till date. It was informed to the ACB that the said firm unduly delayed commencement of IS Audit despite having had meetings and exchanged correspondence with the Company. Despite being asked for specifically, no correspondence, no letter of resignation from the appointed firm or even a single e-mail or letter intimating their removal was presented to the ACB. The role of Information System audit in such NBFC has been duly emphasised by RBI. Despite this, to take the highly unusual step of replacing a reputed firm; and to obtain an audit report from some other firm, making a replacement merely on the basis of telephonic conversations can only be considered as highly irregular. Such actions when viewed in the context of the other surrounding circumstances raise serious questions about the overall facts and figures presented to the ACB.
- 6.8. Various Proposals for grant of facilities to certain borrowers (aggregating to more than Rs. 500 Crores) were put up before the business committee/board despite the fact that these were non-compliant with the extant policy laid down by the board. The ID pointed out that bringing such proposals which were non-compliant with the board prescribed policy was not appropriate. The response to the same was that the policy thus required amendment. Accordingly, the matter was taken to the board and despite the fact that there were 3 different breaches / non-compliance with the laid down policy, the policies themselves were amended to accommodate the said proposals. It was pointed out to the management that the policy prescribed had been formulated as a well-conceived risk mitigation measure. There were limitations prescribed that:
- Aggregate advances beyond a certain level should not be made to a single industry – in order to avoid a concentration risk.
 - In case credit rating was below a prescribed level, the tenure of the advances was not to exceed certain number of years (to avoid the possibility of lower rated borrowers becoming more risky with the passage of time due to possible deterioration in their credit standing)
 - Prescribing a certain minimum interest rate in case certain parameters were not complied with. (This was linked to the concept that in case of higher risk perception- a higher earning should be ensured).



- 6.8.1. The board in its meeting held in Sept 2022, approved certain proposals by relaxing the policy in regard to all the above three parameters. This, in my view **defeats the very objective of the board creating a risk control framework and prescribing a policy in that regard.**
- 6.9. It was also noted that certain other proposals for disbursement were put up for approval despite the fact that some of the fundamental/ significant conditions stipulated while sanctioning the proposal were not complied with. Thus, even though the condition of creation of mortgage on immovable property was not satisfied, the proposal for disbursal was still pursued by the management. Similarly, in another proposal, despite the fact that promoter's equity was stipulated at Rs. 36 Crores and actual equity infusion as date was Rs. 36,000/- (i.e. less than 0.01% of the sanction terms), the proposal was put before the board without meeting such fundamental condition. It was explained that the party had given ICD to meet the extent of shortfall. The fundamental difference between an ICD in terms of repayment and priority as compared to equity contribution of the promoter is obvious to any person familiar with lending operations.
7. It may be mentioned that the above matters related to the period after April 22 and therefore were not mentioned in the forensic audit report; since the management insisted that the forensic audit cannot cover a period beyond March 22.
8. The appointment of the forensic auditor is another contentious issue that remains disputed by the management even though the forensic audit is itself now completed (albeit with significant scope limitations). Soon after the 4 IDs were inducted onto the board - a proposal was mooted by the management in consultation with the statutory auditor that a forensic audit be conducted. Accordingly, management put up an agenda note before ACB which is a matter of record. Acting on the said proposal made by management, the audit committee on 26th April 2022 unanimously appointed a reputed firm of chartered accountants to carry out the forensic audit as per the terms proposed by the management. It was noted by the ACB that the management had already negotiated with a management consulting firm to carry out the said forensic audit. In place of the said management consulting firm, the ACB unanimously decided to appoint another experienced firm of chartered accountants to carry out the forensic audit. As soon as this fact was noted by the management after the conclusion of the ACB meeting (around 8 pm), pushback against the ACB decision started that very night. One ID wrote a mail expressing his dissent, and had to be politely informed that the recording of the meeting clearly showed that the decision was unanimous. Any views taken subsequently by the management or by any director in consultation with the management, cannot be treated as dissent in the meeting, but his changed views may be expressed at a subsequent meeting. It is from this point onward that the non-approval of minutes of ACB became an issue (as is dealt with in greater detail in para B.6). The salient points in regard to the appointment of forensic auditor are mentioned in brief as under:
- 8.1. Despite requests by me - as Chairman ACB- to promptly issue the letter of appointment & proposed scope of the forensic audit, no action was taken by the company, resulting in my communicating the same to the appointed firm.
- 8.2. The company filed a disclosure (as required by SEBI LODR) on 27th April 22 - stating that *"the Company has appointed M/s. XXX LLP (Chartered Accountants) to carry out the third*



- party Independent forensic audit*". This filing with the stock exchange, with the approval of MD, clearly shows that the appointment was effective with the approval of the ACB and the company, and the video recording of the proceedings of the meeting (which have been subsequently furnished to SEBI at their request) will bring out this fact with absolute clarity.
- 8.3. Notwithstanding the above, the management, in subsequent Board & ACB meetings continued to raise issues about validity of appointment, powers of the ACB, determination of scope of forensic audit, reporting responsibility of the forensic auditor etc.
- 8.4. Thereafter, some shareholders filed allegations stating that the procedure adopted for appointment of forensic auditor was incorrect and flawed, and that there was a conflict of interest in the said forensic auditor being appointed etc. Interestingly, these issues raised by the shareholders echoed identical points made in the ACB /Board meetings by one of the IDs. The said allegations were found to be absolutely without substance, and after due deliberation in the ACB were determined to be frivolous.
- 8.5. The combined effect of the above 2 points [Para 8.3 & 8.4] resulted in a delay of not less than 90 days with all the attendant consequences. If the appointment made by the ACB had been acted upon immediately, the entire issue about delay in finalisation of accounts as well as a whole host of consequential penalties other controversies and regulatory actions could have been avoided by the management.
- 8.6. The management stand about when the forensic auditor was appointed and by whom, is full of contradictions as is apparent from the various declarations filed by the management itself. The declaration filed with the stock exchange on 27th April 22 clearly shows that all other stands taken by the management were in contradiction of its own declaration filed for information of stakeholders. It may also be stated that, in a subsequent agenda note circulated to the members of the ACB, the management itself once again made the assertion that the ACB had made the appointment on 26th April 22. However, minutes before the commencement of the meeting, the Acting Company Secretary withdrew the said agenda note citing that there were certain errors therein and substituted it with a modified agenda note. Despite my specific request, the original agenda note has been removed from the software platform on which directors are expected to access the agenda papers securely. The fact that such post facto removal was done and my specific request not complied with till date; also raises the larger question about veracity of data available on the software platform (since only the management & IT team of PFS has post facto access to these matters), whereas the IDs do not have any specific assurance that the data remains unaltered.
9. The above are only some of the glaring issues which show that the board/management persists in laying the responsibility on everyone but themselves. As per the management, the stand taken by the statutory auditor, the forensic auditor, the audit committee and 3 of the 4 independent directors are all defective / erroneous and unacceptable. As mentioned earlier, functioning in a responsible manner as the chairman of the ACB and as an ID has become increasingly difficult over the last eight months considering the large list of matters which in my view are entirely contrary to the norms of corporate governance (See instances above and annexure B). More importantly, it has become increasingly apparent in the manner of conduct of the meetings (which will be seen in the video recordings of the meetings which are to be maintained securely by the

jayant gokhale

Company as per SEBI Regulations); that the IDs are viewed as impediments rather than respecting and considering the inputs offered by the IDs who collectively bring years of experience to the board. It is these factors that have led me to conclude that the resignation from the Board is the only viable option available to me.

10. I therefore resign from Directorship of PTC India Financial Services Ltd. with immediate effect.
11. I hereby declare that all material reasons for my resignation as an Independent Director are mentioned above and confirm that there are no other material reasons for my resignation.
12. I request the Company / Compliance Officer to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading forthwith the intimation to the stock exchanges and to file DIR-12 with the Registrar of Companies. I am also sending a copy of this resignation letter to the Regulators and to the Directors of the Parent Company (since all the Independent Directors of PFS are also Directors of PTC India Limited) & the Registrar of Companies. The company / compliance officer may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,

Jayant
Purushotta
m Gokhale

Digitally signed by Jayant Purushottam Gokhale
DN: cn=Jayant Purushottam Gokhale, o=PTC India Financial Services Ltd., email=jayant.gokhale@ptcfs.com, serialNumber=44376292163415045
Reason: I am the author of this document
Location: jayant signing location here
Date: 2022.12.02 20:39:51
Full Header Version: 3.7.2

Jayant Gokhale.



A. Background

- A.1 On 19th January 2022, 3 very reputed and highly qualified individuals who were then the independent directors of PFS resigned (collectively referred to as resigning IDs), citing detailed reasons which inter alia included allegations of "*serious lapses in corporate governance*" practices of the company, non-sharing of critical information with the board and that too being shared "*with complete disregard to timeliness*" and various other issues. Such a collective resignation by all the IDs of a listed company was to my mind unprecedented amongst listed companies in India. This action whereby the Board did not have a single remaining ID rendered the board, dysfunctional as per the SEBI LODR.
- A.2 On 22nd January 22 – SEBI directed the company "*to address the CG issues and all other issues raised by the resigning IDs and to file an action taken report*". Rather than rectifying the situation, the management was quick to label this as an attempt by the resigning IDs to malign the company. An Action Taken Report (ATR) was also filed by the management on 8th Feb 22.
- A.3 This ATR was rejected by SEBI on 2nd March 2022. Permission to hold a meeting without appointment of independent directors was also rejected for the same reason.
- A.4 Since it was considered necessary to look into the validity or otherwise of the issues raised by the resigning IDs, 4 IDs were finally appointed on 29th of March 2022. I was subsequently requested to also be the Chairman of the Audit Committee.
- A.5 It was therefore understood by us that apart from looking into the issues raised by the resigning IDs, the incoming Independent Directors would facilitate and guide the management in maintaining appropriate standards of transparency, timeliness and good corporate governance.
- A.6 This was essential for the reason that PFS is a listed NBFC, registered with the RBI as an infrastructure finance company. Apart from the company itself being a listed company, it is also the subsidiary of another listed company viz. PTC India Ltd. (PTC) whose promoters include some of the leading government companies in the power sector. Given this lineage, the company is expected to adhere to the highest norms of conduct apart from the regulatory norms prescribed by SEBI and the Companies Act. The three resigning IDs raised issues of serious lapses in corporate governance in the company and inter alia alleging that
- Management was not providing information called upon by the Board/ IDs.
 - Management was disclosing selective or skewed information to the Board/ IDs.
 - Unilateral change in conditions of loans by the management without furnishing the said information to the Board.
- A.7 The hurriedly prepared ATR submitted by the company to SEBI (at their behest) was not found satisfactory by the regulators. It was thus apparent that when we were inducted into the board, we had to address these issues with the highest priority. Based on the company's correspondence and interaction with SEBI, (as also the correspondence with the parent company PTC); the following major steps were undertaken to resolve this impasse.
- In PFS, 4 IDs (from amongst the independent directors of PTC) were inducted as IDs of PFS on 29th March 2022 and the Audit Committee (ACB) and Nomination and Remuneration Committee (NRC) were constituted shortly thereafter.
 - Simultaneously, based on the SEBI communications to PTC, an existing committee (Risk Management Committee (RMC) of PTC) was tasked inter-alia with the job of looking into instances of failure, omission, delay or other deficiencies (if any) in adhering to Corporate Governance norms in the PTC / PFS in the recent past as highlighted by (resigning) IDs of PFS and in the RBI report and further to identify causes of such failure and suggest corrective measures

B. Other instances of Governance Failures leading to my decision to resign.

- B.1 Directions & communications from regulators not properly informed to the Board / ACB.
- B.1.1 I may refer for illustration purposes to the direction re status quo in composition and structure of the board which was not intimated to the Board in proper/ timely manner. It may be mentioned that the earlier IDs had resigned from the board citing exactly similar reasons. While the management contended that there was no substance in their allegations, the similar conduct appears to have been continued even after the resignation and could not be commented upon by the forensic auditor since these actions took place after March 22.
- B.1.2 Even SEBI communication (dt 6th June) which enquired into the audit committee's reasons for "*non-adoption and non-recommendation of the Q3 results by the audit committee*", was not brought to the notice of the audit committee, and we came to know about it only when SEBI issued a follow-up letter addressed to all directors on 28th June 22.
- B.2 Mr. Mohit Seth, then Company Secretary, informed that he ceased to be the company secretary / compliance officer w.e.f. 10th Aug 22 due to "*situation of immense pressure in terms of work and otherwise from inside*". Prior to that, the earlier compliance officer and company secretary, who had been with the company since its formation and had served in this responsible position for more than 20 years also resigned.
- B.3 Mr. Sanjay Rustagi, now signing as CFO; in an earlier **written communication dated 31st May 2022 asserted that he was not the CFO**. He continued to sign papers as Asst VP and these papers were co-signed by the MD, indicating acceptance of this position. A very convoluted explanation was given since neither his discontinuation nor appointment was intimated to the stock exchange and as at date, the said person continues to sign as CFO. The contradictions and lack of clarity in the stand taken by the company have been spelt out in my email sent on 30th May to seek clarifications; and hence not fully reproduced here.
- B.4 Minutes were drafted in a manner that they do not accurately capture the actual proceedings, and reveal a bias in the drafting. For e.g. in an important matter, the proposition agreed upon by the majority in the ACB i.e. the decision is recorded in a single line- without any rationale that was clearly discussed. However, the next paragraph gave detailed reasoning in regard to the views of dissenting directors. This resulted in the rationale for proposing a certain resolution not being captured at all and the minutes not recording the specific issues pointed out by the chairman and majority of the IDs. Reference may also be made in another instance to my emails dt 17th Aug & 18th Aug 22 as well as the Board minutes (144th Meeting- 6th April 22) in regard to appointment of Chairman of Nomination and Remuneration Committee (NRC), which were debated upon in the next Board meeting.
- B.5 Specific directions issued by me as ACB Chairman to the compliance officer, were not being complied with on various occasions; agenda of the ACB meeting was being decided upon and intimated to the members without consultation with me. Apart from this, at times, even the date and timing of the audit committee was unilaterally decided by the management/ compliance officer without prior intimation to me as Chairman of the audit committee. Reference may be made inter-alia to my email dt 18th Aug 22.

- B.6 Minutes of audit committee not being completed / approved was caused as a result of infinite number of corrections/alterations being suggested by one ID. The meetings of the audit committee often lasted for periods ranging from 3 to 6 hours. If the original minutes are not drafted in a clear correct and complete manner; it is not practically possible for me as the chairman to listen to recordings and draft the minutes myself. In any case, this is the responsibility of the company secretary who is a professional and is required to undertake this task in a proper manner. The extensive correspondence on the issue of a single resolution passed illustrates this point with ample clarity. In any case, video recordings of all these meetings are available; and an independent person may be charged with the responsibility of preparation of a complete set of unbiased minutes based on the video recordings.
- B.7 There are numerous other instances that can be cited such as:
- B.7.1 where a resolution which was typed on screen during the course of the meeting and was voted upon in the ACB was not circulated for 4 days despite instructions to that effect from ACB Chairman on the ground that this was awaiting 'approval of competent authority';
- B.7.2 similarly attempting more than once to reconstitute the audit committee despite advice to the contrary from SEBI,
- B.7.3 Relying on a report issued by an external advisors to counter the findings of the forensic audit report, although the said advisors have put so many reservations, disclaimers and limitations that no cognizance of such views can effectively be taken. Their disclaimers reproduced verbatim include inter-alia:
- *"Our findings are based on information and documents to the extent provided to us. For this reason, it is possible that our observations may have been different had we reviewed the whole documentation/ information on a particular matter.*
 - *Our scope did not require, and our work steps were not tailored to identify regulatory/statutory non-compliances.*
 - *We have also relied on the verbal justifications provided by PFS management*
 - *We have relied on the justifications provided by management on the observations stated by forensic auditor.*
 - *.. it is possible that there are factual inaccuracies where we have not been provided with the complete picture/information/documentation on a particular matter by the process owners.*
- In turn, the management states that it has relied upon the consultant's findings to prepare their response to the forensic audit report. Thus, it is not clear who is relying upon whom in this self-serving arrangement. And this advise is used to argue that the conclusions of the Forensic Audit Report are incorrect / flawed.
- B.7.4 taking a stand that where SEBI uses the words "company is advised", it does not amount to a direction which is to be brought to the attention of the Board on the interpretation that the word 'advised' is to be distinguished from the word 'directed', and
- B.7.5 generally seeking numerous legal opinions in order to justify post-facto; the stand taken by management earlier.

However, only to limit the length of this letter I am refraining from detailing any more points and therefore ending the list of illustrative points here.



Annexure C
to resignation letter

From: Jayant Gokhale -Partner G & S <jayant@gokhalesathe.in>
Sent: 30 May 2022 17:52
To: Pawan Singh -PFS <pawan.singh@ptcindia.com>; Vishal Goyal <vishalgoyal@ptcfinancial.com>; Sanjay Rustagi <sanjay.rustagi@ptcfinancial.com>
Subject: Re: Notice for adjourned 79th meeting of the Audit Committee - PFS

To the Managing Director,

PTC India Financial Services Ltd.

Sir,

You will note from the trailing e-mail that upon receipt of the notice for the adjourned meeting of Audit Committee of the Board of PFS (ACB- PFS) on 25th May 22, I had sent a mail (see trailing mail) requesting certain particulars to be placed on record as part of the agenda papers so that the audit committee would have a clear picture of the numerous issues on which there was lack of clarity on the stand taken by the management before the auditors and the ACB.

In response to the above mail; you sent a partial compliance just 5 minutes before the meeting commenced. Since none of the Directors could have perused the contents in a few minutes; during the proceedings of the meeting, I once again requested that these papers be furnished by way of a note on each item so that these may form part of the Agenda Notes for the meeting. While the management explained some of the matters raised in the trailing e-mail; no specific note qua each item was furnished and it was mentioned that this was due to paucity of time to prepare the same. The matters raised in my trailing e-mail were of great significance in considering the PFS financial results for Q3, and in my view there were certain inconsistencies between information furnished and my understanding of the facts of the matter. This was one of the reasons why the audit committee unanimously decided neither to adopt or recommend the Q3 financial results of the company while submitting the same to the Board for its consideration.

There are also other issues which have not been fully clarified, which led to my stating in the previous paragraph that there has been a partial compliance. To illustrate, you have undoubtedly given the particulars of appointment of the CFO and the resolution in that regard. However, I had also asked specifically for confirmation that he continues to function in that capacity which is not been expressly stated. As per my recollection, on a specific query to him about this role as CFO, he had not given a positive confirmation of the same. Even the papers signed by him and forming part of the agenda papers do not refer to him as CFO but give his designation as VP Finance. Similarly, the auditors, presumably on the basis of documentation made available to them by the Management continue to state that "*the company is in the process of appointing an independent firm to undertake forensic audit.*" This despite the fact that the company's filing with the stock exchange on 27th April 2022 clearly states "*the company has appointed M/s CNK & Associates LLP (Chartered Accountants) to carry out the third-party independent forensic audit.*" I am unable to reconcile how both the statements can be correct at the same time. During the proceedings of the committee on 24th May 22, the auditors attention was drawn to the apparently incorrect language / position contained in the draft report. It may be pointed out that in the audit committee meeting held on 26th April 22, the scope of work of the forensic auditor had been finalised basis the agenda note placed



by the management (which also incorporated the suggestions of the statutory auditor). The committee had unanimously noted the urgency of the matter and stressed that the forensic audit be completed within a month. Despite the above, it appears that neither an agenda for modifying the scope of audit has been placed before the audit committee (if there is a perceived need for this) nor the engagement letter issue till date. I request you to kindly clarify the company stand on the matter.

The outcome of the audit committee and the board are now a matter of record. However, I note that there still continues to be a lack of clarity about the facts in respect of which I had made enquiries in my email. While paucity of time could have been a justification when we met on 26th evening; that can no longer be the reason for non-furnishing of the requisite information as requested in the trailing e-mail. I therefore state once again that the management view on said facts needs to be clearly placed on record and this needs to be done, preferably before the audit committee of the parent company (PTC) on 31st May 22 or at the earliest thereafter. In fact, some of the matters do not even require much preparation (e.g. a comparison of the divergence between the management approved figures as presented on 24th and as presented on 26th May). Similarly, within a couple of hours after the adjournment of the ACB on 24th, the auditors have made a specific request for certain information to be furnished. (See Para 6 of my trailing mail; for ready reference copy of the e-mail from statutory auditors is enclosed herewith). I trust the said information would have been furnished to the auditors as requested by them and therefore, the information sought by me should not take time to compile.

I therefore reiterate my request that all the matters mentioned in the trailing mail should be furnished forthwith as per my request dated 26th May 22. I further request that the CFO/Company Secretary also obtain from the statutory auditors a copy of the presentation that they may have prepared for the meeting on 26th May 22 and that too may be furnished. In particular, a proper summarised tabulation of the Q3 results as presented before the audit committee on 24th & the amended figures presented on 26th May 22 showing clearly the head wise variation (In Rs) in the financials as initially and finally proposed by the management for consideration by the auditor and the audit committee. [Refer Para 2.2 of my trailing e-mail].

I await prompt action on the matters mentioned above and in my trailing e-mail.

Regards,
CA Jayant Gokhale,
Chairman, ACB of
PFS India Financial Services Ltd.

On Thursday, May 26, 2022, 02:54:41 PM GMT+5:30, Pawan Singh -PFS
<pawan.singh@ptcindia.com> wrote:

Dear Sir,

With reference to your trailing email, you may understand the company is going with troubleance time and your guidance and support to overcome this situation is very essential for the Company.



