



Dated: December 21, 2022

Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code : 533344	Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 400051 Scrip Symbol : PFS
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Sir/ Madam,

Sub: Press Release- Clarification with respect to the media article published in ET Prime on December 19, 2022

Please find enclosed the press release giving clarification on the media article published in ET Prime on December 19, 2022.

Yours faithfully,

For PTC India Financial Services Limited

Shweta Agrawal
Company Secretary and Compliance Officer

Enclosed: as above

PTC India Financial Services Ltd. (CIN: L65999DL2006PLC153373)

(A subsidiary of PTC India Limited)

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Press Release

New Delhi, 21st December 2022

PTC India Financial Services Limited (PFS)

This is with reference to the media article published in ET Prime on December 19, 2022 and the queries being received by the Company. In this regard, the Company wishes to clarify that the said article was published without the knowledge of the Company and / or its officials and is based on the incomplete information, without seeking any response beforehand from the Company. The article is misleading and incorrect and has resulted in concerns about the Company and / or its Directors.

We are not aware of the source of information contained in the said article nor do we agree with the contents. There seems to be malafide in the article which is causing huge loss to the Company and harming the entire revival process being undertaken by the management. The Board has appointed 3 eminent persons as Independent Directors in November 2022 and Board approved the financial results for Q1FY23 and Q3FY23 in its meeting held on 3rd December 2022.

The purported loan accounts referred in the article have not been sanctioned by present management. These are legacy issues sanctioned in earlier years during the tenor of earlier MDs and the then Chairman, notwithstanding most of these loan accounts are not in PFS books as on March 2022. The author has mentioned unsubstantiated and unverified information about the Company's borrowers which is highly sensitive and confidential. This has unduly harmed the Company's position. Needless to mention that Company is being unnecessarily exposed to controversy. The management is exploring legal options available to counter the same.

The Company has a fully functional Board including eminent Independent Directors having excellent credentials and domain knowledge. The resolution in the board meeting's are approved by members of the Board after due consideration. None of the resolution are approved by MD&CEO alone nor does MD&CEO have any interest in any agenda. The forensic audit report has been considered by the entire Board, including Audit Committee Chairman.

MD&CEO and Director (Operations) were Wholetime Director on Board of PFS till the Director (Operations) superannuated in July 2021. The process for appointment of Directors was then entirely managed by PTC India Limited, the holding Company. MD&CEO had no role in the process.

It must be mentioned that Mr. Jayant Gokhale was appointed on a temporary basis to facilitate PFS to start the Board proceedings and also to meet the regulatory compliance, including facilitating conducting valid Board Meeting, constitution of Committees and compliances thereof and selecting and appointing requisite number of new IDs in PFS Board.

Management, at the insistence of the then statutory auditors, proposed the appointment of forensic auditor since it had nothing to hide. However, Mr. Jayant Gokhale, Chairperson of the Audit Committee of PFS discussed and finalised with CNK & Associates LLP for their appointment as the forensic auditor and he unilaterally finalised the scope and individually issued the same to forensic auditor. The copy of document containing the scope of work, terms and conditions and fee was not even shared by Mr. Gokhale with any other member of audit committee or PFS officials. Mr. Gokhale further instructed CNK to keep the terms of appointment as strictly confidential and in case of any doubt or clarification, the firm was instructed to discuss with Mr. Gokhale. In the meantime, there were instructions from SEBI that Board cannot be reconstituted without completion of forensic audit by CNK. Also, RBI directed the Company to complete the forensic audit in 4 weeks. Considering the tight timelines specified by regulators, the Board had no option but to continue with CNK as forensic

auditor and its engagement letter was approved by Board on 16.07.2022.

While being the audit committee chairman, the audit committee led by majority did not consider the financial results resulting into the shares of Company moving into Z category, erosion in the market capitalisation, loss of business for the company leading to reduction in its loan book – all causing substantial loss and concerns in the mind of the small and non promoter shareholders. Moreover, Mr. Gokhale did not finalise even a single minutes of audit committee meetings held during his tenure as Chairman, Audit Committee which itself portrays gross violation of corporate governance on his part. The Company vide its emails dated 08.09.2022 and 19.10.2022 had already intimated SEBI about the unprofessional conduct of Mr. Gokhale.

The forensic auditor has himself referred to certain instances as “possible evergreening” in his views. The understanding of forensic auditor is contrary to the definition provided in the publication of Insolvency and Bankruptcy Board of India. There was no instance of evergreening. This fact was further confirmed by Lumineers, the alleged findings of “possible evergreening” was referred to (i) a Retired Chief Justice of India; (ii) former director of Power Finance Corporation Limited; (iii) Ernst & Young LLP (EY) and (iv) Cyril Amarchand Mangaldas (CAM). The opinions obtained by the management were duly submitted to the Board, audit committee and the statutory auditors of the Company for their consideration. The Management engaged with credible individuals and institutions for their opinion who did an independent review and opined.

All instances of ostensible irregularities pointed out in the forensic audit report have been duly answered and addressed by the management vide detailed management response. The management engaged an external independent consultant M/s Ernst & Young LLP (EY) which independently verified each finding and management response. Further, these responses were issued to the Forensic Auditor after receipt of preliminary report as well as the draft report which the Forensic Auditor chose to completely disregard in its final report. That apart, the Forensic Audit Report does not disclose any material or financial impact and does not establish any malfeasance pertaining to corporate governance.

The business operations of the Company are presently normalized. The Company clarifies that in the Board meeting held on 7th November 2022, attended by all the Directors (including the then Audit Committee Chairman), the Board considered and took note of the forensic audit report and management’s response which were then submitted with the stock exchanges. The audit committee of PFS in its meetings held on 14th and 15th November 2022 under Chairmanship of Mr. Jayant Gokhale considered and reviewed the audited financial statements for the year ended 31st March 2022. The Board considered and approved the audited financial statements for the year ended 31st March 2022 on 15th November 2022 after audit committee’s review of the same. The financial statements for the year ended 31st March 2022 were taken up by audit committee only after forensic audit.

Later, board meeting of PFS was held on 26th November 2022 which was also attended by Mr. Jayant Gokhale, an independent director on Board of PFS before he resigned as an independent director of PFS on 2nd December 2022.

The Company follows established policies and procedures which are reviewed from time to time in accordance with the regulatory announcements / directions and duly audited by auditors over the years. The management’s actions are in compliance with the Board approved Delegation of Authority and as per the applicable laws and duly intimated to the Board periodically. The Company categorically affirms that it holds itself to the highest standards of corporate governance.

About PFS

PFS is a non-banking finance company promoted by PTC India Limited. PFS has been granted the status of an Infrastructure Finance Company ("IFC") by the Reserve Bank of India. The Company offers an array of financial products to infrastructure companies in the entire energy value chain and other infrastructure industries. PFS also provides fee based services viz loan syndication and underwriting etc.

For more updates and information on the Company, please log on to <http://www.ptcfinancial.com>

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