In respect of the various points highlighted by you in your email, we would like to submit as under:-

- Copy of the presentation made during the audit committee meeting held on 24th May, 2022 is attached;
- Copy of email received from the Nominee Director- PTC w.r.t to the factual position of report of RMC- PTC, is attached;
- Copy of the Board Resolution and intimation made by the Company to the stock exchanges regarding appointment of Sh. Sanjay Rustagi as CFO is attached.
- We further confirm that Sh. Sanjay Rustagi is at present CFO of the PFS.
- Copy of documents submitted to the statutory auditors pursuant to their e-mail after the Audit Committee Meeting are also attached;

Apart from the above, the other points mentioned by you in you e-mail, we would like to clarify in the meeting of the Audit Committee scheduled to be held on today.

We again solicits your kind guidance and co-operation for the Company.

Thanks and Warm Regards
Dr. Pawan Singh
MD&CEO

From: Jayant Gokhale -Partner G & S <jayant@gokhalesathe.in>

Sent: 26 May 2022 11:59

To: sushamanath@gmail.com <sushamanath@gmail.com>; saksena.sushma@gmail.com <saksena.sushma@gmail.com>; Ramesh Narain Misra <rnmisra1957@gmail.com>; Pankaj Goel <pankajgoel@ptcindia.com>; Vishal Goyal <vishalgoyal@ptcfinancial.com>

Cc: Pawan Singh <pawan.singh@ptcfinancial.com>; Sanjay Rustagi <sanjay.rustagi@ptcfinancial.com>

Subject: Re: Notice for adjourned 79th meeting of the Audit Committee - PFS

To the Managing Director,

PTC India Financial Services Ltd.

Sir,

The proceedings of the audit committee meeting held on 24 May 22 were greatly disturbing to me and quite unprecedented in my years of experience as a professional and as a director. There are certain issues which are at the root of this and after giving deep thought to the matter, I felt that it is appropriate that when we consider the primary agenda for today's adjourned meeting; these issues may be squarely addressed. Therefore this note to you in reply to the notice sent yesterday night, with a request that the company's stand in each of these matters be clearly stated by way of note which may be placed on record as part of the agenda papers. This would enable the audit committee to take an appropriate view on the subject of hand.

1.1. It was noted that the financials as presented before the audit committee of the board (ACB) did not include numerous provisions which in



the opinion of the auditors were necessary for the financial results to reflect the true picture of the company as at 31ST December 2021. Admittedly, you were not in agreement with the views of the auditor. However, it is the minimum standard of good governance that in the event of such differences the same should have been fully brought out in the presentation that was made before the ACB. Unfortunately, it is noted that none of these issues were even hinted at (leave alone addressed) in the presentation made before the ACB or in the comments made by you when the financials were being discussed. It was only upon my specific enquiries in the course of the meeting in regard to the provisioning that these issues came to the forefront.

1.2. It is also worth noting that the impact of the provisioning as desired by the auditors was converting a net profit into a net loss which had been brought out with absolute clarity even though you may not have been in agreement with the same.

1.3. It will also noted that when Mr Rustogi was specifically asked about his views on the matter, he agreed with the view expressed by the auditor that provision was necessary. It is highly irregular that the finance team / CFO and the management are expressing different views before the ACB leading to totally divergent results.

1.4. Even a simple matter such as 'unadjusted differences' as presented by the auditors was not agreed to by the management and lead to some discussion. By definition 'unadjusted differences' in the financial results are items which are admittedly in error but not be material enough to warrant adjustment in the duly prepared statements. The fact that there are different viewpoints when coming before the ACB reflects very poorly on the data presented to us and would definitely undermine our confidence in the financial results.

2. The net result of all the above matters was that after more than six hours of discussion in the ACB, we were unable to clear a single item in the agenda (out of the 15 put up - incidentally without prior consultation with me as chairman). I hope we should do better today. However in order to facilitate a quick consideration of the matters before the ACB I would request you to kindly do the following.

2.1. Put up a note stating clearly whether all the recommendations of the auditor have been incorporated into the financial results or whether there are still some points of deviation which the management believes that the auditors conclusions / recommendations are not appropriate / need not be followed.

2.2. The note should also mention in value terms (Rs) the deviation from what was presented on 24 th, what is placed for adoption today and which recommendations of the auditor have not been agreed to by the management

2.3. The copies of the presentation made by the management on 24th may be circulated forthwith to the members of the ACB, and if any fresh



presentation is being made today - copy of the said presentation may also be forwarded at an appropriate time.

3. It was also noted that the draft (disclaimed) report furnished by the auditor - which gave a disclaimer on the financial results mentioned two points which to my mind were factually incorrect. On being asked the auditor stated that his statements are based on management representation in this regard.

3.1. It was noted that the auditors had mentioned that "*the company was in the process of appointing a forensic auditor*". As you are aware this is factually incorrect. The forensic auditor has already been appointed and his scope has also been specified by the ACB. The fact of appointment of CNK Associates LLP (CAs) has been also communicated to the stock exchanges. However, if the company or Chairman / other member of the ACB is having a different view on the matter you are requested to state explicitly the said stand so that the issue is appropriately reflected in the auditors remarks and is also suitably considered by the audit committee in considering the Q3 financial results. In order to avoid any lack of clarity in the matter - I request you to kindly state the stand of the company in the note which you may circulate before we consider the Q3 financial results.

3.2. The appropriate status of the report of the RMC of PTC may also be clearly stated that since I found that there was an inconsistency between the factual position as known to me and what was being mentioned by the statutory auditor in his report. You will appreciate that in matters of this nature, the disclosures have not only to be factually correct but also **factually correct and complete**. To my understanding, what was informed to the auditor was probably correct but not complete and therefore in my personal view are deficient disclosure. I request you to kindly place on record what is the correct position as on date so that the auditor and ACB are in harmony in their understanding of the factual matrix of the matter.

4. There is also the issue about who takes ownership for the financial results. There was some discussion about whether the CFO is in fact a CFO or not. While the management seems clear that he is, he has not clearly stated as such when asked. It is also noted that on numerous documents forming part of the agenda (which is apparently been cleared by you) of the same meeting, the said person is designated as VP Finance. You will appreciate that this is a regulatory matter and therefore you may request your secretarial Department took place on record the specific resolution about his appointment as CFO, the date from which he took charge and a confirmation from you that he continues to hold charge as CFO and is therefore part of the key management personnel of the company. The I believe that would have also been reported to the stock exchanges and the same may kindly also be cited.

5. In my note sent to you on 23rd (the day before the audit committee meeting), I had also requested you to kindly provide on record suitable justification for the audit committee to consider making a departure from its view taken in the earlier meeting that it is not advisable to accept a disclaimed review report. I had specifically requested that you may clarify what underlying facts have changed



so as to lead to a change to being taken by the ACB. Undoubtedly, you placed on record a reply which mentioned that subsequent to that meeting, you have been facing increasing pressure from credit rating agencies/lenders in regard to disclosure of results. While I agree that this could be a valid consideration, in my view it is a fairly general statement and for any committee to depart from its earlier stand a more specific justification with facts and figures would be desirable. However, this being a subjective matter, I leave it to you whether you would want to substantiate this aspect in the note that am requesting for today.

6. I note that immediately after the conclusion of our ACB meeting 24th May 22, the auditor has addressed an e-mail seeking specific inputs by way of a write-up on various matters of provisioning in certain specific entities that were discussed in the course of the meeting on 24th May. If those notes have been provided, a copy of those notes may be provided to me / audit committee members so that the stand taken by you in Point 2 above would stand clarified.

Request you to kindly do the needful.

Regards,

CA Jayant Gokhale,

Chairman, ACB of

PFS India Financial Services Ltd.



Annexure D
to resignation letter

From: Jayant Gokhale <jayant@gokhalesathe.in>
Sent: 15 November 2022 15:24
To: 'Mohit Sethi' <mohitseth@ptcfincial.com>; rajiv.mishra@ptcindia.com; 'Pawan Singh -PFS' <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; saksena.sushma@gmail.com; pankajgoel@ptcindia.com; 'Rahul Agrawal' <RahulAgrawal@mksa.in>
Cc: 'Lalit Sethi' <lalit.sethi@ptcfincial.com>; 'Rahul Agrawal' <RahulAgrawal@mksa.in>
Subject: Reply to Board Resolution approving certain resolutions in my absence.

To,
The Chairman,
The Managing Director &
Acting Company Secretary of
PTC India Financial Services Ltd.

This has reference to the board meeting held on 13th November at approximately 1:30 pm and resolution passed therein. I also draw your attention to my email sent at 3:16 pm when I found out that a board meeting had been irregularly convened and was in progress. The said email is given here under.

I received yesterday (14th Nov) afternoon, the resolution passed by the Board members at the said meeting. As mentioned in my email, that I had strong objections to the manner in which such meeting was conducted, and the fact that in my view, **such meeting was invalid ab-initio**. I am also informed that certain other directors had also objected to the said meeting. I also have objections to the contents of the resolution that have been circulated yesterday (as the record of what was decided in the irregularly convened meeting of the board on 13th Nov 22). I state that in the event that you wish to reproduce the said resolution, or any part thereof as part of the decision taken by the board, this email recording my objections should also be included as a part thereof. I further state that this conduct is in continuation of the violations of proper governance norms, especially because you are deciding upon matters that have a bearing on the financial statements for the financial year ending March 22 being adopted without proper notice to me as Audit Committee Chairman.

Facts:

- A. On 13th November 22, I had chaired the meeting of the audit committee which commenced at 9:30 am and continued a little bit past 1 PM. Even before the convening of this meeting of the audit committee, and at numerous times during the meeting; I have drawn attention of the members and the management that I had to leave for a wedding at 12:30 pm (and in order to conclude the business of the audit committee- I stretched that time by half an hour). It was made amply clear that I was not available after that time; and at that point of time even the MD who happened to be attending as invitee concurred with my need to leave forthwith at 1 PM. At that stage no mention was made of a board meeting being convened immediately thereafter.
- B. I later on found out that a board meeting was convened, on the basis of a notice issued while I was busy conducting the audit committee meeting. The notice for the 158th meeting was issued at **11:38 am - calling for meeting at 12 -noon**. This absurdly short notice is itself indicative of the manner of functioning. Further, since the audit committee was still in progress till 1 PM; a further **notice was issued at 1:11 pm rescheduling the meeting to 1:30 pm** on the same day. Therefore, whether one considers the original order rescheduled meeting notice; you will note that in either case the notice time was less than 30 minutes.

In light of the above, my views in this regard are as under:

1. It may be noted that I have **never consented to having a meeting at such short notice**. The notice given in this manner, and not brought to my attention even 10 minutes before I left after concluding the audit committee meeting is defective notice



and in my view; the meeting is therefore invalid and all the **decisions taken therein are void and inapplicable.**

2. The email from the Company Secretary (given in trailing email) - mentions that I have been given leave of absence. I may point out that I have never applied for any leave of absence. As mentioned above, I was not even aware of the fact that meeting was being then convened and held. Therefore, the question of my seeking leave of absence does not arise; and unilaterally granting me leave of absence indicates the attempt to regularise a fundamentally invalid meeting.
3. The resolution purportedly passed on that day inter-alia records, *The management is directed to submit the report of Forensic Audit with management comments, E&Y remarks, legal opinion by Former CJI, legal opinion of CAM and former Director (Finance) of PFC - Mr. Nagarajan Radhakrishnan and this Board resolution to SEBI.* I have strong objection to such superfluous documents being uploaded as it amounts to misleading the investor community. In fact, subsequent to your having passed such resolution, the directions given by the stock exchanges clearly tend to support my view. Therefore, even if you consider that the said resolution is valid; I submit that the indication from the stock exchange is very clear: that these other documents should not be provided in conjunction with the forensic report. Management may seek whatever inputs that it desires in regard to the forensic audit report. However, such opinions are only part of the internal records of the company and cannot be used in the manner proposed. I therefore record my objection to this part of the resolution, and if you insist that it is resolution so passed - you should record my dissent thereto as clearly stated my email sent when I came to know about the conducting of such invalidly convened meeting.
4. As regards the paragraphs
 - i. *CNK has not identified any event having material impact on the financials of the Company. Hence not quantified.*
 - ii. *CNK has not identified any instance of fraud and diversion of funds by the company.*

I submit that the said conclusion was reached without appreciating the inputs that I could have provided, and perhaps had I been given an opportunity to do so, the views of other directors might have been different. In fact most of the members of the board as well as the MD who was present as an invitee at the audit committee meeting were aware that the discussion in the audit committee clearly brought out that there were numerous instances of operational irregularities that were considered in the course of the discussions in the audit committee. I state that while there is no quantification of material impact on the financials of the company for the financial year 21-22, this could be because of numerous reasons. The first and foremost is that the forensic auditor has clearly expressed scope limitations which would have prevented him from giving more specific details in regard to possible material impact. Further, that there may be no material impact for the financial year 21-22, does not necessarily mean that there never was or that there is absolute certainty that there never will be an impact on the financials in the future - arising from the numerous irregularities which have been clearly mentioned in the forensic audit report. The scope limitations mentioned by the Forensic auditor also give indication that while a conclusion of fraud may not have been reached on the basis of evidence made available; such conclusion cannot be absolutely ruled out. In fact a proper examination with full records being accessed, may result in some of the so-called 'irregularities' being considered a fraud, but in absence of adequate evidence being made available, the forensic auditor has possibly refrained from reaching such definite conclusion.

5. Under the circumstances, having recorded my objections as above, I state that in the event that you wish to make any reference to such resolution, my objection mentioned above may also be brought out along with the same. In any case, since the stock exchanges have directed that the forensic audit report needs to be uploaded separately



and has mentioned only 2 matters that may be separately disclosed by stating as under

“Company shall disclose the below as a separate announcement:

1. PFS Management Response
 2. Remarks issued by Ernst & Young LLP (independent advisors to the management in relation to the forensic audit)”
6. I therefore emphasise that the stock exchange has not given liberty to the management to include any other statement as is proposed to be done by the above resolution. Assuming, for the sake of argument that the resolution passed in the meeting was valid; the decision to upload the other documents has now been rendered infructuous by the subsequent direction given by the stock exchange. I insist that you take note of the same and act according to such direction by the stock exchange. I therefore request you not to upload any document other than those mentioned above. Any act, done in violation of the will in my view be considered to be in breach of the said direction and I therefore request you to desist from doing the same.

Regards,
Jayant Gokhale.
Independent Director.

From: Jayant Gokhale <jayant@gokhalesathe.in>
Sent: 13 November 2022 15:13
To: Mohit Seth <mohitseth@ptcfinancial.com>; rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; saksena.sushma@gmail.com; pankajgoel@ptcindia.com; Rahul Agrawal <RahulAgrawal@mska.in>
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>; Rahul Agrawal <RahulAgrawal@mska.in>
Subject: Re: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Sirs,
I am shocked to learn that the Board meeting earlier scheduled at 12 noon is now called at a time when I had informed (since yesterday - before issuance of notice) that I will be in transit after 1:30 pm.
I am also informed that in my absence the Board is considering the Forensic Audit report. I strongly protest against such action and holding such meeting and state that I have never given consent to such meeting at such extremely short notice. I therefore reserve the right to send any comments later on. Further In case a consideration of the report includes adoption or rejection of the forensic audit report- It may be noted that my view given in the Audit Committee to accept the Forensic Audit report in full needs to be taken on record.

Regards
Jayant Gokhale
cc Stat Auditor for information.

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From: Mohit Seth <mohitseth@ptcfinancial.com>
Sent: Sunday, November 13, 2022 1:11 PM
To: rajiv.mishra@ptcindia.com <rajiv.mishra@ptcindia.com>; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com <sushamanath@gmail.com>; rnmisra1957@gmail.com <rnmisra1957@gmail.com>; jayant@gokhalesathe.in <jayant@gokhalesathe.in>; saksena.sushma@gmail.com <saksena.sushma@gmail.com>; pankajgoel@ptcindia.com <pankajgoel@ptcindia.com>
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: RE: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Madam / Sir

The Board is rescheduled for 1.30 PM, same link will work

Regards
Mohit Seth

From: Mohit Seth
Sent: 13 November 2022 12:19 PM
To: rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; jayant@gokhalesathe.in; saksena.sushma@gmail.com; pankajgoel@ptcindia.com
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: RE: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Madam/ Sir ,

With reference to the trailing e-mail, we would like to mention that the duly approved agenda for 159th Board Meeting of PFS to be held on 13th November, 2022 at 12:00 Noon, has been uploaded on the e-meeting software.

You are requested to kindly make it convenient to attend the meeting.

Regards
Mohit Seth
Acting CS

Agenda items for the Board Meeting

Item No.	Agenda items for the Board Meeting
159.0	Leave of absence
Agenda Items to take note	
159.1	
159.9	INTERMEDIATE ITEMS ARE NOT REPRODUCED TO PRESERVE CONFIDENTIALITY
159.10	
Any other business with the permission of Chair.	



From: Mohit Seth
Sent: 13 November 2022 11:50 AM
To: rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; jayant@gokhalesathe.in; saksena.sushma@gmail.com; pankajgoel@ptcindia.com
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: RE: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Sir / Madam,

With reference to the trailing e-mail, please find below the link of the VC facility for 159th Board Meeting of PTC India Financial Services Limited to be held on Sunday, 13th November, 2022 at 12:00 Noon

<https://bluejeans.com/966871158/7469>

You are requested to kindly make it convenient to attend the meeting.

This is issued with approval of competent authority.

Regards
Mohit
Acting CS

From: Mohit Seth
Sent: 13 November 2022 11:38 AM
To: rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; jayant@gokhalesathe.in; saksena.sushma@gmail.com; pankajgoel@ptcindia.com
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Sir/Madam,

May please find below notice of 159th meeting of Board of Directors of PFS is scheduled to be held on Sunday, 13th November, 2022 at 12:00 Noon at Board Room, PTC India Financial Services Limited, 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi – 110066 issued on direction of chairman and approval of management.

Kindly make it convenient to attend the meeting.

Regards
Mohit
Acting CS





**Ref. No. CoS/PFS/BM-159th
November, 2022**

Date: 13th

Dr. Rajib K. Mishra, Chairman, PFS

Dr. Pawan Singh, MD & CEO, PFS

Smt. Sushama Nath, Director, PFS

Sh. Ramesh Narain Misra, Director, PFS

Sh. Jayant Purushottam Gokhale, Director, PFS

Sh. Devendra Swaroop Saksena, Director, PFS

Sh. Pankaj Goel, Director, PFS

Subject: - 159th Board Meeting of PTC India Financial Services Limited (PFS)

Sir/Madam,

We would like to inform that 159th meeting of Board of Directors of PFS is scheduled to be held on Sunday, 13th November, 2022 at 12:00 Noon at PTC India Financial Services Limited, 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi – 110066 at a shorter notice on the instruction of the Chairman. The agenda for the meeting shall be sent separately.

The video- conferencing facility shall also be available for the meeting.

Kindly make it convenient to attend the meeting.

Thanking you, With Best Regards

**(Mohit Seth)
Acting CS**



Ahmedabad
2 Dec 2022

The Board of Directors,
PTC India Financial Services Ltd.
New Delhi

Gentlemen,

The Board of Directors of PTC India Financial Services Ltd. had become dysfunctional after resignation of all independent directors in January, 2022. The Board of Directors of PTC (India) Ltd., the holding company, seconded four independent directors, including myself, to the Board of Directors of PTC India Financial Services Ltd., with the express mandate of bringing the Company back on even keel. The task ahead of us was a challenging one, given the fact that despite having a loan book of approximately Rs.10,000 crores, PTC India Financial Services Ltd. functioned with minimal staff, and only one whole-time Director, since 2018.

I am happy to report that we, the Independent Directors, have successfully executed our mandate, in so far as:

1. The annual accounts for FY 2021-22 have been finalised;
2. An independent Forensic Audit has been completed which has looked into the circumstances of the resignation of the erstwhile independent directors, identified various defective governance practices and also pinpointed some possible instances of evergreening of loans;
3. A process to rectify the various governance flaws pointed out by the Forensic Auditor has been set in motion;
4. Process for recruitment of Director (Finance), a post lying vacant since 2018, has been initiated;
5. A reputed accounting firm has been identified to replace the retiring statutory auditor;
6. Three eminent persons have been selected and appointed as independent directors.

I would like to bring on record that the above tasks, particularly those at Sl. Nos. 1 to 3, have been accomplished in the face of considerable opposition by the management, which apparently, did not want the forensic audit to proceed. I have put the foregoing facts on record for the benefit of the shareholders, regulators and incoming independent directors.

I am resigning from the Board of Directors of PTC India Financial Services Ltd., with immediate effect. I would request the Board to kindly accept my resignation. The reasons for my resignation from the Board of Directors of PTC India Financial Services Ltd., are summarised below:

- 1) PTC India Financial Services Ltd., follows deficient governance practices, which are evidenced by the following:
 - A) contents of the resignation letters of Independent Directors in January, 2022
 - B) findings of forensic audit conducted between July 2022 and November 2022
 - C) non-constitution or delayed constitution of statutory committees that have resulted in penal actions by regulators;
 - D) not holding timely meetings of statutory committees that have resulted in penal actions by regulators;



- E) calling meetings of the Board of Directors and committees at short notice without disclosing the agenda.
- 2) The management has adopted a counterintuitive definition of 'evergreening' to justify its past lending practices, which may attract unjustified liability for Independent Directors in the future.
 - 3) The atmosphere in the Boardroom of PTC India Financial Services Ltd. was not conducive to healthy discussion, with the management sometimes pushing some agenda against the directions of regulators e.g., changing the constitution of a committee after being directed not to do so. Also, the management often, unilaterally, at a considerable cost obtains expert opinions to counter dissenting opinions, which is not a desirable option for any company, let alone a financially challenged one.

I have discussed my resignation with two of my co-directors viz. Mrs. Sushama Nath and Sri Jayant Gokhale. I completely agree with the views expressed by Sri Jayant Gokhale in his resignation letter dated 2 December 2022. Sri Jayant Gokhale, did great service to the company as a director and more particularly, as the chairman of the Audit Committee from April, 2022 to November, 2022.

With the induction of three independent directors, I can resign from the Board of PTC India Financial Services Ltd., without causing any loss to the Company, and I am doing so.

I confirm that the reasons given above are the only material reasons for my resignation and there are no other reasons behind my decision to resign.

With salutations and good wishes,

Yours faithfully,
DS Saksena



5th December 2022

To,
The Board of Directors
PTC India Limited
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi - 110 066

Sirs,

**RE: Letter of resignation from my position as Independent Director
on the Board of PTC India Limited ("Company" or "PTC")**

I had the privilege to serve on the PTC Board for more than 4 years, of which for a significant part of the tenure I have also been the Chairman of the Audit Committee (ACB). My experience with the company and its management has for most part been very satisfying and that is why I agreed to continue after my initial three-year term. It is only in the last 12 months that certain issues of governance, compliance and management in PTC India Financial Services Ltd. (PFS) – a material subsidiary of PTC, came to the fore. Since then, for reasons briefly enumerated below, approach of the PTC management and the atmosphere in the board has been significantly vitiated. The company (PTC) has seen a steady downslide in terms of approach towards the independent directors, issues of governance and compliance. I have, therefore taken a call to resign from the Board due to the prevalence of certain factors which I, believe, have in the past year constrained me from contributing meaningfully to the proceedings of the Board. Some of these factors are enumerated below:

1. I have on 2nd Dec 2022, resigned as an Independent Director (ID) from the board of PFS. (referred to as 'PFS Resignation'). In furnishing this resignation, I have expressed strong reservations about the compliance with corporate governance norms by PFS. I have also recorded my detailed reasons why I have been disturbed by an attitude of denial in regard to the forensic audit report furnished by a highly competent professional. Since those reasons for my resignation from PFS would now be part of public record, I am not repeating the same over here¹. The salient point to note is the view I had expressed in the said PFS resignation, that such blatant disregard / non-compliance with regulatory requirements, became possible due to the fact that the PTC Board² did not take a proactive approach to guide its subsidiary

¹ it is assumed, that this resignation letter would be uploaded to the stock-exchanges by PFS as is required by the LODR.

² Where the 5 IDs referred to later were in the minority



PFS to address the shortcomings in governance pointed out by the 3 resigning IDs in January 22 and in dealing with the subsequent forensic audit and its findings etc., In fact SEBI in its e-mail dated 22 Jan 2022 observed "*Since nominee directors of PTC India Ltd occupied important positions on the Board of PFS, it is inferred that PTC India Ltd. had a major say in the functioning of Board of PFS, particularly in ensuring best corporate governance practices.* Thus, considering the approach of the PTC Board in that regard, it is but natural that my confidence in it has been shaken. As Chairman of the ACB of PTC, in considering the quarterly financial results, annual financial statements, matters of IT systems and internal financial controls, I have to rely significantly on the inputs from management of PTC. Since the bond of confidence in their approach and judgement has been greatly impaired; I do not believe that I could deal with the said responsibilities with the necessary sense of assurance. Therefore, it is best that I resign forthwith from the Board and make way for some other Independent Director who could better shoulder this responsibility on the basis of assurances provided to him by the management in whom he may have the necessary faith and confidence. Accordingly, I have decided to resign from the board of PTC with immediate effect.

2. Arising out of the directions of SEBI, the Risk Management Committee (RMC) of PTC was tasked with looking into the issues raised by the resigning IDs. The RMC was inter- alia to look into matters of corporate governance. Sadly, the functioning of the RMC itself revealed non-adherence to the norms of corporate governance, (as was pointed out by me on record on more than one occasion). Meetings were scheduled without regard to convenience of members, citing urgency. However, even after the report was submitted, it took more than 6 weeks for the Chairman to take necessary consequential actions.
 - 2.1. The 4 member RMC committee reached diametrically opposite conclusions. Two members concluded that the actions of the management were by and large acceptable; whereas two other members (including myself) concluded, that the managing director (MD) of PFS had acted in defiance of the decision of the board. For this and other reasons, these two members concluded that there was failure to comply with corporate governance norms.
 - 2.2. Without getting into details of the unsatisfactory nature of the discussion in the board in this regard; in my view, the proceedings in the RMC & Board in considering this RMC report were not fair and proper. Based on the said discussion, the board accepted the conclusion of the formerly mentioned two members by a majority of 7: 5 votes. It is pertinent to point out that, all five votes in minority were by IDs, while the majority included six votes of management and promoters. This clearly indicates that all but one independent director had a very different perception on these matters from the management's view.



However, when viewed in conjunction with my decision to resign from the PFS Board, and the matters mentioned in Para 1 above, my decision to resign forthwith from PTC is further justified due to my belief that the entire effort of the management seems to be focused on establishing that "all is well"; notwithstanding the ground realities.

3. It is pertinent to note, that the RMC report adopted by the Board by majority on 31st May 2022 recognised that there was need for certain improvements in the corporate governance processes. In the 6 months that have passed since then, two meetings of the Board of PTC were held on 24th June & 5th July 2022. Thereafter, for a period of 120 days i.e. upto 2nd Nov 2022 no meeting of the board was called. In the 3 Board meetings held since May 22, management did not feel it necessary to even initiate or discuss any such remedial measures (including those suggested by the report approved by majority by the board). This failure on part of the management to initiate even the most fundamental step of discussing proposed improvements despite having had more than 6 months since the adoption of the RMC report, leads me to believe that there is no desire to take corrective measures. This is in fact consistent with the stand taken by the management (even in matters of the subsidiary -PFS), that there was in fact nothing wrong, and therefore there is no need for corrective action. Since this is absolutely contrary to the views expressed by me in the RMC report, it provides a further reason for me not to continue on the board of PTC.
4. As ACB Chairman, I had objected to the approach of adopting standalone results and disclosing the same to the public, which amounted to a non-compliance with Regulation³ 30 (6). This was duly brought out by the IDs in the ACB and in the board meeting. However, the management chose to rely on a legal opinion, which in fact confirmed that standalone accounts being furnished does not amount to Compliance with Regulation 33(3). However, the legal opinion further stated that there was no bar to PTC disclosing its standalone results, even though this did not mitigate the non-compliance with Regulation 30(6) and consequential penalties. The view expressed by me, that such interpretation would never be acceptable to the regulators, since such an approach would open the floodgates to companies disclosing 'selective market sensitive information' to the investors, which could be used in the future for price manipulation. This view however did not find favour with the Board. The above matter is cited only to illustrate the increasingly casual approach to regulatory compliance; which gives me a further reason for me not to continue on the board of PTC.

³ Regulation refers to SEBI LODR Regulations.



5. A trend has now developed in the Company wherein almost all the Board and Committee meetings are called at short notice and agenda papers are circulated with even shorter duration before the meetings. This brings a situation where one finds it difficult to adjust one's calendar and this at times even leads to stain on personal commitments or seeking a Leave of Absence (a situation I would never like to be in) and thus in some way also blemish my records as an Independent Director. This also leads to adequate time not being available to read and internalize the agenda.
6. I have also observed a very high turnover of the fellow directors on this board. Perhaps this may be due to the very composition of the board with a high representation of institutional nominees, who keep on rotating on account of their own organizational movements. This however often brings a situation when continuity in pursuing and logically concluding certain important agenda items is lost and time and efforts get diverted to familiarise the new entrants with the matter. This has also many times, resulted into introduction of new stance thus reversing the positions already discussed and agreed by the previous set of people. To sum it up it leaves one with a feeling of running at the same place without moving any further and a sense of helplessness in augmenting value for various stakeholders.
7. This has also resulted into some of the very important action points getting delayed inordinately having long term adverse implication for the Company. Some instances are –
 - 7.1. Company is now without a regular CMD since _6TH Nov 2021⁴. In the board meeting held in _May 22, it was decided to initiate the process of onboarding new CMD and conclude it in a time-bound manner. The matter is still open with the process just initiated and observations of the IDs on certain modifications in the process itself and in adopting a uniform eligibility criteria not being taken into account.
 - 7.2. The approach of the PFS Management (with the full support of the PTC nominees on the PFS Board), of not fully cooperating with the forensic auditor, delaying / impeding progress of forensic audit inordinately and disputing the findings of the forensic auditor on every matter; has resulted in considerable delay in adoption of the PFS quarterly results and the annual accounts for the year ended March 22. This has led to significant compliance defaults on part of PFS, and its cascading impact and threat of regulatory action even in PTC. Even though now these annual accounts have been adopted, and quarterly review results for Q1 & Q2 of FY 22-23 are about to be pushed through; the statutory

⁴ The current incumbent has been holding charge for more than one year as Interim CMD



jayant gokhale

auditors observations are extremely adverse. The statutory auditors of PFS had to disclaim the results of Q3 of FY 21-22, leading to adverse opinion of Statutory Auditors of PTC for the same Quarter. The modified opinion (containing numerous qualifications and emphasis of matter in the statutory audit report) for annual accounts for FY 2021- 22, for PFS as well as the consolidated accounts of PTC for FY 2021- 22, are extremely sweeping and adverse. While the limited objective of complying with filing requirements will be achieved; considerable damage has been caused to the image of PTC (which is per the CFO never had a qualified report in the past). The long-term cost of such qualifications / adverse remarks in the audit reports continuing for a full 4 Quarters is incalculable, and in my view was largely avoidable, if the IDs views had been more willingly accepted by the management in PFS & PTC.

8. Considering all of the above factors and those mentioned in my 'PFS Resignation' (to the extent applicable here) I resign from Directorship of PTC India Ltd. with immediate effect.
9. I hereby declare that all material reasons for my resignation as an Independent Director are mentioned above and confirm that there are no other material reasons for my resignation.
10. I request the Company / Compliance Officer to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading forthwith the intimation to the stock exchanges and to file DIR-12 with the Registrar of Companies. The Company / Compliance Officer may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,

Jayant
Purushotta
m Gokhale

Digitally signed by Jayant Purushottam Gokhale
DN: cn=Personal,
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c5062a998e5c9407a80c5f01b5e5,
PostalCode=400028, S=Maharashtra,
SERIALNUMBER=4c97b679921c0441ba95062
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9, CN=Jayant Purushottam Gokhale
Reason: I am the author of this document
Location: your signing location here
Date: 2022-12-05 16:12:12
Foxit Reader Version: 9.7.2

Jayant Gokhale.





S. S. Mundra
Former | Deputy Governor, RBI
CMD, Bank of Baroda

Annexure D.2

December 5, 2022

The Board of Directors,
PTC India Limited.
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi - 110 066

Dear Sirs,

**Letter of Resignation from my position as
Independent Director on the Board of PTC India Ltd. ("Company" OR "PTC")**

I had the privilege to join the PTC Board with effect from 1st July 2020 as an Independent Director for a term of three years. I have, however, now taken a call to resign from the Board due to the prevalence of certain factors which, I believe, constrain me from contributing meaningfully to the proceedings of the Board. Some of these factors are enumerated below :

1. A trend has now developed in the Company wherein almost all the Board meetings are called at short notice and agenda papers are circulated with even shorter duration before the meetings. This brings a situation where I find it difficult to adjust my calendar and this at times even leads to seeking a Leave of Absence (a situation I would never like to be in) and thus in some way also blemish my records as an Independent Director. This also leads to adequate time not being available to read and internalize the agenda.
2. I have also observed a very high turnover of the fellow directors on this board, may be due to the very composition of the board with a high representation of institutional nominees, who keeps on rotating on account of their own organizational movements. This however often brings a situation when continuity in pursuing and logically concluding certain important agenda items is lost and time and efforts get diverted to familiarise the new entrants with the matter. This has also, many times, resulted into introduction of new stance thus reversing the positions already discussed and agreed by the previous set of people . To sum it up it leaves one with a feeling of running at the same place without moving any further and a sense of helplessness in augmenting value for various stakeholders.

1902-B, Indiabulls Blu, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013
email| mundra.exdg@gmail.com ; contact| +91 9167042271



2...

3. It may be recalled that post resignation of 3 IDs from the Board of PFS and following the SEBI directions, the RMC of PTC was entrusted with the task of looking into the issues raised by the resigning IDs. The four member committee had reached a split conclusion with two members concluding the actions of the management were by and large acceptable while other two members reached to an opposite conclusion. As a result, report presented to the PTC board was divided into two distinct sections containing these differing views. Board of PTC, while considering this report in its meeting dated 31st May 2022 accepted the conclusion of 2 members (by and large acceptable ones) by a majority of 7 to 5 votes. Majority 7 votes were from the management/promoters and one ID. All 5 minority votes were represented by the remaining IDs. We abided by the majority view in accordance with the normal corporate practice.

While minority view was not accepted by the board but it was conceded that there was need for certain improvements in the Corporate Governance processes. Thereafter 2 board meetings were held on 24th June 2022 and 5th July 2022 and then no meeting was held almost for 4 months till 2nd November 2022. Leave alone any action on the agreed parts of the report, even no discussion was initiated on this report in this passage of 6 months. It leaves me with an uncomfortable feeling that the presence of the IDs is merely regarded as reluctant acceptance. This approach doesn't bode well for the long term interests of the Company and adds to my feeling of not being able to contribute meaningfully to the board oversight on the affairs of the Company.

4. This has also resulted into some of the very important action points getting delayed inordinately having long term adverse implication for the Company. Some instances are -
 - a. Company is now without a regular CMD since 6th November 2021. In the board meeting held on 31st May 2022, it was decided to initiate the process of onboarding new CMD and conclude it in a time-bound manner. The matter is still open with the process just initiated and observations of the IDs on certain modifications in the process itself in adopting a uniform eligibility criteria are not taken into account.

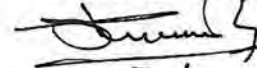


A handwritten signature in black ink, appearing to be "AS".

3...

- b. I am constrained to form a view that an unbiased stance from PTC nominees on PFS board would have prevented the delay in finalising PFS accounts having spillover impact on PTC by way of failure on regulatory compliance of releasing its consolidated accounts. These delays are now remedied but with negative remarks from the Statutory Auditors; something which I believe, never happened in the past. This reputational dent would have been avoidable with a more pragmatic and consultative approach.
5. I, therefore, think it prudent to step down from the board with immediate effect and pave the way for new directors who may deal with these challenges with better acumen than I have been able to do.
6. I hereby declare that all material reasons for my resignation as an Independent Director are mentioned above and confirm that there are no other material reasons for my resignation.
7. I request the Company / Compliance Officer to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading forthwith the intimation to the stock exchanges and to file DIR-12 with the Registrar of Companies. The Company / Compliance Officer may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,



(S. S. Mundra)



The Board of Directors,
PTC India Limited,
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place, New Delhi-110066

Annexure D.3

Subject: Resignation as Independent Director from the Board of PTC India Limited

Sirs/Madams,

It has been a privilege to serve on the Board of PTC India Limited for the last 5 years.

However, ever since the issues, in it's subsidiary, PTC Financial Services Limited, following the resignation of its Independent Directors, came to the fore in the past 11 months or so, governance norms have also taken a hit in PTC.

Specifically, in relation to the report submitted by Chairman RMC on the matters raised by 3 Independent directors of PFS in their resignation letters in January 2022, the Board of Directors of PTC has by a majority decision chosen to turn a blind eye on the corporate governance lapses in PFS.

The RMC was split down the middle on this issue with the Chairman (an independent director) and one Promoter's nominee director on one side, and two independent directors on the other side. Against all ethical practices, the Chairman only incorporated his version and that of the nominee director as the Report of the RMC and gave the views of the other two Independent Directors, with a rebuttal, in Annexure 26 to the report. Four of the five independent directors present in the Board meeting took strong exception to this action of the Chairman RMC and his report. The sixth Independent Director who was not present in the meeting had already dissented with the Chairman's version. In spite of the strong reservations of the 5 independent directors, the Board by majority (which included only one independent director) adopted the report and sent it to the regulators. This report whitewashed the actions of the PFS management. This was a major corporate governance lapse on the part of PTC Board and management. This was also contrary to the later findings of the forensic report submitted to PFS.

It would have been appropriate to resign at that juncture. However, I thought it was important to expedite the consolidated accounts for the year ending March 2022 of the PTC which were held up due to non finalisation of the accounts of PFS. These in turn awaited the completion of the forensic audit. The consolidated accounts of the PTC Group have now been passed.

There is no guarantee that the cavalier attitude of the PTC Board towards the views of the Independent Directors will undergo any metamorphosis. In fact this was witnessed several times in the PFS Board where the strong views of the Chairman Audit Committee on regulatory issues and corporate governance lapses were sought to be muffled. The nominee directors of PTC on the Board of PFS acted in concert in these matters.

In view of the reasons adduced above, it would not be proper for me to continue as Independent Director on the Board of PTC. I have also crossed the eligible age to be Director on the PTC Board.

Hence I am resigning with immediate effect. I confirm that there are no other material reasons for my resignation.

The compliance officer is requested to acknowledge and take all necessary steps immediately to complete the relevant legal and procedural formalities under intimation to me.

Regards,

S. Nath
5/12/2022
Sushama Nath
Independent Director



6th December, 2022

The Board of Directors
PTC India Limited
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi – 110 066

Subject: Resignation as Independent Director from the Boards of PTC India Ltd (PTC) and its subsidiary PTC Energy Ltd (PEL)

Dear Directors of the Board,

I have served on the Board of PTC India Ltd (PTC) as Independent Director from 2nd August 2020, and its subsidiary PTC Energy Ltd (PEL) from 28th January 2021.

Corporate governance norms have been adversely affected in PTC following developments in the last 11 months in its subsidiary PTC Financial Services Ltd (PFS). This is specifically in relation to the Report submitted by Chairman RMC PTC on PFS matters raised by three Independent Directors of PFS in their resignation letters in January 2022. The Board of Directors of PTC in its meeting held on 31st May, 2022, by a majority decision, chose to turn a blind eye to the corporate governance lapses in PFS.

The RMC was divided on this issue with the Chairman RMC and one Promoter's nominee director on one side, and two independent directors, including myself, on the other side. Against all ethical practices, the Chairman RMC incorporated only his version and that of the nominee director in the Report of the RMC. The Chairman RMC relegated my views and the views of the other Independent Director to an Annexure (Annexure 26) to the Report. Four of the five independent directors present in the PTC Board meeting took strong exception to this action of the Chairman RMC. In spite of the strong reservations of the five independent directors, the Board, by majority (which included only one independent director) adopted the Report and sent it to the regulators.

The Report obfuscated the actions of the PFS management. This was a major corporate governance lapse on the part of the PTC Board and management. This was also contrary to the later findings of the forensic report submitted to PFS. While minority view was not accepted by the Board, it was conceded that there was a need for certain improvements in the Corporate Governance processes. Thereafter, two Board meetings were held on 24th June 2022 and 5th July 2022 and then there were no meetings for almost for four months until 2nd November 2022. Leave alone any action on the agreed parts of the Report, not even a discussion was initiated on the Report in this passage of six months.

This has left me with an uncomfortable impression that the presence of the Independent Directors is a mere formality and that our views are either overlooked or ignored. This



approach is not in the long term interests of the Company and confirms my sense of not being able to contribute meaningfully in my oversight role on the affairs of the Company.

There are some additional areas of concern. A trend has now developed in PTC wherein almost all of the Board meetings are called at short notice and agendas are not circulated in a timely manner in advance of the meetings. This has sometimes required me to seek Leave of Absence, blemishing my record as an Independent Director. It also left inadequate time to read the agenda documents and prepare for the meetings.

I have also observed a very high turnover of the fellow directors on the board due to the very composition of the board with a high representation of institutional nominees, who rotate on account of their own organizational movements. This often brings a situation when continuity in pursuing and logically concluding certain important agenda items is lost and time and effort get diverted to familiarise new entrants with the matter.

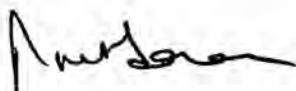
PTC is now without a regular CMD since 6th November 2021. I had pointed this out in at least two Board meetings, urging that this vacancy and other senior vacant positions be filled. In the Board meeting held on 31st May 2022, it was decided to initiate the process of onboarding the new CMD in a time-bound manner. The matter is still open with the process just initiated and observations of the Independent Directors on certain modifications in the process itself in adopting a uniform eligibility criteria have not been taken into account.

In view of the reasons outlined above, it would not be possible for me to continue as Independent Director on the Board of PTC and its subsidiary PEL, as I find I am not being allowed to contribute meaningfully to the Board proceedings.

I, therefore, resign with immediate effect. I confirm that there are no other material reasons for my resignation.

I request the Company / Compliance Officers of PTC and PEL to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading the intimation of the stock exchanges and filing DIR-12 with the Registrar of Companies. The Company / Compliance Officers may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,



Preeti Saran

Copy to:
Company Secretary, PEL



PTC INDIA LIMITED

Registered Office: 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place New Delhi - 110 066 (CIN : L40105DL1999PLC099328)

Tel: 011- 41659500, 41595100, 46484200, Fax: 011-41659144, E-mail: info@ptcindia.com Website: www.ptcindia.com

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2022

(Figures in ₹ Lakhs, unless otherwise indicated)

S. No.	Particulars	Consolidated			
		Quarter ended		Year ended	
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		(Un-audited)	Audited (Refer Note No. 9)	(Un-audited)	Audited
1	Revenue from operations				
a	Revenue from operations (Refer Note No. 4)	4,13,724	2,82,539	4,87,840	16,27,925
b	Other operating revenue (Refer Note No. 5 & 6)	17,075	27,609	8,010	57,714
	Total revenue from operations	4,30,799	3,10,148	4,95,850	16,85,639
2	Other Income	275	556	149	2,338
3	Total Income (1+2)	4,31,074	3,10,704	4,95,999	16,87,977
4	Expenses				
a	Purchases	3,77,621	2,50,624	4,47,171	14,78,491
b	Impairment of financial instrument	1,220	4,892	1,830	16,786
c	Operating expenses (Refer Note No. 5 & 6)	11,620	6,057	2,559	15,302
d	Employee benefit expenses	1,907	1,800	1,837	7,471
e	Finance costs	16,145	18,186	20,282	75,147
f	Depreciation and amortization expenses	2,528	2,555	2,499	10,132
g	Other expenses	1,764	4,943	1,532	10,102
	Total expenses	4,12,805	2,89,057	4,77,710	16,13,431
5	Profit before exceptional items and tax (3-4)	18,269	21,647	18,289	74,546
6	Exceptional items Income/(Expense)	-	-	-	-
7	Profit Before Share of Profit/(Loss) of Associates and Tax (5+6)	18,269	21,647	18,289	74,546
8	Share of Profit / (Loss) of Associates	(85)	(57)	5	(70)
9	Profit Before Tax (7+8)	18,184	21,590	18,294	74,476
10	Tax expenses				
a	Current tax	6,066	(262)	4,666	15,304
b	Deferred tax expenditure/ (income)	(1,392)	6,141	11	4,005
11	Net Profit for the period (9-10)	13,510	15,711	13,617	55,167
12	Other comprehensive income				
a	Items that will not be reclassified to profit or loss				
(i)	Remeasurements of post-employment benefit obligations	75	21	1	14
	Income tax relating to remeasurements of post- employment benefit	(19)	(3)	-	(3)
(ii)	Changes in fair value of FVTOCI equity instrument	-	1,026	1,517	2,247
	Income tax relating of FVTOCI to equity investment	-	(94)	(265)	(307)
	Deferred tax relating to FVTOCI to equity investment	-	-	-	(118)
b	Items that will be reclassified to profit or loss				
	Change in cash flow hedge reserve	18	75	16	129
	Income tax relating to cash flow hedge reserve	(5)	(18)	(4)	(32)
	Other comprehensive income, net of tax (a+b)	69	1,007	1,265	1,930
13	Total comprehensive income for the period (11+12)	13,579	16,718	14,882	57,097
14	Profit is attributable to:				
	Owners of the parent	11,740	14,836	12,020	50,616
	Non-controlling interests	1,770	875	1,597	4,551
15	Other comprehensive income is attributable to:				
	Owners of the parent	54	1,007	823	1,603
	Non-controlling interests	15	-	442	327
16	Total comprehensive income is attributable to:				
	Owners of the parent	11,794	15,843	12,843	52,219
	Non-controlling interests	1,785	875	2,039	4,878
17	Paid-up equity share capital (Face value of ₹ 10 per share)	29,601	29,601	29,601	29,601
18	Other equity (excluding revaluation reserves) (As per audited balance sheet)				4,42,746
19	Earnings per share (Not annualized) (₹)				
a	Basic	3.97	5.01	4.06	17.10
b	Diluted	3.97	5.01	4.06	17.10
	Million Units of electricity Sold	17,831	17,404	23,073	88,024

See accompanying notes to the financial results



Consolidated segment wise information

(Figures in ₹ Lakhs)

Sl. No.	Particulars	Quarter ended			Year ended	
		30.06.2022	31.03.2022	30.06.2021	31.03.2022	
		(Un-audited)	Audited (Refer Note No. 9)	(Un-audited)	Audited	
1	Segment Revenue					
	Power	4,10,313	2,87,554	4,70,907	15,91,712	
	Financing business	20,508	22,678	24,943	94,143	
	Unallocated	253	472	149	2,122	
	Total	4,31,074	3,10,704	4,95,999	16,87,977	
2	Segment Result					
	Power	11,697	18,907	12,849	59,229	
	Financing business	6,800	3,099	5,890	15,632	
	Unallocated	(313)	(416)	(445)	(385)	
	Profit before tax	18,184	21,590	18,294	74,476	
3 (a)	Segment Assets					
	Power	10,42,273	9,90,426	10,40,850	9,90,426	
	Financing business	7,94,236	9,24,286	10,47,319	9,24,286	
	Unallocated	65,198	73,483	63,523	73,483	
	Total	19,01,707	19,88,195	21,51,692	19,88,195	
(b)	Segment Liabilities					
	Power	7,50,843	7,10,733	7,44,551	7,10,733	
	Financing business	5,80,767	7,16,526	8,74,259	7,16,526	
	Unallocated	4,740	9,373	1,738	9,373	
	Total	13,36,350	14,36,632	16,20,548	14,36,632	

Notes:

- The consolidated financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).
- The above consolidated financial results were reviewed by the Audit Committee, with the management, in its meeting dated December 7, 2022 before submission to the Board for approval and the Board of Directors has approved the consolidated financial results in its meeting held on the same day i.e. December 7, 2022. and the Statutory Auditors of the Company have given a disclaimer of conclusion in their limited review report.
- Segments:-The Group is in the business of power and financing business.
- Revenue from operation of the Group includes sale of electricity and interest income from loan financing/debenture.
- In accordance with the accounting policy, the surcharge recoverable on late/ non-payment of dues by customers is recognized when no significant uncertainty as to measurability or collectability exist. Correspondingly surcharge liabilities on late/ non-payments to the suppliers, in view of the matching concept, is not being recognized in the accounts. The estimated liability in this regard, however is lower than the Group's claims from its customers.



8

6 a. The Group has recognized surcharge income of ₹ 13920 Lakhs during the quarter (for the corresponding quarter ended June 30, 2021, ₹ 4238 Lakhs) from customers on amounts overdue on sale of power which has been included in "Other Operating Revenue". Correspondingly surcharge expense of ₹ 10396 Lakhs during the quarter (for the corresponding quarter ended June 30, 2021, ₹ 1419 Lakhs) paid / payable to suppliers has been included in "Operating expenses".

b. Ministry of Power (MoP) vide Gazette Notification dated 3rd June, 2022, notified "The Electricity (Late Payment Surcharge and Related Matters) Rules, 2022" (LPS Rules or the Rules). These rules provide a mechanism for settlement of outstanding dues of Generating Companies, Inter-State Transmission Licensees and Electricity Trading Licensees. The Rules provide for clubbing of all outstanding dues as on 3rd June, 2022 related to Principal, Late Payment Surcharge etc. into a consolidated amount which can be paid in interest free Equated Monthly Instalments (EMI).

Further, these rules provide that non-payment of current dues by DISCOMs, within one month after the due date of payment or two and half months after the presentation of power bill, whichever is later, shall attract regulation of power as laid down in the Rules.

Some of the customers of the parent company have opted the scheme having total outstanding of ₹ 264423 Lakhs (including surcharge) as on 3rd June, 2022 which is payable in Equated Monthly Instalments without any further interest.

During the quarter ended June 30, 2022, the parent company has accounted for the amount of surcharge income of ₹ 13236 Lakhs by considering the time value of Equated Monthly Instalments. Correspondingly, the parent company has also booked surcharge expense of ₹ 10392 Lakhs. These surcharge income and surcharge expenses are included in total surcharge income and surcharge expense for quarter ended June 30, 2022 as mentioned at Para 6(a) above.

7 i) The subsidiary and associate companies considered in the Consolidated Financial Results are as follows

Particulars	Ownership (%)	
	As on 30.06.2022	As on 30.06.2021
a) Subsidiary Companies		
1. PTC Energy Limited ("PEL")	100.00	100.00
2. PTC India Financial Services Limited ("PFS")	64.99	64.99
b) Associate Companies		
1. Hindustan Power Exchange Limited (formerly known as Pranurja Solutions Ltd)	22.62	22.62

All the above Companies are incorporated in India.

ii) The financial statements of four associate companies are not available with the Group viz; R.S. India Wind Energy Private Limited, Varam Bio Energy Private Limited, Krishna Godavari Power Utilities Limited and R.S. India Global Energy Limited. However, the Group had fully impaired the value of investments in these associates in earlier periods. Hence, Group's share of net profit/loss after tax and total comprehensive income/loss of its associates has been considered as ₹ Nil in these consolidated financial results.

8 (i) (a) On January 19, 2022, three independent directors of PFS resigned mentioning lapses in corporate governance and compliance. Since then RBI, SEBI and ROC (the 'Regulators') have reached out to PFS with their queries regarding the allegations made by the then independent directors and directed PFS to submit its response against such allegations. SEBI also directed PFS to submit its Action Taken Report (ATR), together with its response against such allegations. Basis the forensic audit report which was received by PFS on 4th Nov, 2022 and other inputs from professional services firm retained by PFS Management, it has been decided that PFS management shall take necessary corrective actions and submit its ATR, if required, to the satisfaction of SEBI.

On February 11, 2022, RBI sent its team at PFS's office to conduct scrutiny on the matters alleged in the resignation letters of ex-independent directors. While the RBI's team completed its scrutiny at PFS's office on February 14, 2022 and PFS has satisfactorily responded to all queries and requests for information but has not received any further communication from RBI in this regard.

On November 4, 2022, the Forensic auditor appointed by PFS, submitted its forensic audit report. PFS engaged a reputed professional services firm to independently review PFS management's response and independent review of documents supporting such response and commenting on such observations, including financial implications and any indication towards suspected fraud. PFS management's responses and remarks of professional services firm, together with report of forensic auditor, had been presented by PFS management to its Board in their meeting held on November 7, 2022 and November 13, 2022.


(b) SEBI vide its email dated March 2, 2022, rejected the ATR submitted by PFS and not acceded its request for conducting Board Meeting without an independent director. Subsequent to this, with recommendation of the Parent Company, PFS appointed four independent directors through circular resolution. These directors are also independent directors on the Board of the Parent Company. Prior to the appointment of the independent directors, Chairman of the Parent Company vide email dated March 25, 2022, informed RBI and SEBI about the proposed nomination of four independent directors of the Parent Company to PFS board, and post appointment, disclosures on such appointments have been made to the stock exchanges. On April 19, 2022, the Chairman of the Parent Company sent another email to SEBI, with specific reference to earlier email dated March 25, 2022, and SEBI in its email dated April 19, 2022 has acknowledged the same. PFS has also made necessary communication to Stock Exchanges regarding appointment of directors and holding of board meetings. PFS, basis its discussions with SEBI and RBI as also summarized in such emails and advise received from external legal firm, believes that there is no non-compliance with SEBI's directions vide its email dated March 2, 2022. On June 28, 2022, the SEBI also directed PFS for waiving-off with the requirements of regulation 17 (1C) of SEBI LODR guidelines regarding ratification of directors' appointment in shareholders' meeting within 3 months from the date of their appointment by PFS Board

Post resignation of ex-independent directors, PFS has not been able to comply with the various provisions of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 related to non-constitution of committees and sub-committees of its Board, timely conduct of their meetings and non-filing of annual and quarterly results with respective authorities. PFS intends to file for condonation of delay for non-compliance of such provisions with respective authorities and does not expect any material financial impact, if any, due to fines/ penalties arising from such process.



- (ii) As at June 30, 2022, for loans under stage I and stage II, PFS management has determined the value of secured portion on the basis of best available information including book value of assets/ projects as per latest available balance sheet of the borrowers, technical and cost certificates provided by the experts and valuation of underlying assets performed by external professionals appointed either by PFS or consortium of lenders. For loan under stage III, PFS management has determined the value of secured portion on the basis of best available information, including valuation of underlying assets by external consultant/ resolution professional (RP) for loan assets under IBC proceedings, claim amount in case of litigation and proposed resolution for loan under resolution through Insolvency and Bankruptcy Code (IBC) or settlement. The conclusive assessment of the impact in the subsequent period, related to expected credit loss allowance of loan assets, is dependent upon the circumstances as they evolve, including final settlement of resolution of projects/ assets of borrowers under IBC.
- (iii) As at June 30, 2022, PFS has assessed its financial position including expected realization of assets and payment of liabilities including borrowings and believes that sufficient funds will be available to pay-off the liabilities through availability of High Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in at least 12 months from the reporting date.
- (iv) As per Regulation 54(2) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 ('Listing Regulations'), all secured non convertible debentures ("NCDs") issued by PFS are secured by way of an exclusive charge on identified receivables to the extent of at least 100% of outstanding secured NCDs and pursuant to the terms of respective information memorandum.
- (v) PFS had received a communication from ROC on March 28, 2018, pursuant to complaints received from identified third parties, alleging mismanagement in PFS's operations. PFS had submitted a reply dated April 18, 2018, after discussion with the audit committee, and denied all allegations and regarded them as frivolous attempt made by such identified third parties. PFS received another letter dated September 24, 2021 u/s 206(4) of the Companies Act, 2013 from Office of Registrar of Companies, Ministry of Corporate affairs initiating inquiry and seeking specified information/ documents, primarily related to the period upto FY 2018-19. PFS has submitted the reply, with requisite information/documents, in response to the letter on October 22, 2021. PFS responded to this notice on October 22, 2021, and no further communication has been received from ROC till date.
- 9 Figures of last quarter are balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the relevant financial year.
- 10 The Parent Company has received the resignation letters from its three independent directors and one independent director on 05.12.2022 and 06.12.2022 respectively wherein they have raised issues mainly related to corporate governance and compliance in PFS, divergent views of Board members in respect of RMC report of the Parent Company etc.
- The Board of the Parent Company has noted the resignation letters from the independent directors in its meeting dated 06.12.2022 and 07.12. 2022 respectively.
- Further, due to vacancies caused by the above resignations, the Board has reconstituted the Audit Committee in its meeting dated 6th December, 2022.
- The management of the parent company has prepared the replies on the above matter and the Board has taken note of the same in its meeting dated 7th December, 2022.
- 11 Two independent directors of PFS have also given their resignation letters each dated 2nd December, 2022 mentioning lapses in governance and compliance and have raised concerns regarding, inter-alia, the matters raised by the earlier independent directors (who resigned on January 19, 2022), appointment of forensic auditor, observations in the forensic audit report, divergent views of the directors and management on the outcome of forensic audit report etc.
- 12 Due to the resignation of four independent directors of the parent company, the composition of Board of the parent Company is not in accordance with the requirement of the Regulations in terms of minimum number of independent directors. The vacancies caused due to resignation of independent directors will be filled in the stipulated time as prescribed laws.
- 13 The figures for the previous periods / year are re-classified /re-grouped, wherever necessary.

Place: New Delhi
Date: December 7, 2022


(Dr. Rajib Kumar Mishra)
Whole-time Director





Independent Auditor's Review Report on Unaudited Quarterly Standalone Financial Results of PTC India Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of PTC India Limited

1. We were engaged to review the accompanying Statement of unaudited standalone financial results of **PTC India Limited** (the Company) for the quarter ended 30th June 2022 ("the Statement"), attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').
2. The management of the Company is responsible for the preparation and presentation of the accompanying Statement in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of Companies Act 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We were required to conduct our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Disclaimer of Conclusion

4. On January 19, 2022, three Independent Directors of PTC India Financial Services Limited (PFS), a material subsidiary of the Company, resigned mentioning lapses in corporate governance and compliance. Since then, RBI, SEBI and ROC have reached out to PFS with their queries regarding the allegations made by its then independent directors and directed it to submit its response against such allegations. SEBI also directed PFS to submit its Action Taken Report (ATR), together with its response against such allegations.

PFS, basis directions of its Audit Committee, in its meeting held on April 26, 2022, appointed an independent firm (the forensic auditor) to undertake a forensic audit in relation to the allegations raised by the former independent directors.

On November 4, 2022, the Forensic Auditor appointed by PFS, submitted its forensic audit report. PFS engaged a reputed professional services firm to independently review PFS management's response and documents supporting such response and commenting on such observations, including financial implications and any indication towards suspected fraud. PFS management's responses and remarks of professional services firm, together with report of forensic auditor, have been presented by PFS' management to its Board of Directors in their meeting held on November 7, 2022 and November 13, 2022 and has been uploaded on the website of stock exchanges.

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28th December, 2015

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Phone: 43259900, Fax: 43259930, E-mail: delhi@trchadha.com





The Statutory Auditors of PFS have given qualified conclusion on the unaudited financial results of PFS for the quarter ended June 30, 2022 vide their report dated December 03, 2022 raising concerns regarding the extent of forensic audit procedures and conclusion thereon, and remediation of the additional concerns raised in the forensic audit report and accordingly, are unable to obtain sufficient and appropriate audit evidence to determine the extent of adjustments, if any, that may be required to the unaudited financial results of PFS for the quarter ended June 30, 2022.

Further, the predecessor Statutory Auditors of PFS had also given qualified opinion on the abovementioned matter in their audit report on the financial results of PFS for the quarter and year ended March 31, 2022 vide their report dated November 16, 2022.

5. We draw your attention to Note 10 of the Statement regarding resignation of two independent directors of PFS namely Mr. Jayant Purushottam Gokhale and Mr. Devendra Swaroop Saksena, who have resigned from the Board of PFS w.e.f. December 02, 2022, mentioning lapses in governance, compliance and various other matters in PFS, as elaborated in their resignation letters dated December 2, 2022 (copy attached as Annexure C.1 and C.2). The resignee directors have raised various concerns including, the matters raised by the earlier independent directors of PFS (who resigned on January 19, 2022), regarding appointment of forensic auditor, observations in the forensic audit report including on evergreening of the loans etc., divergent views of the directors and management on the outcome of forensic audit report, limitations on scope of forensic audit, lack of cooperation from the management to the forensic auditor, non-compliance of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, change in financial results for the quarter ended December 31, 2021 and year ended March 31, 2022 after submission of draft financial results to the Audit Committee, calling meetings at short notice, matters discussed in meetings without adequate notice, violation of SEBI directive regarding change in Board composition, appointment of Information System Auditors and unilateral replacement thereof, submission of proposal for grant of facilities to the Business Committee/ Board of PFS during the period after April 2022 which were not in compliance with the extant policy laid down by the Board, amendments of the laid down policy for approval of proposals and non-compliance with pre-disbursement conditions after April 2022, not capturing the actual proceedings of the meetings in the minutes, etc. The auditors of PFS have not considered the implication of the issues mentioned and concerns raised in the resignation letters of these independent directors of PFS dated December 02, 2022 for the purpose of their reporting on the financial results of PFS for the quarter ended June 30, 2022. We have been communicated by the auditors of PFS that they were not aware of these resignation letters of the independent directors of PFS prior to issuance of their report for the quarter ended June 30, 2022 and now they are unable to conclude the impact of these matters due to paucity of time.
6. We draw your attention to Note 9 of the Statement that four independent directors of the Company have resigned from the Board of the Company (Mr. Jayant Purushottam Gokhale, Mrs. Sushama Nath and Mr. Subhash S. Mundra have resigned w.e.f. December 05, 2022 and Ms. Preeti Saran has resigned w.e.f. December 06, 2022), mentioning lapses in governance, compliance and various other matters in the Company and in PFS. They have also raised concerns regarding conduct of the proceedings of the Risk Management Committee (RMC), and cognizance taken by the Board of Directors of the Company of the RMC's report to look into the matters of corporate governance of PFS, non-implementation of recommendations in the RMC report, calling meetings at short notice, etc., as elaborated in the resignation letters of these three directors (Copy attached as Annexure D.1 to D.4).

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7. We draw your attention to Note 11 of the Statement that due to the resignation of four independent directors of the company, the composition of Board of the Company is not in accordance with the requirements of the Regulations in terms of minimum number of independent directors.

Considering that the matters raised by the independent directors of PFS as well as of the Company in their latest resignation letters respectively are yet to be examined independently by the Company as well as by PFS and the auditors of PFS, and pending the conclusion of the matters described in Para 4 to 7 above, we are unable to determine and comment on the possible various non-compliances and their impact and the extent of adjustments and further disclosures if any, that may be required to these Unaudited Standalone Financial Results for the quarter ended June 30, 2022.

Disclaimer of Conclusion

8. We do not express any conclusion on the accompanying Statement. Because of the significance of the matters described in the Basis of Disclaimer of Conclusion section of our report, we are unable to obtain sufficient appropriate evidence to provide a basis for conclusion on the unaudited standalone financial results.

For T R Chadha & Co LLP
Chartered Accountants
Firm Regn. No. 006711N / N500028

Hitesh Garg
(Partner)
M. No.: 502955



Place: Noida
Date: December 7, 2022

UDIN: 22502955BEZVKX5707

2nd December 2022

To,
The Board of Directors
PTC India Financial Services Limited
7th Floor, Telephone Exchange Building
8 Bhikaji Cama Place
New Delhi - 110066

Sirs,

RE: Letter of resignation from my position as Independent Director of PTC India Financial Services Limited ("Company" or "PFS")

1. This is to inform you that I have decided to resign from my position as independent director of the company. I do so with a heavy heart since it was my sincere endeavour to fulfil the responsibility cast upon me to protect the interests of all stakeholders in the company, and particularly those of the small and non-promoter members. However, despite the best efforts of my colleague directors and myself; the management¹ / majority of the Board have consistently acted in a manner which I believe is not in consonance with the norms of good governance. Such actions by the management/board have resulted in the position of 'independent director' being rendered nugatory. All attempts to head the company in the direction which would be in the long-term interest of all stakeholders have been systematically stymied and frustrated. As such I see no purpose in continuing to remain on the Board; which in public perception and law is responsible for the superintendence, control and supervision of the actions of the management; but is in fact not in a position to exercise such influence. My resignation from the position of independent director of the company is therefore with immediate effect.
2. You will recall that 3 Independent Directors resigned together on **19th January 2022** giving rise to a legal impasse rendering the Board and its committees dysfunctional. The reasons for resignation cited by these 3 highly respected and experienced independent directors² also pointed to certain serious irregularities / deficiencies in compliance with norms of corporate governance and disclosure of information to the board.
 - 2.1. In this regard, SEBI observed that such a situation '*is an extraordinary circumstance which highlights that the affairs of the company were not managed appropriately*' --" and apparently there was no such precedent in recent Indian corporate history.
 - 2.2. On **22nd January 22** – SEBI wrote to say "*company is directed to address the CG issues and all other issues raised by the resigning IDs and ex-Chairperson first, before holding any Board meeting and to file an action taken report*".
 - 2.3. An Action Taken Report (ATR) was filed by the management on **8th Feb 22**.

¹ Which phrase would generally include a reference to the promoter / nominee Directors

² Mr. Thomas Mathew, Mr. Santosh Nayar and CA Kamlesh Vikamsey



- 2.4. This ATR was rejected by SEBI on 2nd March 2022. Permission to hold a meeting without appointment of independent directors was also rejected for the same reason.
3. Since the Company was unable to resolve this legal deadlock for 3 months, certain further defaults arose (for e.g. Adoption of Q3 accounts and holding of stipulated meetings). It was at this stage, on 29th March 2022, that 4 independent directors (including myself) from the parent company (PTC India Ltd.) were inducted onto the board of PTC India Financial Services Ltd. (PFS) A note in regard to the same is given at **Annexure A titled 'Background'**. Our objective was clearly to facilitate a proper enquiry into the said allegations, *'to address the CG issues and all other issues raised by the resigning IDs'* and formulate a speedy and suitable resolution of the matter as the circumstances demanded.
4. I have to sadly note that over the last 8 months, though I have tried my level best to contribute positively towards attainment of this objective; there were significant hurdles in this path due to the approach adopted by the management / Board. The management has consistently taken a view that there was in fact no deficiency in the past. Further, several of the issues cited by the previous IDs continue to persist despite the best efforts of the new IDs. In this letter, I am pointing out some of the continuing irregularities and lapses which have come to my notice during the period that I have been an ID with the Company. I have noted that rather than recognise the problem and attempt to resolve it, the management has refused to recognise that any deficiency of the nature alleged by the resigning IDs exists. The approach adopted by the management had frustrated all attempts by some of the IDs to initiate corrective actions. What finally convinced me to take the step of resigning was the persistent refusal of the management to cooperate with the conduct of the forensic audit and the ultimate conclusion drawn by management that the forensic audit report did not contain any significant findings whatsoever. Despite the forensic auditor pointing out numerous lapses and irregularities; the management continues to insist that there is nothing wrong and in fact, challenges the forensic auditor's understanding and interpretation of certain basic facts. Apart from this, the forensic auditors have in their report **made numerous assertions of 'scope limitations'** and have clearly stated that their conduct of the forensic audit was hampered by the lack of cooperation from the management in submitting information in a timely manner, as well as the numerous technical impediments raised by the management. Notwithstanding the above, issues have been raised by the management; seeking to lay the responsibility for delay in conclusion of forensic audit as also for the delay in adoption of accounts for FY 21-22 with the forensic auditors, statutory auditors, with the Audit Committee (ACB) and some of the independent directors, including myself. This approach has to be noted in the backdrop of the unprecedented situation of 3 Independent Directors resigning together on 19th January 2022. I believed that ensuring that the Annual Results for FY 21-22 with an appropriate audit report was made available to the stakeholders was one of my prime tasks for which I was inducted onto the Board. Therefore, I soldiered on despite the tremendous difficulties faced. I was hoping to see that the entire backlog (June 22 - Q2 & September 22 - Q3 results which are yet to be declared even in December 22) would be cleared before I resigned. However, the approach even after the Annual Results for FY 21-22 were passed by the Board has convinced me that I cannot continue on the Board of PFS any longer.



5. As chairman of the ACB, I have been deeply conscious of the responsibility cast on the audit committee, and have therefore also been in touch with the statutory auditor to ascertain their views in this regard. It would be appropriate to mention that on numerous occasions, the Board attempted to 'direct' the audit committee' to adopt the accounts without compliance of the basic requirements that would be essential for consideration of the financial statements by the audit committee. There are factual and technical issues that rendered such consideration and adoption of the financial statements impossible for the audit committee. However, the broad fact that in none of these meetings of the ACB (except the meeting in mid-November 22 when the ACB actually considered the Annual Financial statements of March 22), was a complete draft audit report made available to the ACB. This fact has been pointed out on record and attention has been drawn to the specific wording of the SEBI LODR which clearly states that the role of the audit committee (as per Reg. 18 (3) r/w Para C (A4) is "*Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board.....*".
6. Apart from the above reasons, there are numerous significant and other contributory factors which made me extremely uncomfortable in discharging my duties as the Chairman of the audit committee and as a member of the board. I have held this position for just 8 months, but within this short period, the sense of unease, a continuous feeling of an adversarial approach in the functioning of the board and the unwillingness on part of the management to consider positively, numerous suggestions made by the independent directors; has eventually led to my deciding to resign as mentioned above. I have also noted that on various occasions, even information that was furnished, was furnished only in response to specific queries and was often not forthcoming in a very transparent manner. There are far too numerous issues that I may mention. Therefore, in order to focus on the significant issues these are given in Para 6 onwards, and other instances are listed briefly in **Annexure B to this letter**]. Having joined the board pursuant to the unprecedented resignation by 3 independent directors; it was hoped that the deficiencies in compliance with corporate governance norms as pointed out by the resigning IDs would be improved upon taking guidance from the incoming 4 IDs. However, the picture that has emerged in the last 8 months has been quite the contrary as can be seen from the illustrative list³ of instances mentioned hereunder.
- 6.1. It is important to note that the forensic auditor in his preliminary findings has indicated certain irregularities which they have pointed out "*may have implications on the financial statements*". The management, however, continues to deny that there are any irregularities and further asserts that there are in any case, no implications on the financial statement and **even challenges the concept of evergreening** of Loans raised in the forensic audit report (despite the forensic auditor having pointed out the references to the same in RBI Circulars and Guidance Note issued by the ICAI).
- 6.2. Some directors also raised questions about the intent and correctness of the statutory auditor expressing a disclaimer on the quarterly results for Q3 of FY 22 disregarding the fact that expressing his professional opinion is the sole prerogative of the statutory auditor.

³ As mentioned – this is only an illustrative list and, in my view, numerous other matters are not mentioned here or in the Annexure B – only to observe some limitation on the length of this resignation letter.



- 6.3. It would be interesting to note that initially the quarterly financial results for **Q3 – Dec 2021** as presented to the audit committee (**on 24th & 26th May 22**) reflected a Net Profit of Rs 52 Crores. Upon deliberation in the ACB and considering the presentation / comments of the statutory auditor, the ACB was constrained to not approve of the said accounts until appropriate provisioning in accordance with the standards / regulations was made. After very extended deliberations resulting in a reconsideration of the financial results; the net profit got reduced to Rs. 2 Crores. **Thus, there was a 96% variation** from the figures initially presented by the management to the ACB and the figures ultimately presented by the management before the ACB. These and other related facts which I found highly disturbing were noted in my **email dt 26th May 22 and 30th May 22** which is enclosed herewith as **Annexure C**. This clearly indicates an extremely irresponsible approach of the management in presentation of financial data. It also establishes clearly the need for the ACB to be extremely vigilant. Considering the above facts **the ACB forwarded the Q3 results to the Board without approving or recommending the same.**
- 6.4. Despite having expressed strong disapproval of such an approach when considering the Q3 results; the same approach was adopted by the Management when the annual financial **results of March 22** were presented before the ACB **on 11th Nov 22**. In response to various issues raised in the ACB, the management agreed to increase the provisioning by more than RS. 10 crores. Such adjustments clearly undermine the degree of reliability that the ACB could place on the financial statements presented before it by the management.
- 6.5. It is also worth noting that even in an earlier meeting of the ACB before I joined the Board, the consideration of quarterly / annual results had to be deferred for making certain additional provisioning that arose in discussion in the Audit Committee / Board. (Refer ACB meeting of 07-06-2021 deferred to 09-06-2021 to enable necessary additional provisioning to be made).
- 6.6. MEETINGS: Almost all the meetings of the Board and its important Committees were called at short notice a without circulation of proper agenda in advance. The same pattern has continued for 13 further meetings of the Board and 10 ACB meetings held after those cited in para 6.6.2 below.
- 6.6.1. The matter reached a ridiculous level when a meeting of the Board which **considered the forensic audit report** was called at 11:38 am (**22 minutes notice**). At that time, an ACB meeting was already in progress and I had earlier intimated that I had to leave for a personal function at 12:30 pm. Despite this, the ACB extended till 1:10 PM as a result of which, I had no occasion to even see the notice circulated at 11:38 AM. After I (as Chairman) concluded the ACB meeting, and was in transit for attending the said personal function, I came to know that a meeting of the Board had been convened and was in progress. I immediately sent a mail objecting to the same and reserving the right to issue further comments. The relevant mails giving notice without giving the agenda and my **mails dated 13th and 14th November are enclosed as Annexure D**. It is inconceivable that matters of such importance, are discussed without adequate notice to the Chairman ACB and despite my written objections being submitted on 13th & 15th Nov 2022.



6.6.2. I may mention that while one understands 'urgency', all matters of the board and ACB cannot be taken as 'urgent' so casually and is clearly contrary to the norms of corporate governance. That this is a continuing problem over the last 8 months is highlighted by giving for illustrative purposes, data relating only to the meetings held in April & first week of May 22.

- 144th BM - 06.04.2022 (Notice 01.04.2022 & agenda on 05.04.2022 evening)
- 145th BM- 08.04.2022 (No agenda) – Meeting later adjourned.
- 77th ACM (08.04.2022) (Notice on. 7 April22 & agenda on 7 April 22 late night)
- 78th ACM (26.04.2022) (Notice & agenda sent on 23.04.2022 - for appointment of forensic auditor which was under discussion for months)
- 47th NRC (28.04.2022) (Notice on 27.04.2022)- No Agenda was sent
- 48th NRC (05.05.2022) (Notice on 29April & Agenda on 2nd May22)
- 146th BM (05.05.2022) (Notice on 29 April no agenda)- Meeting adjourned.

A proper analysis of the dates of notice / dates of agenda circulation and dates of the meeting for the 7 month period thereafter will show that the situation deteriorated further after May 22.

6.6.3. It is clear that when convening meetings of the ACB/Board citing urgency, the reasons for urgency would have been known to the management. Yet, these reasons were not disclosed in the agenda, which was often made available to the directors just before the meeting.

6.6.4. In a meeting held on **25th June 2022**, there was no agenda in regard to identification of new independent directors. Even if such agenda were considered as urgent, this would be known to the management much earlier and should have been communicated in a timely manner. Despite my objections recorded in the meeting, the Chairman ruled that discussion would continue. As per Code of Conduct of the IDs as prescribed in the Companies Act, 2013, the appointment process of independent directors shall be independent of the company management. This aspect was not complied with in spirit. Further, the process followed was also non-compliant with the company's own laid down policy in regard to calling for IDs to provide inputs. The Company Secretary confirmed that the process being followed was not proper and in violation of SEBI directives which restricted any change in the Board composition. However, on being overruled by the Chairman, he refused to continue in the meeting as well as in the Company since the process adopted was in violation of the SEBI directive. He accordingly pressed for giving effect to his resignation that he had earlier submitted and physically left the meeting at that stage. Chairman however continued the discussion on the subject and the meeting and proceeded to accept the nominations as purportedly recommended by NR Committee and appointed the three new Independent Directors despite the objections of some of the existing IDs. It may be noted that in the instant case all the names were placed by the Management, which is against the basic rule of independence as identification of IDs should be done by the other IDs and not by management.

- 6.6.5. Agenda Notes when provided for NR Committee, did not give complete factual data. Earlier minutes of the N&R Committee and the Board clearly refer to certain process to be followed for re appointment of whole-time directors. This was totally ignored in one of the Meetings. No mention of this was made in the agenda papers. Upon management being questioned, it was explained that it was not within the knowledge of the MD & CEO, when in fact he was party to the proceedings when the process was laid down and this was also part of NR Committee and Board proceedings recorded. When this was pointed out, it was tried to be explained as an oversight. The fact remains that a material factual information was not placed for the consideration of the board in regard to important issues such as appointment of whole-time director.
- 6.7. Other issues raised in the audit committee / Board about the appointment of one of the Big Firms in the country as information system (IS) auditors for FY 22 and thereafter unilaterally replacing them and obtaining the system audit report from some other auditor, have also not been satisfactorily explained till date. It was informed to the ACB that the said firm unduly delayed commencement of IS Audit despite having had meetings and exchanged correspondence with the Company. Despite being asked for specifically, no correspondence, no letter of resignation from the appointed firm or even a single e-mail or letter intimating their removal was presented to the ACB. The role of Information System audit in such NBFC has been duly emphasised by RBI. Despite this, to take the highly unusual step of replacing a reputed firm; and to obtain an audit report from some other firm, making a replacement merely on the basis of telephonic conversations can only be considered as highly irregular. Such actions when viewed in the context of the other surrounding circumstances raise serious questions about the overall facts and figures presented to the ACB.
- 6.8. Various Proposals for grant of facilities to certain borrowers (aggregating to more than Rs. 500 Crores) were put up before the business committee/board despite the fact that these were non-compliant with the extant policy laid down by the board. The ID pointed out that bringing such proposals which were non-compliant with the board prescribed policy was not appropriate. The response to the same was that the policy thus required amendment. Accordingly, the matter was taken to the board and despite the fact that there were 3 different breaches / non-compliance with the laid down policy, the policies themselves were amended to accommodate the said proposals. It was pointed out to the management that the policy prescribed had been formulated as a well-conceived risk mitigation measure. There were limitations prescribed that:
- a) Aggregate advances beyond a certain level should not be made to a single industry – in order to avoid a concentration risk.
 - b) In case credit rating was below a prescribed level, the tenure of the advances was not to exceed certain number of years (to avoid the possibility of lower rated borrowers becoming more risky with the passage of time due to possible deterioration in their credit standing)
 - c) Prescribing a certain minimum interest rate in case certain parameters were not complied with. (This was linked to the concept that in case of higher risk perception- a higher earning should be ensured).



- 6.8.1. The board in its meeting held in Sept 2022, approved certain proposals by relaxing the policy in regard to all the above three parameters. This, in my view **defeats the very objective of the board creating a risk control framework and prescribing a policy in that regard.**
- 6.9. It was also noted that certain other proposals for disbursement were put up for approval despite the fact that some of the fundamental/ significant conditions stipulated while sanctioning the proposal were not complied with. Thus, even though the condition of creation of mortgage on immovable property was not satisfied, the proposal for disbursal was still pursued by the management. Similarly, in another proposal, despite the fact that promoter's equity was stipulated at Rs. 36 Crores and actual equity infusion as date was Rs. 36,000/- (i.e. less than 0.01% of the sanction terms), the proposal was put before the board without meeting such fundamental condition. It was explained that the party had given ICD to meet the extent of shortfall. The fundamental difference between an ICD in terms of repayment and priority as compared to equity contribution of the promoter is obvious to any person familiar with lending operations.
7. It may be mentioned that the above matters related to the period after April 22 and therefore were not mentioned in the forensic audit report; since the management insisted that the forensic audit cannot cover a period beyond March 22.
8. The appointment of the forensic auditor is another contentious issue that remains disputed by the management even though the forensic audit is itself now completed (albeit with significant scope limitations). Soon after the 4 IDs were inducted onto the board - a proposal was mooted by the management in consultation with the statutory auditor that a forensic audit be conducted. Accordingly, management put up an agenda note before ACB which is a matter of record. Acting on the said proposal made by management, the audit committee on 26th April 2022 unanimously appointed a reputed firm of chartered accountants to carry out the forensic audit as per the terms proposed by the management. It was noted by the ACB that the management had already negotiated with a management consulting firm to carry out the said forensic audit. In place of the said management consulting firm, the ACB unanimously decided to appoint another experienced firm of chartered accountants to carry out the forensic audit. As soon as this fact was noted by the management after the conclusion of the ACB meeting (around 8 pm), pushback against the ACB decision started that very night. One ID wrote a mail expressing his dissent, and had to be politely informed that the recording of the meeting clearly showed that the decision was unanimous. Any views taken subsequently by the management or by any director in consultation with the management, cannot be treated as dissent in the meeting, but his changed views may be expressed at a subsequent meeting. It is from this point onward that the non-approval of minutes of ACB became an issue (as is dealt with in greater detail in para B.6). The salient points in regard to the appointment of forensic auditor are mentioned in brief as under:
- 8.1. Despite requests by me - as Chairman ACB- to promptly issue the letter of appointment & proposed scope of the forensic audit, no action was taken by the company, resulting in my communicating the same to the appointed firm.
- 8.2. The company filed a disclosure (as required by SEBI LODR) on 27th April 22 - stating that *"the Company has appointed M/s. XXX LLP (Chartered Accountants) to carry out the third*



- party Independent forensic audit*". This filing with the stock exchange, with the approval of MD, clearly shows that the appointment was effective with the approval of the ACB and the company, and the video recording of the proceedings of the meeting (which have been subsequently furnished to SEBI at their request) will bring out this fact with absolute clarity.
- 8.3. Notwithstanding the above, the management, in subsequent Board & ACB meetings continued to raise issues about validity of appointment, powers of the ACB, determination of scope of forensic audit, reporting responsibility of the forensic auditor etc.
- 8.4. Thereafter, some shareholders filed allegations stating that the procedure adopted for appointment of forensic auditor was incorrect and flawed, and that there was a conflict of interest in the said forensic auditor being appointed etc. Interestingly, these issues raised by the shareholders echoed identical points made in the ACB /Board meetings by one of the IDs. The said allegations were found to be absolutely without substance, and after due deliberation in the ACB were determined to be frivolous.
- 8.5. The combined effect of the above 2 points [Para 8.3 & 8.4] resulted in a delay of not less than 90 days with all the attendant consequences. If the appointment made by the ACB had been acted upon immediately, the entire issue about delay in finalisation of accounts as well as a whole host of consequential penalties other controversies and regulatory actions could have been avoided by the management.
- 8.6. The management stand about when the forensic auditor was appointed and by whom, is full of contradictions as is apparent from the various declarations filed by the management itself. The declaration filed with the stock exchange on 27th April 22 clearly shows that all other stands taken by the management were in contradiction of its own declaration filed for information of stakeholders. It may also be stated that, in a subsequent agenda note circulated to the members of the ACB, the management itself once again made the assertion that the ACB had made the appointment on 26th April 22. However, minutes before the commencement of the meeting, the Acting Company Secretary withdrew the said agenda note citing that there were certain errors therein and substituted it with a modified agenda note. Despite my specific request, the original agenda note has been removed from the software platform on which directors are expected to access the agenda papers securely. The fact that such post facto removal was done and my specific request not complied with till date; also raises the larger question about veracity of data available on the software platform (since only the management & IT team of PFS has post facto access to these matters), whereas the IDs do not have any specific assurance that the data remains unaltered.
9. The above are only some of the glaring issues which show that the board/management persists in laying the responsibility on everyone but themselves. As per the management, the stand taken by the statutory auditor, the forensic auditor, the audit committee and 3 of the 4 independent directors are all defective / erroneous and unacceptable. As mentioned earlier, functioning in a responsible manner as the chairman of the ACB and as an ID has become increasingly difficult over the last eight months considering the large list of matters which in my view are entirely contrary to the norms of corporate governance (See instances above and annexure B). More importantly, it has become increasingly apparent in the manner of conduct of the meetings (which will be seen in the video recordings of the meetings which are to be maintained securely by the

jayant gokhale

Company as per SEBI Regulations); that the IDs are viewed as impediments rather than respecting and considering the inputs offered by the IDs who collectively bring years of experience to the board. It is these factors that have led me to conclude that the resignation from the Board is the only viable option available to me.

10. I therefore resign from Directorship of PTC India Financial Services Ltd. with immediate effect.
11. I hereby declare that all material reasons for my resignation as an Independent Director are mentioned above and confirm that there are no other material reasons for my resignation.
12. I request the Company / Compliance Officer to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading forthwith the intimation to the stock exchanges and to file DIR-12 with the Registrar of Companies. I am also sending a copy of this resignation letter to the Regulators and to the Directors of the Parent Company (since all the Independent Directors of PFS are also Directors of PTC India Limited) & the Registrar of Companies. The company / compliance officer may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,

Jayant
Purushotta
m Gokhale

Digitally signed by Jayant Purushottam Gokhale
DN: cn=Jayant Purushottam Gokhale, o=PTC India Financial Services Ltd., email=jayant.gokhale@ptcfs.com, serialNumber=44376292163415045
Reason: I am the author of this document
Location: jayant signing location here
Date: 2022.12.02 20:39:51
Full Identifier Version: 3.7.2

Jayant Gokhale.



A. Background

- A.1 On 19th January 2022, 3 very reputed and highly qualified individuals who were then the independent directors of PFS resigned (collectively referred to as resigning IDs), citing detailed reasons which inter alia included allegations of "*serious lapses in corporate governance*" practices of the company, non-sharing of critical information with the board and that too being shared "*with complete disregard to timeliness*" and various other issues. Such a collective resignation by all the IDs of a listed company was to my mind unprecedented amongst listed companies in India. This action whereby the Board did not have a single remaining ID rendered the board, dysfunctional as per the SEBI LODR.
- A.2 On 22nd January 22 – SEBI directed the company "*to address the CG issues and all other issues raised by the resigning IDs and to file an action taken report*". Rather than rectifying the situation, the management was quick to label this as an attempt by the resigning IDs to malign the company. An Action Taken Report (ATR) was also filed by the management on 8th Feb 22.
- A.3 This ATR was rejected by SEBI on 2nd March 2022. Permission to hold a meeting without appointment of independent directors was also rejected for the same reason.
- A.4 Since it was considered necessary to look into the validity or otherwise of the issues raised by the resigning IDs, 4 IDs were finally appointed on 29th of March 2022. I was subsequently requested to also be the Chairman of the Audit Committee.
- A.5 It was therefore understood by us that apart from looking into the issues raised by the resigning IDs, the incoming Independent Directors would facilitate and guide the management in maintaining appropriate standards of transparency, timeliness and good corporate governance.
- A.6 This was essential for the reason that PFS is a listed NBFC, registered with the RBI as an infrastructure finance company. Apart from the company itself being a listed company, it is also the subsidiary of another listed company viz. PTC India Ltd. (PTC) whose promoters include some of the leading government companies in the power sector. Given this lineage, the company is expected to adhere to the highest norms of conduct apart from the regulatory norms prescribed by SEBI and the Companies Act. The three resigning IDs raised issues of serious lapses in corporate governance in the company and inter alia alleging that
- Management was not providing information called upon by the Board/ IDs.
 - Management was disclosing selective or skewed information to the Board/ IDs.
 - Unilateral change in conditions of loans by the management without furnishing the said information to the Board.
- A.7 The hurriedly prepared ATR submitted by the company to SEBI (at their behest) was not found satisfactory by the regulators. It was thus apparent that when we were inducted into the board, we had to address these issues with the highest priority. Based on the company's correspondence and interaction with SEBI, (as also the correspondence with the parent company PTC); the following major steps were undertaken to resolve this impasse.
- In PFS, 4 IDs (from amongst the independent directors of PTC) were inducted as IDs of PFS on 29th March 2022 and the Audit Committee (ACB) and Nomination and Remuneration Committee (NRC) were constituted shortly thereafter.
 - Simultaneously, based on the SEBI communications to PTC, an existing committee (Risk Management Committee (RMC) of PTC) was tasked inter-alia with the job of looking into instances of failure, omission, delay or other deficiencies (if any) in adhering to Corporate Governance norms in the PTC / PFS in the recent past as highlighted by (resigning) IDs of PFS and in the RBI report and further to identify causes of such failure and suggest corrective measures

B. Other instances of Governance Failures leading to my decision to resign.

- B.1 Directions & communications from regulators not properly informed to the Board / ACB.
- B.1.1 I may refer for illustration purposes to the direction re status quo in composition and structure of the board which was not intimated to the Board in proper/ timely manner. It may be mentioned that the earlier IDs had resigned from the board citing exactly similar reasons. While the management contended that there was no substance in their allegations, the similar conduct appears to have been continued even after the resignation and could not be commented upon by the forensic auditor since these actions took place after March 22.
- B.1.2 Even SEBI communication (dt 6th June) which enquired into the audit committee's reasons for "*non-adoption and non-recommendation of the Q3 results by the audit committee*", was not brought to the notice of the audit committee, and we came to know about it only when SEBI issued a follow-up letter addressed to all directors on 28th June 22.
- B.2 Mr. Mohit Seth, then Company Secretary, informed that he ceased to be the company secretary / compliance officer w.e.f. 10th Aug 22 due to "*situation of immense pressure in terms of work and otherwise from inside*". Prior to that, the earlier compliance officer and company secretary, who had been with the company since its formation and had served in this responsible position for more than 20 years also resigned.
- B.3 Mr. Sanjay Rustagi, now signing as CFO; in an earlier **written communication dated 31st May 2022 asserted that he was not the CFO**. He continued to sign papers as Asst VP and these papers were co-signed by the MD, indicating acceptance of this position. A very convoluted explanation was given since neither his discontinuation nor appointment was intimated to the stock exchange and as at date, the said person continues to sign as CFO. The contradictions and lack of clarity in the stand taken by the company have been spelt out in my email sent on 30th May to seek clarifications; and hence not fully reproduced here.
- B.4 Minutes were drafted in a manner that they do not accurately capture the actual proceedings, and reveal a bias in the drafting. For e.g. in an important matter, the proposition agreed upon by the majority in the ACB i.e. the decision is recorded in a single line- without any rationale that was clearly discussed. However, the next paragraph gave detailed reasoning in regard to the views of dissenting directors. This resulted in the rationale for proposing a certain resolution not being captured at all and the minutes not recording the specific issues pointed out by the chairman and majority of the IDs. Reference may also be made in another instance to my emails dt 17th Aug & 18th Aug 22 as well as the Board minutes (144th Meeting- 6th April 22) in regard to appointment of Chairman of Nomination and Remuneration Committee (NRC), which were debated upon in the next Board meeting.
- B.5 Specific directions issued by me as ACB Chairman to the compliance officer, were not being complied with on various occasions; agenda of the ACB meeting was being decided upon and intimated to the members without consultation with me. Apart from this, at times, even the date and timing of the audit committee was unilaterally decided by the management/ compliance officer without prior intimation to me as Chairman of the audit committee. Reference may be made inter-alia to my email dt 18th Aug 22.

- B.6 Minutes of audit committee not being completed / approved was caused as a result of infinite number of corrections/alterations being suggested by one ID. The meetings of the audit committee often lasted for periods ranging from 3 to 6 hours. If the original minutes are not drafted in a clear correct and complete manner; it is not practically possible for me as the chairman to listen to recordings and draft the minutes myself. In any case, this is the responsibility of the company secretary who is a professional and is required to undertake this task in a proper manner. The extensive correspondence on the issue of a single resolution passed illustrates this point with ample clarity. In any case, video recordings of all these meetings are available; and an independent person may be charged with the responsibility of preparation of a complete set of unbiased minutes based on the video recordings.
- B.7 There are numerous other instances that can be cited such as:
- B.7.1 where a resolution which was typed on screen during the course of the meeting and was voted upon in the ACB was not circulated for 4 days despite instructions to that effect from ACB Chairman on the ground that this was awaiting 'approval of competent authority';
- B.7.2 similarly attempting more than once to reconstitute the audit committee despite advice to the contrary from SEBI,
- B.7.3 Relying on a report issued by an external advisors to counter the findings of the forensic audit report, although the said advisors have put so many reservations, disclaimers and limitations that no cognizance of such views can effectively be taken. Their disclaimers reproduced verbatim include inter-alia:
- *"Our findings are based on information and documents to the extent provided to us. For this reason, it is possible that our observations may have been different had we reviewed the whole documentation/ information on a particular matter.*
 - *Our scope did not require, and our work steps were not tailored to identify regulatory/statutory non-compliances.*
 - *We have also relied on the verbal justifications provided by PFS management*
 - *We have relied on the justifications provided by management on the observations stated by forensic auditor.*
 - *.. it is possible that there are factual inaccuracies where we have not been provided with the complete picture/information/documentation on a particular matter by the process owners.*
- In turn, the management states that it has relied upon the consultant's findings to prepare their response to the forensic audit report. Thus, it is not clear who is relying upon whom in this self-serving arrangement. And this advise is used to argue that the conclusions of the Forensic Audit Report are incorrect / flawed.
- B.7.4 taking a stand that where SEBI uses the words "company is advised", it does not amount to a direction which is to be brought to the attention of the Board on the interpretation that the word 'advised' is to be distinguished from the word 'directed', and
- B.7.5 generally seeking numerous legal opinions in order to justify post-facto; the stand taken by management earlier.

However, only to limit the length of this letter I am refraining from detailing any more points and therefore ending the list of illustrative points here.



Annexure C
to resignation letter

From: Jayant Gokhale -Partner G & S <jayant@gokhalesathe.in>
Sent: 30 May 2022 17:52
To: Pawan Singh -PFS <pawan.singh@ptcindia.com>; Vishal Goyal <vishalgoyal@ptcfinancial.com>;
Sanjay Rustagi <sanjay.rustagi@ptcfinancial.com>
Subject: Re: Notice for adjourned 79th meeting of the Audit Committee - PFS

To the Managing Director,

PTC India Financial Services Ltd.

Sir,

You will note from the trailing e-mail that upon receipt of the notice for the adjourned meeting of Audit Committee of the Board of PFS (ACB- PFS) on 25th May 22, I had sent a mail (see trailing mail) requesting certain particulars to be placed on record as part of the agenda papers so that the audit committee would have a clear picture of the numerous issues on which there was lack of clarity on the stand taken by the management before the auditors and the ACB.

In response to the above mail; you sent a partial compliance just 5 minutes before the meeting commenced. Since none of the Directors could have perused the contents in a few minutes; during the proceedings of the meeting, I once again requested that these papers be furnished by way of a note on each item so that these may form part of the Agenda Notes for the meeting. While the management explained some of the matters raised in the trailing e-mail; no specific note qua each item was furnished and it was mentioned that this was due to paucity of time to prepare the same. The matters raised in my trailing e-mail were of great significance in considering the PFS financial results for Q3, and in my view there were certain inconsistencies between information furnished and my understanding of the facts of the matter. This was one of the reasons why the audit committee unanimously decided neither to adopt or recommend the Q3 financial results of the company while submitting the same to the Board for its consideration.

There are also other issues which have not been fully clarified, which led to my stating in the previous paragraph that there has been a partial compliance. To illustrate, you have undoubtedly given the particulars of appointment of the CFO and the resolution in that regard. However, I had also asked specifically for confirmation that he continues to function in that capacity which is not been expressly stated. As per my recollection, on a specific query to him about this role as CFO, he had not given a positive confirmation of the same. Even the papers signed by him and forming part of the agenda papers do not refer to him as CFO but give his designation as VP Finance. Similarly, the auditors, presumably on the basis of documentation made available to them by the Management continue to state that "*the company is in the process of appointing an independent firm to undertake forensic audit.*" This despite the fact that the company's filing with the stock exchange on 27th April 2022 clearly states "*the company has appointed M/s CNK & Associates LLP (Chartered Accountants) to carry out the third-party independent forensic audit.*" I am unable to reconcile how both the statements can be correct at the same time. During the proceedings of the committee on 24th May 22, the auditors attention was drawn to the apparently incorrect language / position contained in the draft report. It may be pointed out that in the audit committee meeting held on 26th April 22, the scope of work of the forensic auditor had been finalised basis the agenda note placed



by the management (which also incorporated the suggestions of the statutory auditor). The committee had unanimously noted the urgency of the matter and stressed that the forensic audit be completed within a month. Despite the above, it appears that neither an agenda for modifying the scope of audit has been placed before the audit committee (if there is a perceived need for this) nor the engagement letter issue till date. I request you to kindly clarify the company stand on the matter.

The outcome of the audit committee and the board are now a matter of record. However, I note that there still continues to be a lack of clarity about the facts in respect of which I had made enquiries in my email. While paucity of time could have been a justification when we met on 26th evening; that can no longer be the reason for non-furnishing of the requisite information as requested in the trailing e-mail. I therefore state once again that the management view on said facts needs to be clearly placed on record and this needs to be done, preferably before the audit committee of the parent company (PTC) on 31st May 22 or at the earliest thereafter. In fact, some of the matters do not even require much preparation (e.g. a comparison of the divergence between the management approved figures as presented on 24th and as presented on 26th May). Similarly, within a couple of hours after the adjournment of the ACB on 24th, the auditors have made a specific request for certain information to be furnished. (See Para 6 of my trailing mail; for ready reference copy of the e-mail from statutory auditors is enclosed herewith). I trust the said information would have been furnished to the auditors as requested by them and therefore, the information sought by me should not take time to compile.

I therefore reiterate my request that all the matters mentioned in the trailing mail should be furnished forthwith as per my request dated 26th May 22. I further request that the CFO/Company Secretary also obtain from the statutory auditors a copy of the presentation that they may have prepared for the meeting on 26th May 22 and that too may be furnished. In particular, a proper summarised tabulation of the Q3 results as presented before the audit committee on 24th & the amended figures presented on 26th May 22 showing clearly the head wise variation (In Rs) in the financials as initially and finally proposed by the management for consideration by the auditor and the audit committee. [Refer Para 2.2 of my trailing e-mail].

I await prompt action on the matters mentioned above and in my trailing e-mail.

Regards,
CA Jayant Gokhale,
Chairman, ACB of
PFS India Financial Services Ltd.

On Thursday, May 26, 2022, 02:54:41 PM GMT+5:30, Pawan Singh -PFS
<pawan.singh@ptcindia.com> wrote:

Dear Sir,

With reference to your trailing email, you may understand the company is going with troubleance time and your guidance and support to overcome this situation is very essential for the Company.



In respect of the various points highlighted by you in your email, we would like to submit as under:-

- Copy of the presentation made during the audit committee meeting held on 24th May, 2022 is attached;
- Copy of email received from the Nominee Director- PTC w.r.t to the factual position of report of RMC- PTC, is attached;
- Copy of the Board Resolution and intimation made by the Company to the stock exchanges regarding appointment of Sh. Sanjay Rustagi as CFO is attached.
- We further confirm that Sh. Sanjay Rustagi is at present CFO of the PFS.
- Copy of documents submitted to the statutory auditors pursuant to their e-mail after the Audit Committee Meeting are also attached;

Apart from the above, the other points mentioned by you in you e-mail, we would like to clarify in the meeting of the Audit Committee scheduled to be held on today.

We again solicits your kind guidance and co-operation for the Company.

Thanks and Warm Regards
Dr. Pawan Singh
MD&CEO

From: Jayant Gokhale -Partner G & S <jayant@gokhalesathe.in>

Sent: 26 May 2022 11:59

To: sushamanath@gmail.com <sushamanath@gmail.com>; saksena.sushma@gmail.com <saksena.sushma@gmail.com>; Ramesh Narain Misra <rnmisra1957@gmail.com>; Pankaj Goel <pankajgoel@ptcindia.com>; Vishal Goyal <vishalgoyal@ptcfinancial.com>

Cc: Pawan Singh <pawan.singh@ptcfinancial.com>; Sanjay Rustagi <sanjay.rustagi@ptcfinancial.com>

Subject: Re: Notice for adjourned 79th meeting of the Audit Committee - PFS

To the Managing Director,

PTC India Financial Services Ltd.

Sir,

The proceedings of the audit committee meeting held on 24 May 22 were greatly disturbing to me and quite unprecedented in my years of experience as a professional and as a director. There are certain issues which are at the root of this and after giving deep thought to the matter, I felt that it is appropriate that when we consider the primary agenda for today's adjourned meeting; these issues may be squarely addressed. Therefore this note to you in reply to the notice sent yesterday night, with a request that the company's stand in each of these matters be clearly stated by way of note which may be placed on record as part of the agenda papers. This would enable the audit committee to take an appropriate view on the subject of hand.

1.1. It was noted that the financials as presented before the audit committee of the board (ACB) did not include numerous provisions which in



the opinion of the auditors were necessary for the financial results to reflect the true picture of the company as at 31ST December 2021. Admittedly, you were not in agreement with the views of the auditor. However, it is the minimum standard of good governance that in the event of such differences the same should have been fully brought out in the presentation that was made before the ACB. Unfortunately, it is noted that none of these issues were even hinted at (leave alone addressed) in the presentation made before the ACB or in the comments made by you when the financials were being discussed. It was only upon my specific enquiries in the course of the meeting in regard to the provisioning that these issues came to the forefront.

1.2. It is also worth noting that the impact of the provisioning as desired by the auditors was converting a net profit into a net loss which had been brought out with absolute clarity even though you may not have been in agreement with the same.

1.3. It will also noted that when Mr Rustogi was specifically asked about his views on the matter, he agreed with the view expressed by the auditor that provision was necessary. It is highly irregular that the finance team / CFO and the management are expressing different views before the ACB leading to totally divergent results.

1.4. Even a simple matter such as 'unadjusted differences' as presented by the auditors was not agreed to by the management and lead to some discussion. By definition 'unadjusted differences' in the financial results are items which are admittedly in error but not be material enough to warrant adjustment in the duly prepared statements. The fact that there are different viewpoints when coming before the ACB reflects very poorly on the data presented to us and would definitely undermine our confidence in the financial results.

2. The net result of all the above matters was that after more than six hours of discussion in the ACB, we were unable to clear a single item in the agenda (out of the 15 put up - incidentally without prior consultation with me as chairman). I hope we should do better today. However in order to facilitate a quick consideration of the matters before the ACB I would request you to kindly do the following.

2.1. Put up a note stating clearly whether all the recommendations of the auditor have been incorporated into the financial results or whether there are still some points of deviation which the management believes that the auditors conclusions / recommendations are not appropriate / need not be followed.

2.2. The note should also mention in value terms (Rs) the deviation from what was presented on 24 th, what is placed for adoption today and which recommendations of the auditor have not been agreed to by the management

2.3. The copies of the presentation made by the management on 24th may be circulated forthwith to the members of the ACB, and if any fresh



presentation is being made today - copy of the said presentation may also be forwarded at an appropriate time.

3. It was also noted that the draft (disclaimed) report furnished by the auditor - which gave a disclaimer on the financial results mentioned two points which to my mind were factually incorrect. On being asked the auditor stated that his statements are based on management representation in this regard.

3.1. It was noted that the auditors had mentioned that "*the company was in the process of appointing a forensic auditor*". As you are aware this is factually incorrect. The forensic auditor has already been appointed and his scope has also been specified by the ACB. The fact of appointment of CNK Associates LLP (CAs) has been also communicated to the stock exchanges. However, if the company or Chairman / other member of the ACB is having a different view on the matter you are requested to state explicitly the said stand so that the issue is appropriately reflected in the auditors remarks and is also suitably considered by the audit committee in considering the Q3 financial results. In order to avoid any lack of clarity in the matter - I request you to kindly state the stand of the company in the note which you may circulate before we consider the Q3 financial results.

3.2. The appropriate status of the report of the RMC of PTC may also be clearly stated that since I found that there was an inconsistency between the factual position as known to me and what was being mentioned by the statutory auditor in his report. You will appreciate that in matters of this nature, the disclosures have not only to be factually correct but also **factually correct and complete**. To my understanding, what was informed to the auditor was probably correct but not complete and therefore in my personal view are deficient disclosure. I request you to kindly place on record what is the correct position as on date so that the auditor and ACB are in harmony in their understanding of the factual matrix of the matter.

4. There is also the issue about who takes ownership for the financial results. There was some discussion about whether the CFO is in fact a CFO or not. While the management seems clear that he is, he has not clearly stated as such when asked. It is also noted that on numerous documents forming part of the agenda (which is apparently been cleared by you) of the same meeting, the said person is designated as VP Finance. You will appreciate that this is a regulatory matter and therefore you may request your secretarial Department took place on record the specific resolution about his appointment as CFO, the date from which he took charge and a confirmation from you that he continues to hold charge as CFO and is therefore part of the key management personnel of the company. The I believe that would have also been reported to the stock exchanges and the same may kindly also be cited.

5. In my note sent to you on 23rd (the day before the audit committee meeting), I had also requested you to kindly provide on record suitable justification for the audit committee to consider making a departure from its view taken in the earlier meeting that it is not advisable to accept a disclaimed review report. I had specifically requested that you may clarify what underlying facts have changed



so as to lead to a change to being taken by the ACB. Undoubtedly, you placed on record a reply which mentioned that subsequent to that meeting, you have been facing increasing pressure from credit rating agencies/lenders in regard to disclosure of results. While I agree that this could be a valid consideration, in my view it is a fairly general statement and for any committee to depart from its earlier stand a more specific justification with facts and figures would be desirable. However, this being a subjective matter, I leave it to you whether you would want to substantiate this aspect in the note that am requesting for today.

6. I note that immediately after the conclusion of our ACB meeting 24th May 22, the auditor has addressed an e-mail seeking specific inputs by way of a write-up on various matters of provisioning in certain specific entities that were discussed in the course of the meeting on 24th May. If those notes have been provided, a copy of those notes may be provided to me / audit committee members so that the stand taken by you in Point 2 above would stand clarified.

Request you to kindly do the needful.

Regards,

CA Jayant Gokhale,

Chairman, ACB of

PFS India Financial Services Ltd.



Annexure D
to resignation letter

From: Jayant Gokhale <jayant@gokhalesathe.in>
Sent: 15 November 2022 15:24
To: 'Mohit Sethi' <mohitseth@ptcfincial.com>; rajiv.mishra@ptcindia.com; 'Pawan Singh -PFS' <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; saksena.sushma@gmail.com; pankajgoel@ptcindia.com; 'Rahul Agrawal' <RahulAgrawal@mksa.in>
Cc: 'Lalit Sethi' <lalit.sethi@ptcfincial.com>; 'Rahul Agrawal' <RahulAgrawal@mksa.in>
Subject: Reply to Board Resolution approving certain resolutions in my absence.

To,
The Chairman,
The Managing Director &
Acting Company Secretary of
PTC India Financial Services Ltd.

This has reference to the board meeting held on 13th November at approximately 1:30 pm and resolution passed therein. I also draw your attention to my email sent at 3:16 pm when I found out that a board meeting had been irregularly convened and was in progress. The said email is given here under.

I received yesterday (14th Nov) afternoon, the resolution passed by the Board members at the said meeting. As mentioned in my email, that I had strong objections to the manner in which such meeting was conducted, and the fact that in my view, **such meeting was invalid ab-initio**. I am also informed that certain other directors had also objected to the said meeting. I also have objections to the contents of the resolution that have been circulated yesterday (as the record of what was decided in the irregularly convened meeting of the board on 13th Nov 22). I state that in the event that you wish to reproduce the said resolution, or any part thereof as part of the decision taken by the board, this email recording my objections should also be included as a part thereof. I further state that this conduct is in continuation of the violations of proper governance norms, especially because you are deciding upon matters that have a bearing on the financial statements for the financial year ending March 22 being adopted without proper notice to me as Audit Committee Chairman.

Facts:

- A. On 13th November 22, I had chaired the meeting of the audit committee which commenced at 9:30 am and continued a little bit past 1 PM. Even before the convening of this meeting of the audit committee, and at numerous times during the meeting; I have drawn attention of the members and the management that I had to leave for a wedding at 12:30 pm (and in order to conclude the business of the audit committee- I stretched that time by half an hour). It was made amply clear that I was not available after that time; and at that point of time even the MD who happened to be attending as invitee concurred with my need to leave forthwith at 1 PM. At that stage no mention was made of a board meeting being convened immediately thereafter.
- B. I later on found out that a board meeting was convened, on the basis of a notice issued while I was busy conducting the audit committee meeting. The notice for the 158th meeting was issued at **11:38 am - calling for meeting at 12 -noon**. This absurdly short notice is itself indicative of the manner of functioning. Further, since the audit committee was still in progress till 1 PM; a further **notice was issued at 1:11 pm rescheduling the meeting to 1:30 pm** on the same day. Therefore, whether one considers the original order rescheduled meeting notice; you will note that in either case the notice time was less than 30 minutes.

In light of the above, my views in this regard are as under:

1. It may be noted that I have **never consented to having a meeting at such short notice**. The notice given in this manner, and not brought to my attention even 10 minutes before I left after concluding the audit committee meeting is defective notice



and in my view; the meeting is therefore invalid and all the **decisions taken therein are void and inapplicable.**

2. The email from the Company Secretary (given in trailing email) - mentions that I have been given leave of absence. I may point out that I have never applied for any leave of absence. As mentioned above, I was not even aware of the fact that meeting was being then convened and held. Therefore, the question of my seeking leave of absence does not arise; and unilaterally granting me leave of absence indicates the attempt to regularise a fundamentally invalid meeting.
3. The resolution purportedly passed on that day inter-alia records, *The management is directed to submit the report of Forensic Audit with management comments, E&Y remarks, legal opinion by Former CJI, legal opinion of CAM and former Director (Finance) of PFC - Mr. Nagarajan Radhakrishnan and this Board resolution to SEBI.* I have strong objection to such superfluous documents being uploaded as it amounts to misleading the investor community. In fact, subsequent to your having passed such resolution, the directions given by the stock exchanges clearly tend to support my view. Therefore, even if you consider that the said resolution is valid; I submit that the indication from the stock exchange is very clear: that these other documents should not be provided in conjunction with the forensic report. Management may seek whatever inputs that it desires in regard to the forensic audit report. However, such opinions are only part of the internal records of the company and cannot be used in the manner proposed. I therefore record my objection to this part of the resolution, and if you insist that it is resolution so passed - you should record my dissent thereto as clearly stated my email sent when I came to know about the conducting of such invalidly convened meeting.
4. As regards the paragraphs
 - i. *CNK has not identified any event having material impact on the financials of the Company. Hence not quantified.*
 - ii. *CNK has not identified any instance of fraud and diversion of funds by the company.*

I submit that the said conclusion was reached without appreciating the inputs that I could have provided, and perhaps had I been given an opportunity to do so, the views of other directors might have been different. In fact most of the members of the board as well as the MD who was present as an invitee at the audit committee meeting were aware that the discussion in the audit committee clearly brought out that there were numerous instances of operational irregularities that were considered in the course of the discussions in the audit committee. I state that while there is no quantification of material impact on the financials of the company for the financial year 21-22, this could be because of numerous reasons. The first and foremost is that the forensic auditor has clearly expressed scope limitations which would have prevented him from giving more specific details in regard to possible material impact. Further, that there may be no material impact for the financial year 21-22, does not necessarily mean that there never was or that there is absolute certainty that there never will be an impact on the financials in the future - arising from the numerous irregularities which have been clearly mentioned in the forensic audit report. The scope limitations mentioned by the Forensic auditor also give indication that while a conclusion of fraud may not have been reached on the basis of evidence made available; such conclusion cannot be absolutely ruled out. In fact a proper examination with full records being accessed, may result in some of the so-called 'irregularities' being considered a fraud, but in absence of adequate evidence being made available, the forensic auditor has possibly refrained from reaching such definite conclusion.

5. Under the circumstances, having recorded my objections as above, I state that in the event that you wish to make any reference to such resolution, my objection mentioned above may also be brought out along with the same. In any case, since the stock exchanges have directed that the forensic audit report needs to be uploaded separately



and has mentioned only 2 matters that may be separately disclosed by stating as under

“Company shall disclose the below as a separate announcement:

1. PFS Management Response
 2. Remarks issued by Ernst & Young LLP (independent advisors to the management in relation to the forensic audit)”
6. I therefore emphasise that the stock exchange has not given liberty to the management to include any other statement as is proposed to be done by the above resolution. Assuming, for the sake of argument that the resolution passed in the meeting was valid; the decision to upload the other documents has now been rendered infructuous by the subsequent direction given by the stock exchange. I insist that you take note of the same and act according to such direction by the stock exchange. I therefore request you not to upload any document other than those mentioned above. Any act, done in violation of the will in my view be considered to be in breach of the said direction and I therefore request you to desist from doing the same.

Regards,
Jayant Gokhale.
Independent Director.

From: Jayant Gokhale <jayant@gokhalesathe.in>
Sent: 13 November 2022 15:13
To: Mohit Seth <mohitseth@ptcfinancial.com>; rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; saksena.sushma@gmail.com; pankajgoel@ptcindia.com; Rahul Agrawal <RahulAgrawal@mska.in>
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>; Rahul Agrawal <RahulAgrawal@mska.in>
Subject: Re: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Sirs,
I am shocked to learn that the Board meeting earlier scheduled at 12 noon is now called at a time when I had informed (since yesterday - before issuance of notice) that I will be in transit after 1:30 pm.
I am also informed that in my absence the Board is considering the Forensic Audit report. I strongly protest against such action and holding such meeting and state that I have never given consent to such meeting at such extremely short notice. I therefore reserve the right to send any comments later on. Further In case a consideration of the report includes adoption or rejection of the forensic audit report- It may be noted that my view given in the Audit Committee to accept the Forensic Audit report in full needs to be taken on record.

Regards
Jayant Gokhale
cc Stat Auditor for information.

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From: Mohit Seth <mohitseth@ptcfinancial.com>
Sent: Sunday, November 13, 2022 1:11 PM
To: rajiv.mishra@ptcindia.com <rajiv.mishra@ptcindia.com>; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com <sushamanath@gmail.com>; rnmisra1957@gmail.com <rnmisra1957@gmail.com>; jayant@gokhalesathe.in <jayant@gokhalesathe.in>; saksena.sushma@gmail.com <saksena.sushma@gmail.com>; pankajgoel@ptcindia.com <pankajgoel@ptcindia.com>
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: RE: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Madam / Sir

The Board is rescheduled for 1.30 PM, same link will work

Regards
Mohit Seth

From: Mohit Seth
Sent: 13 November 2022 12:19 PM
To: rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; jayant@gokhalesathe.in; saksena.sushma@gmail.com; pankajgoel@ptcindia.com
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: RE: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Madam/ Sir ,

With reference to the trailing e-mail, we would like to mention that the duly approved agenda for 159th Board Meeting of PFS to be held on 13th November, 2022 at 12:00 Noon, has been uploaded on the e-meeting software.

You are requested to kindly make it convenient to attend the meeting.

Regards
Mohit Seth
Acting CS

Agenda items for the Board Meeting

Item No.	Agenda items for the Board Meeting
159.0	Leave of absence
Agenda Items to take note	
159.1	
159.9	INTERMEDIATE ITEMS ARE NOT REPRODUCED TO PRESERVE CONFIDENTIALITY
159.10	
Any other business with the permission of Chair.	



From: Mohit Seth
Sent: 13 November 2022 11:50 AM
To: rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; jayant@gokhalesathe.in; saksena.sushma@gmail.com; pankajgoel@ptcindia.com
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: RE: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Sir / Madam,

With reference to the trailing e-mail, please find below the link of the VC facility for 159th Board Meeting of PTC India Financial Services Limited to be held on Sunday, 13th November, 2022 at 12:00 Noon

<https://bluejeans.com/966871158/7469>

You are requested to kindly make it convenient to attend the meeting.

This is issued with approval of competent authority.

Regards
Mohit
Acting CS

From: Mohit Seth
Sent: 13 November 2022 11:38 AM
To: rajiv.mishra@ptcindia.com; Pawan Singh -PFS <pawan.singh@ptcindia.com>; sushamanath@gmail.com; rnmisra1957@gmail.com; jayant@gokhalesathe.in; saksena.sushma@gmail.com; pankajgoel@ptcindia.com
Cc: Lalit Sethi <lalit.sethi@ptcfinancial.com>
Subject: Notice of 159th Board Meeting to be held on Sunday, 13th November, 2022 at 12:00 Noon

Sir/Madam,

May please find below notice of 159th meeting of Board of Directors of PFS is scheduled to be held on Sunday, 13th November, 2022 at 12:00 Noon at Board Room, PTC India Financial Services Limited, 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi – 110066 issued on direction of chairman and approval of management.

Kindly make it convenient to attend the meeting.

Regards
Mohit
Acting CS





**Ref. No. CoS/PFS/BM-159th
November, 2022**

Date: 13th

Dr. Rajib K. Mishra, Chairman, PFS

Dr. Pawan Singh, MD & CEO, PFS

Smt. Sushama Nath, Director, PFS

Sh. Ramesh Narain Misra, Director, PFS

Sh. Jayant Purushottam Gokhale, Director, PFS

Sh. Devendra Swaroop Saksena, Director, PFS

Sh. Pankaj Goel, Director, PFS

Subject: - 159th Board Meeting of PTC India Financial Services Limited (PFS)

Sir/Madam,

We would like to inform that 159th meeting of Board of Directors of PFS is scheduled to be held on Sunday, 13th November, 2022 at 12:00 Noon at PTC India Financial Services Limited, 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi – 110066 at a shorter notice on the instruction of the Chairman. The agenda for the meeting shall be sent separately.

The video- conferencing facility shall also be available for the meeting.

Kindly make it convenient to attend the meeting.

Thanking you, With Best Regards

(Mohit Seth)
Acting CS



Ahmedabad
2 Dec 2022

The Board of Directors,
PTC India Financial Services Ltd.
New Delhi

Gentlemen,

The Board of Directors of PTC India Financial Services Ltd. had become dysfunctional after resignation of all independent directors in January, 2022. The Board of Directors of PTC (India) Ltd., the holding company, seconded four independent directors, including myself, to the Board of Directors of PTC India Financial Services Ltd., with the express mandate of bringing the Company back on even keel. The task ahead of us was a challenging one, given the fact that despite having a loan book of approximately Rs.10,000 crores, PTC India Financial Services Ltd. functioned with minimal staff, and only one whole-time Director, since 2018.

I am happy to report that we, the Independent Directors, have successfully executed our mandate, in so far as:

1. The annual accounts for FY 2021-22 have been finalised;
2. An independent Forensic Audit has been completed which has looked into the circumstances of the resignation of the erstwhile independent directors, identified various defective governance practices and also pinpointed some possible instances of evergreening of loans;
3. A process to rectify the various governance flaws pointed out by the Forensic Auditor has been set in motion;
4. Process for recruitment of Director (Finance), a post lying vacant since 2018, has been initiated;
5. A reputed accounting firm has been identified to replace the retiring statutory auditor;
6. Three eminent persons have been selected and appointed as independent directors.

I would like to bring on record that the above tasks, particularly those at Sl. Nos. 1 to 3, have been accomplished in the face of considerable opposition by the management, which apparently, did not want the forensic audit to proceed. I have put the foregoing facts on record for the benefit of the shareholders, regulators and incoming independent directors.

I am resigning from the Board of Directors of PTC India Financial Services Ltd., with immediate effect. I would request the Board to kindly accept my resignation. The reasons for my resignation from the Board of Directors of PTC India Financial Services Ltd., are summarised below:

- 1) PTC India Financial Services Ltd., follows deficient governance practices, which are evidenced by the following:
 - A) contents of the resignation letters of Independent Directors in January, 2022
 - B) findings of forensic audit conducted between July 2022 and November 2022
 - C) non-constitution or delayed constitution of statutory committees that have resulted in penal actions by regulators;
 - D) not holding timely meetings of statutory committees that have resulted in penal actions by regulators;



- E) calling meetings of the Board of Directors and committees at short notice without disclosing the agenda.
- 2) The management has adopted a counterintuitive definition of 'evergreening' to justify its past lending practices, which may attract unjustified liability for Independent Directors in the future.
 - 3) The atmosphere in the Boardroom of PTC India Financial Services Ltd. was not conducive to healthy discussion, with the management sometimes pushing some agenda against the directions of regulators e.g., changing the constitution of a committee after being directed not to do so. Also, the management often, unilaterally, at a considerable cost obtains expert opinions to counter dissenting opinions, which is not a desirable option for any company, let alone a financially challenged one.

I have discussed my resignation with two of my co-directors viz. Mrs. Sushama Nath and Sri Jayant Gokhale. I completely agree with the views expressed by Sri Jayant Gokhale in his resignation letter dated 2 December 2022. Sri Jayant Gokhale, did great service to the company as a director and more particularly, as the chairman of the Audit Committee from April, 2022 to November, 2022.

With the induction of three independent directors, I can resign from the Board of PTC India Financial Services Ltd., without causing any loss to the Company, and I am doing so.

I confirm that the reasons given above are the only material reasons for my resignation and there are no other reasons behind my decision to resign.

With salutations and good wishes,

Yours faithfully,
DS Saksena



5th December 2022

To,
The Board of Directors
PTC India Limited
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi - 110 066

Sirs,

**RE: Letter of resignation from my position as Independent Director
on the Board of PTC India Limited ("Company" or "PTC")**

I had the privilege to serve on the PTC Board for more than 4 years, of which for a significant part of the tenure I have also been the Chairman of the Audit Committee (ACB). My experience with the company and its management has for most part been very satisfying and that is why I agreed to continue after my initial three-year term. It is only in the last 12 months that certain issues of governance, compliance and management in PTC India Financial Services Ltd. (PFS) – a material subsidiary of PTC, came to the fore. Since then, for reasons briefly enumerated below, approach of the PTC management and the atmosphere in the board has been significantly vitiated. The company (PTC) has seen a steady downslide in terms of approach towards the independent directors, issues of governance and compliance. I have, therefore taken a call to resign from the Board due to the prevalence of certain factors which I, believe, have in the past year constrained me from contributing meaningfully to the proceedings of the Board. Some of these factors are enumerated below:

1. I have on 2nd Dec 2022, resigned as an Independent Director (ID) from the board of PFS. (referred to as 'PFS Resignation'). In furnishing this resignation, I have expressed strong reservations about the compliance with corporate governance norms by PFS. I have also recorded my detailed reasons why I have been disturbed by an attitude of denial in regard to the forensic audit report furnished by a highly competent professional. Since those reasons for my resignation from PFS would now be part of public record, I am not repeating the same over here¹. The salient point to note is the view I had expressed in the said PFS resignation, that such blatant disregard / non-compliance with regulatory requirements, became possible due to the fact that the PTC Board² did not take a proactive approach to guide its subsidiary

¹ it is assumed, that this resignation letter would be uploaded to the stock-exchanges by PFS as is required by the LODR.

² Where the 5 IDs referred to later were in the minority



PFS to address the shortcomings in governance pointed out by the 3 resigning IDs in January 22 and in dealing with the subsequent forensic audit and its findings etc., In fact SEBI in its e-mail dated 22 Jan 2022 observed "*Since nominee directors of PTC India Ltd occupied important positions on the Board of PFS, it is inferred that PTC India Ltd. had a major say in the functioning of Board of PFS, particularly in ensuring best corporate governance practices.* Thus, considering the approach of the PTC Board in that regard, it is but natural that my confidence in it has been shaken. As Chairman of the ACB of PTC, in considering the quarterly financial results, annual financial statements, matters of IT systems and internal financial controls, I have to rely significantly on the inputs from management of PTC. Since the bond of confidence in their approach and judgement has been greatly impaired; I do not believe that I could deal with the said responsibilities with the necessary sense of assurance. Therefore, it is best that I resign forthwith from the Board and make way for some other Independent Director who could better shoulder this responsibility on the basis of assurances provided to him by the management in whom he may have the necessary faith and confidence. Accordingly, I have decided to resign from the board of PTC with immediate effect.

2. Arising out of the directions of SEBI, the Risk Management Committee (RMC) of PTC was tasked with looking into the issues raised by the resigning IDs. The RMC was inter- alia to look into matters of corporate governance. Sadly, the functioning of the RMC itself revealed non-adherence to the norms of corporate governance, (as was pointed out by me on record on more than one occasion). Meetings were scheduled without regard to convenience of members, citing urgency. However, even after the report was submitted, it took more than 6 weeks for the Chairman to take necessary consequential actions.
 - 2.1. The 4 member RMC committee reached diametrically opposite conclusions. Two members concluded that the actions of the management were by and large acceptable; whereas two other members (including myself) concluded, that the managing director (MD) of PFS had acted in defiance of the decision of the board. For this and other reasons, these two members concluded that there was failure to comply with corporate governance norms.
 - 2.2. Without getting into details of the unsatisfactory nature of the discussion in the board in this regard; in my view, the proceedings in the RMC & Board in considering this RMC report were not fair and proper. Based on the said discussion, the board accepted the conclusion of the formerly mentioned two members by a majority of 7: 5 votes. It is pertinent to point out that, all five votes in minority were by IDs, while the majority included six votes of management and promoters. This clearly indicates that all but one independent director had a very different perception on these matters from the management's view.



However, when viewed in conjunction with my decision to resign from the PFS Board, and the matters mentioned in Para 1 above, my decision to resign forthwith from PTC is further justified due to my belief that the entire effort of the management seems to be focused on establishing that "all is well"; notwithstanding the ground realities.

3. It is pertinent to note, that the RMC report adopted by the Board by majority on 31st May 2022 recognised that there was need for certain improvements in the corporate governance processes. In the 6 months that have passed since then, two meetings of the Board of PTC were held on 24th June & 5th July 2022. Thereafter, for a period of 120 days i.e. upto 2nd Nov 2022 no meeting of the board was called. In the 3 Board meetings held since May 22, management did not feel it necessary to even initiate or discuss any such remedial measures (including those suggested by the report approved by majority by the board). This failure on part of the management to initiate even the most fundamental step of discussing proposed improvements despite having had more than 6 months since the adoption of the RMC report, leads me to believe that there is no desire to take corrective measures. This is in fact consistent with the stand taken by the management (even in matters of the subsidiary -PFS), that there was in fact nothing wrong, and therefore there is no need for corrective action. Since this is absolutely contrary to the views expressed by me in the RMC report, it provides a further reason for me not to continue on the board of PTC.
4. As ACB Chairman, I had objected to the approach of adopting standalone results and disclosing the same to the public, which amounted to a non-compliance with Regulation³ 30 (6). This was duly brought out by the IDs in the ACB and in the board meeting. However, the management chose to rely on a legal opinion, which in fact confirmed that standalone accounts being furnished does not amount to Compliance with Regulation 33(3). However, the legal opinion further stated that there was no bar to PTC disclosing its standalone results, even though this did not mitigate the non-compliance with Regulation 30(6) and consequential penalties. The view expressed by me, that such interpretation would never be acceptable to the regulators, since such an approach would open the floodgates to companies disclosing 'selective market sensitive information' to the investors, which could be used in the future for price manipulation. This view however did not find favour with the Board. The above matter is cited only to illustrate the increasingly casual approach to regulatory compliance; which gives me a further reason for me not to continue on the board of PTC.

³ Regulation refers to SEBI LODR Regulations.



5. A trend has now developed in the Company wherein almost all the Board and Committee meetings are called at short notice and agenda papers are circulated with even shorter duration before the meetings. This brings a situation where one finds it difficult to adjust one's calendar and this at times even leads to stain on personal commitments or seeking a Leave of Absence (a situation I would never like to be in) and thus in some way also blemish my records as an Independent Director. This also leads to adequate time not being available to read and internalize the agenda.
6. I have also observed a very high turnover of the fellow directors on this board. Perhaps this may be due to the very composition of the board with a high representation of institutional nominees, who keep on rotating on account of their own organizational movements. This however often brings a situation when continuity in pursuing and logically concluding certain important agenda items is lost and time and efforts get diverted to familiarise the new entrants with the matter. This has also many times, resulted into introduction of new stance thus reversing the positions already discussed and agreed by the previous set of people. To sum it up it leaves one with a feeling of running at the same place without moving any further and a sense of helplessness in augmenting value for various stakeholders.
7. This has also resulted into some of the very important action points getting delayed inordinately having long term adverse implication for the Company. Some instances are –
 - 7.1. Company is now without a regular CMD since _6TH Nov 2021⁴. In the board meeting held in _May 22, it was decided to initiate the process of onboarding new CMD and conclude it in a time-bound manner. The matter is still open with the process just initiated and observations of the IDs on certain modifications in the process itself and in adopting a uniform eligibility criteria not being taken into account.
 - 7.2. The approach of the PFS Management (with the full support of the PTC nominees on the PFS Board), of not fully cooperating with the forensic auditor, delaying / impeding progress of forensic audit inordinately and disputing the findings of the forensic auditor on every matter; has resulted in considerable delay in adoption of the PFS quarterly results and the annual accounts for the year ended March 22. This has led to significant compliance defaults on part of PFS, and its cascading impact and threat of regulatory action even in PTC. Even though now these annual accounts have been adopted, and quarterly review results for Q1 & Q2 of FY 22-23 are about to be pushed through; the statutory

⁴ The current incumbent has been holding charge for more than one year as Interim CMD



jayant gokhale

auditors observations are extremely adverse. The statutory auditors of PFS had to disclaim the results of Q3 of FY 21-22, leading to adverse opinion of Statutory Auditors of PTC for the same Quarter. The modified opinion (containing numerous qualifications and emphasis of matter in the statutory audit report) for annual accounts for FY 2021- 22, for PFS as well as the consolidated accounts of PTC for FY 2021- 22, are extremely sweeping and adverse. While the limited objective of complying with filing requirements will be achieved; considerable damage has been caused to the image of PTC (which is per the CFO never had a qualified report in the past). The long-term cost of such qualifications / adverse remarks in the audit reports continuing for a full 4 Quarters is incalculable, and in my view was largely avoidable, if the IDs views had been more willingly accepted by the management in PFS & PTC.

8. Considering all of the above factors and those mentioned in my 'PFS Resignation' (to the extent applicable here) I resign from Directorship of PTC India Ltd. with immediate effect.
9. I hereby declare that all material reasons for my resignation as an Independent Director are mentioned above and confirm that there are no other material reasons for my resignation.
10. I request the Company / Compliance Officer to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading forthwith the intimation to the stock exchanges and to file DIR-12 with the Registrar of Companies. The Company / Compliance Officer may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,

Jayant
Purushotta
m Gokhale

Digitally signed by Jayant Purushottam Gokhale
DN: cn=Jayant Purushottam Gokhale,
o=PTC India Ltd., ou=PTC India Ltd.,
email=jayant.gokhale@ptcindia.com,
c=IN, postalCode=400028,
serialNumber=1, postalCode=400028,
cn=Jayant Purushottam Gokhale
Reason: I am the author of this document
Location: your signing location here
Date: 2022.12.05 16:12:12
Foxit Reader Version: 9.7.2

Jayant Gokhale.





S. S. Mundra
Former | Deputy Governor, RBI
CMD, Bank of Baroda

Annexure D.2

December 5, 2022

The Board of Directors,
PTC India Limited.
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi - 110 066

Dear Sirs,

**Letter of Resignation from my position as
Independent Director on the Board of PTC India Ltd. ("Company" OR "PTC")**

I had the privilege to join the PTC Board with effect from 1st July 2020 as an Independent Director for a term of three years. I have, however, now taken a call to resign from the Board due to the prevalence of certain factors which, I believe, constrain me from contributing meaningfully to the proceedings of the Board. Some of these factors are enumerated below :

1. A trend has now developed in the Company wherein almost all the Board meetings are called at short notice and agenda papers are circulated with even shorter duration before the meetings. This brings a situation where I find it difficult to adjust my calendar and this at times even leads to seeking a Leave of Absence (a situation I would never like to be in) and thus in some way also blemish my records as an Independent Director. This also leads to adequate time not being available to read and internalize the agenda.
2. I have also observed a very high turnover of the fellow directors on this board, may be due to the very composition of the board with a high representation of institutional nominees, who keeps on rotating on account of their own organizational movements. This however often brings a situation when continuity in pursuing and logically concluding certain important agenda items is lost and time and efforts get diverted to familiarise the new entrants with the matter. This has also, many times, resulted into introduction of new stance thus reversing the positions already discussed and agreed by the previous set of people . To sum it up it leaves one with a feeling of running at the same place without moving any further and a sense of helplessness in augmenting value for various stakeholders.

1902-B, Indiabulls Blu, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013
email| mundra.exdg@gmail.com ; contact| +91 9167042271



2...

3. It may be recalled that post resignation of 3 IDs from the Board of PFS and following the SEBI directions, the RMC of PTC was entrusted with the task of looking into the issues raised by the resigning IDs. The four member committee had reached a split conclusion with two members concluding the actions of the management were by and large acceptable while other two members reached to an opposite conclusion. As a result, report presented to the PTC board was divided into two distinct sections containing these differing views. Board of PTC, while considering this report in its meeting dated 31st May 2022 accepted the conclusion of 2 members (by and large acceptable ones) by a majority of 7 to 5 votes. Majority 7 votes were from the management/promoters and one ID. All 5 minority votes were represented by the remaining IDs. We abided by the majority view in accordance with the normal corporate practice.

While minority view was not accepted by the board but it was conceded that there was need for certain improvements in the Corporate Governance processes. Thereafter 2 board meetings were held on 24th June 2022 and 5th July 2022 and then no meeting was held almost for 4 months till 2nd November 2022. Leave alone any action on the agreed parts of the report, even no discussion was initiated on this report in this passage of 6 months. It leaves me with an uncomfortable feeling that the presence of the IDs is merely regarded as reluctant acceptance. This approach doesn't bode well for the long term interests of the Company and adds to my feeling of not being able to contribute meaningfully to the board oversight on the affairs of the Company.

4. This has also resulted into some of the very important action points getting delayed inordinately having long term adverse implication for the Company. Some instances are -
 - a. Company is now without a regular CMD since 6th November 2021. In the board meeting held on 31st May 2022, it was decided to initiate the process of onboarding new CMD and conclude it in a time-bound manner. The matter is still open with the process just initiated and observations of the IDs on certain modifications in the process itself in adopting a uniform eligibility criteria are not taken into account.

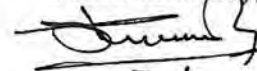


A handwritten signature in black ink, appearing to be "AS".

3...

- b. I am constrained to form a view that an unbiased stance from PTC nominees on PFS board would have prevented the delay in finalising PFS accounts having spillover impact on PTC by way of failure on regulatory compliance of releasing its consolidated accounts. These delays are now remedied but with negative remarks from the Statutory Auditors; something which I believe, never happened in the past. This reputational dent would have been avoidable with a more pragmatic and consultative approach.
5. I, therefore, think it prudent to step down from the board with immediate effect and pave the way for new directors who may deal with these challenges with better acumen than I have been able to do.
6. I hereby declare that all material reasons for my resignation as an Independent Director are mentioned above and confirm that there are no other material reasons for my resignation.
7. I request the Company / Compliance Officer to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading forthwith the intimation to the stock exchanges and to file DIR-12 with the Registrar of Companies. The Company / Compliance Officer may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,



(S. S. Mundra)



The Board of Directors,
PTC India Limited,
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place, New Delhi-110066

Annexure D.3

Subject: Resignation as Independent Director from the Board of PTC India Limited

Sirs/Madams,

It has been a privilege to serve on the Board of PTC India Limited for the last 5 years.

However, ever since the issues, in its subsidiary, PTC Financial Services Limited, following the resignation of its Independent Directors, came to the fore in the past 11 months or so, governance norms have also taken a hit in PTC.

Specifically, in relation to the report submitted by Chairman RMC on the matters raised by 3 Independent directors of PFS in their resignation letters in January 2022, the Board of Directors of PTC has by a majority decision chosen to turn a blind eye on the corporate governance lapses in PFS.

The RMC was split down the middle on this issue with the Chairman (an independent director) and one Promoter's nominee director on one side, and two independent directors on the other side. Against all ethical practices, the Chairman only incorporated his version and that of the nominee director as the Report of the RMC and gave the views of the other two Independent Directors, with a rebuttal, in Annexure 26 to the report. Four of the five independent directors present in the Board meeting took strong exception to this action of the Chairman RMC and his report. The sixth Independent Director who was not present in the meeting had already dissented with the Chairman's version. In spite of the strong reservations of the 5 independent directors, the Board by majority (which included only one independent director) adopted the report and sent it to the regulators. This report whitewashed the actions of the PFS management. This was a major corporate governance lapse on the part of PTC Board and management. This was also contrary to the later findings of the forensic report submitted to PFS.

It would have been appropriate to resign at that juncture. However, I thought it was important to expedite the consolidated accounts for the year ending March 2022 of the PTC which were held up due to non finalisation of the accounts of PFS. These in turn awaited the completion of the forensic audit. The consolidated accounts of the PTC Group have now been passed.

There is no guarantee that the cavalier attitude of the PTC Board towards the views of the Independent Directors will undergo any metamorphosis. In fact this was witnessed several times in the PFS Board where the strong views of the Chairman Audit Committee on regulatory issues and corporate governance lapses were sought to be muffled. The nominee directors of PTC on the Board of PFS acted in concert in these matters.

In view of the reasons adduced above, it would not be proper for me to continue as Independent Director on the Board of PTC. I have also crossed the eligible age to be Director on the PTC Board.

Hence I am resigning with immediate effect. I confirm that there are no other material reasons for my resignation.

The compliance officer is requested to acknowledge and take all necessary steps immediately to complete the relevant legal and procedural formalities under intimation to me.

Regards,

S. Nath
5/12/2022
Sushama Nath
Independent Director



6th December, 2022

The Board of Directors
PTC India Limited
2nd Floor, NBCC Tower,
15, Bhikaji Cama Place,
New Delhi – 110 066

Subject: Resignation as Independent Director from the Boards of PTC India Ltd (PTC) and its subsidiary PTC Energy Ltd (PEL)

Dear Directors of the Board,

I have served on the Board of PTC India Ltd (PTC) as Independent Director from 2nd August 2020, and its subsidiary PTC Energy Ltd (PEL) from 28th January 2021.

Corporate governance norms have been adversely affected in PTC following developments in the last 11 months in its subsidiary PTC Financial Services Ltd (PFS). This is specifically in relation to the Report submitted by Chairman RMC PTC on PFS matters raised by three Independent Directors of PFS in their resignation letters in January 2022. The Board of Directors of PTC in its meeting held on 31st May, 2022, by a majority decision, chose to turn a blind eye to the corporate governance lapses in PFS.

The RMC was divided on this issue with the Chairman RMC and one Promoter's nominee director on one side, and two independent directors, including myself, on the other side. Against all ethical practices, the Chairman RMC incorporated only his version and that of the nominee director in the Report of the RMC. The Chairman RMC relegated my views and the views of the other Independent Director to an Annexure (Annexure 26) to the Report. Four of the five independent directors present in the PTC Board meeting took strong exception to this action of the Chairman RMC. In spite of the strong reservations of the five independent directors, the Board, by majority (which included only one independent director) adopted the Report and sent it to the regulators.

The Report obfuscated the actions of the PFS management. This was a major corporate governance lapse on the part of the PTC Board and management. This was also contrary to the later findings of the forensic report submitted to PFS. While minority view was not accepted by the Board, it was conceded that there was a need for certain improvements in the Corporate Governance processes. Thereafter, two Board meetings were held on 24th June 2022 and 5th July 2022 and then there were no meetings for almost for four months until 2nd November 2022. Leave alone any action on the agreed parts of the Report, not even a discussion was initiated on the Report in this passage of six months.

This has left me with an uncomfortable impression that the presence of the Independent Directors is a mere formality and that our views are either overlooked or ignored. This



approach is not in the long term interests of the Company and confirms my sense of not being able to contribute meaningfully in my oversight role on the affairs of the Company.

There are some additional areas of concern. A trend has now developed in PTC wherein almost all of the Board meetings are called at short notice and agendas are not circulated in a timely manner in advance of the meetings. This has sometimes required me to seek Leave of Absence, blemishing my record as an Independent Director. It also left inadequate time to read the agenda documents and prepare for the meetings.

I have also observed a very high turnover of the fellow directors on the board due to the very composition of the board with a high representation of institutional nominees, who rotate on account of their own organizational movements. This often brings a situation when continuity in pursuing and logically concluding certain important agenda items is lost and time and effort get diverted to familiarise new entrants with the matter.

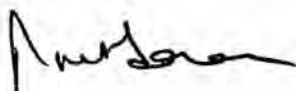
PTC is now without a regular CMD since 6th November 2021. I had pointed this out in at least two Board meetings, urging that this vacancy and other senior vacant positions be filled. In the Board meeting held on 31st May 2022, it was decided to initiate the process of onboarding the new CMD in a time-bound manner. The matter is still open with the process just initiated and observations of the Independent Directors on certain modifications in the process itself in adopting a uniform eligibility criteria have not been taken into account.

In view of the reasons outlined above, it would not be possible for me to continue as Independent Director on the Board of PTC and its subsidiary PEL, as I find I am not being allowed to contribute meaningfully to the Board proceedings.

I, therefore, resign with immediate effect. I confirm that there are no other material reasons for my resignation.

I request the Company / Compliance Officers of PTC and PEL to kindly acknowledge receipt of this letter, take my resignation on record and take necessary steps immediately to complete the relevant legal and procedural formalities, including uploading the intimation of the stock exchanges and filing DIR-12 with the Registrar of Companies. The Company / Compliance Officers may take necessary steps to inform the prescribed authorities / submit necessary forms or returns under intimation to me.

Yours sincerely,



Preeti Saran

Copy to:
Company Secretary, PEL



PTC INDIA LIMITED

Registered Office: 2nd Floor, NBCC Tower, 15 Bhikaji Cama Place New Delhi - 110 066 (CIN : L40105DL1999PLC099328)

Tel: 011- 41659500, 41595100, 46484200, Fax: 011-41659144, E-mail: info@ptcindia.com Website: www.ptcindia.com

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2022

(Figures in ₹ Lakhs, unless otherwise indicated)

S. No.	Particulars	Quarter ended			Year ended
		30.06.2022	31.03.2022	30.06.2021	31.03.2022
		(Un-audited)	Audited (Refer Note No. 7)	(Un-audited)	Audited
1	Revenue from operations				
a	Revenue from operations	3,86,850	2,57,277	4,56,981	15,13,903
b	Other operating revenue (Refer Note No. 3 & 4)	14,802	25,835	5,142	49,236
	Total revenue from operations (Refer Note No.5)	4,01,652	2,83,112	4,62,123	15,63,139
2	Other Income	241	222	82	623
3	Total Income (1+2)	4,01,893	2,83,334	4,62,205	15,63,762
4	Expenses				
a	Purchases	3,77,621	2,50,624	4,47,171	14,78,491
b	Operating expenses (Refer Note No. 3 & 4)	10,534	4,852	1,607	11,037
c	Employee benefit expenses	1,337	1,231	1,328	5,207
d	Finance costs	1,060	1,256	548	3,733
e	Depreciation and amortization expenses	89	107	75	374
f	Other expenses	1,285	4,187	1,118	7,782
	Total expenses	3,91,926	2,62,257	4,51,847	15,06,624
5	Profit before exceptional items and tax (3-4)	9,967	21,077	10,358	57,138
6	Exceptional items - income/(expense)	-	-	-	-
7	Profit Before Tax (5+6)	9,967	21,077	10,358	57,138
8	Tax expenses				
a	Current tax	4,210	6,081	2,747	15,300
b	Deferred tax expenditure/ (income)	(1,639)	(593)	(76)	(643)
9	Net Profit for the period (7-8)	7,396	15,589	7,687	42,481
10	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	(i) Remeasurements of post- employment benefit obligations- income/(expense)	38	(26)	1	(39)
	-Income tax relating to remeasurements of post- employment benefit	(10)	7	-	10
	(ii) Changes in fair value of FVOCI equity instrument - income/(expense)	-	1,026	-	1,026
	Other comprehensive income / (expense), net of tax	28	1,007	1	997
11	Total comprehensive income for the period (9+10)	7,424	16,596	7,688	43,478
12	Paid-up equity share capital (Face value of ₹ 10 per share)	29,601	29,601	29,601	29,601
13	Other equity (excluding revaluation reserves) (As per audited balance sheet)				3,61,890
14	Earnings per share (Not annualized) (₹)				
a	Basic	2.50	5.27	2.60	14.35
b	Diluted	2.50	5.27	2.60	14.35
	Million Units of electricity Sold	17,669	17,329	22,911	87,515
	See accompanying notes to the financial results				



✓

Notes:

1. The standalone financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).
2. The above financial results were reviewed by the Audit Committee, with the management, in its meeting dated December 7, 2022 before submission to the Board for approval and the Board of Directors has approved the financial results in its meeting held on the same day i.e. December 7, 2022. The financial results have been limited reviewed by the Statutory Auditors of the Company on which they have issued a disclaimer of conclusion.
3. In accordance with the accounting policy, the surcharge recoverable on late/ non-payment of dues by customers is recognized when no significant uncertainty as to measurability or collectability exist. Correspondingly surcharge liabilities on late/ non-payments to the suppliers, in view of the matching concept, is not being recognized in the accounts. The estimated liability in this regard, however is lower than the company's claims from its customers.
4. a. The company has recognized surcharge income of ₹ 13920 Lakhs during the quarter (for the corresponding quarter ended June 30, 2021, ₹ 4238 Lakhs) from customers on amounts overdue on sale of power which has been included in "Other Operating Revenue". Correspondingly surcharge expense of ₹ 10396 Lakhs during the quarter (for the corresponding quarter ended June 30, 2021, ₹ 1419 Lakhs) paid / payable to suppliers has been included in "Operating expenses".

b. Ministry of Power (MoP) vide Gazette Notification dated 3rd June, 2022, notified "The Electricity (Late Payment Surcharge and Related Matters) Rules, 2022" (LPS Rules or the Rules). These rules provide a mechanism for settlement of outstanding dues of Generating Companies, Inter-State Transmission Licensees and Electricity Trading Licensees. The Rules provide for clubbing of all outstanding dues as on 3rd June, 2022 related to Principal, Late Payment Surcharge etc. into a consolidated amount which can be paid in interest free Equated Monthly Instalments (EMI).

Further, these rules provide that non-payment of current dues by DISCOMs, within one month after the due date of payment or two and half months after the presentation of power bill, whichever is later, shall attract regulation of power as laid down in the Rules.

Some of the customers of the Company have opted the scheme having total outstanding of ₹ 264423 Lakhs (including surcharge) as on 3rd June, 2022 which is payable in Equated Monthly Instalments without any further interest.

During the quarter ended June 30, 2022, the company has accounted for the amount of surcharge income of ₹ 13236 Lakhs by considering the time value of Equated Monthly Instalments. Correspondingly, the company has also booked surcharge expense of ₹ 10392 Lakhs. These surcharge income and surcharge expenses are included in total surcharge income and surcharge expense for quarter ended June 30, 2022 as mentioned at Para 4(a) above.

5. Total revenue from operation of the company includes sale of electricity and service (consultancy).
6. The company is in the business of power and all other activities revolve around it, as such there is no separate reportable segment in respect of standalone results.
7. Figures of the quarter ended March 31, 2022 are balancing figures between audited figures in respect of the full FY 2021-22 and the published year to date figures upto the third quarter of FY 2021-22.
8. On January 19, 2022, three Independent Directors of PTC India Financial Services Limited (PFS), a subsidiary of the Company, resigned mentioning lapses in corporate governance and compliance. Since then, RBI, SEBI and ROC have reached out to PFS with their queries regarding the allegations made by the its then independent directors and directed it to submit its response against such allegations. SEBI also directed PFS to submit its Action Taken Report (ATR), together with its response against such allegations.

PFS, basis directions of the audit committee in its meeting held on April 26, 2022, appointed an independent firm (the forensic auditor) to undertake a forensic audit in relation to the allegations raised by the former independent directors.

On November 4, 2022, the Forensic Auditor appointed by PFS, submitted its forensic audit report. PFS engaged a reputed professional services firm to independently review PFS management's response and documents supporting such response and commenting on such observations, including financial implications and any indication towards suspected fraud. PFS management's responses and remarks of professional services firm, together with report of forensic auditor, have been presented by PFS' management to its Board of Directors in their meeting held on November 7, 2022 and November 13, 2022 and has been uploaded on the website of stock exchanges.

The Statutory Auditors of PFS have given qualified conclusion on the unaudited financial results of PFS for the quarter ended June 30, 2022 vide their report dated December 03, 2022 raising concerns regarding the extent of forensic audit procedures and conclusion thereon, and remediation of the additional concerns raised in the forensic audit report and accordingly, are unable to obtain sufficient and appropriate audit evidence to determine the extent of adjustments, if any, that may be required to the standalone financial results of PFS for the quarter ended June 30, 2022.

Further, the predecessor Statutory Auditors of PFS had also given qualified opinion on the abovementioned matter in their audit report on the financial results of PFS for the quarter and year ended March 31, 2022 vide their report dated November 16, 2022.



9 The Company has received the resignation letters from its three independent directors and one independent director on 05.12.2022 and 06.12.2022 respectively wherein they have raised issues mainly related to corporate governance and compliance in PFS, divergent views of Board members in respect of RMC report of the Company etc.

The Board of the Company has noted the resignation letters from the independent directors in its meeting dated 06.12.2022 and 07.12.2022 respectively.

Further, due to vacancies caused by the above resignations, the Board has reconstituted the Audit Committee in its meeting dated 6th December, 2022.

The management of the Company has prepared the replies on the above matter and the Board has taken note of the same in its meeting dated 7th December, 2022.

10 Two independent directors of PFS have also given their resignation letters each dated 2nd December, 2022 mentioning lapses in governance and compliance and have raised concerns regarding, inter-alia, the matters raised by the earlier independent directors (who resigned on January 19, 2022), appointment of forensic auditor, observations in the forensic audit report, divergent views of the directors and management on the outcome of forensic audit report etc.

11 Due to the resignation of four independent directors of the company, the composition of Board of the Company is not in accordance with the requirement of the Regulations in terms of minimum number of independent directors. The vacancies caused due to resignation of independent directors will be filled in the stipulated time as prescribed laws.

12 The figures for the previous periods / year are re-classified / re-grouped / restated, wherever necessary.

Place: New Delhi

Date: December 7, 2022

(Dr. Rajib Kumar Mishra)
Whole-time Director

