



Date: 19th January, 2022

Manager Listing Department/ Department of Corporate Relations BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code : 533344	General Manager National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 51 Scrip Code : PFS
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Sir/ Madam,

Sub: Intimation for resignation of Independent Director (s)

Ref: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosures Regulations), 2015

This is to inform that the Sh. Kamlesh Shivji Vikamsey, Independent Director (DIN : 00059620), Sh. Thomas Mathew T., Independent Director (DIN:00130282) and Sh. Santosh B. Nayar, Independent Director (DIN :02175871) vide their resignation letters dated 19th January, 2022 have resigned as Independent Director (s) on the Board of PTC India Financial Services Limited with immediate effect, on account of reasons as mentioned by them in their resignation letters which are enclosed herewith.

Further, the Company has received confirmations from the Independent Directors that there are no other material reasons for their resignation other than those which is provided in their resignation letters dated 19th January, 2022.

This is for your information and record please.

Yours faithfully,

For PTC India Financial Services Limited

VISHAL Digitally signed
by VISHAL GOYAL
Date: 2022.01.19
GOYAL 19:08:43 +05'30'

(Vishal Goyal)

Company Secretary

Enclosed:

1. Annexure- A- Resignation letter dated 19.01.2022 from Sh. Thomas Mathew T.
2. Annexure- B- Resignation letter dated 19.01.2022 from Sh. Kamlesh S Vikamsey
3. Annexure- C- Resignation letter dated 19.01.2022 from Sh. Santosh B. Nayar

PTC India Financial Services Ltd. (CIN: L65999DL2006PLC153373)

(A subsidiary of PTC India Limited)

Registered Office: 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi - 110 066, India

Board: +91 11 26737300 / 26737400 Fax: 26737373 / 26737374, Website: www.ptcfinancial.com, E-mail: info@ptcfinancial.com

Thomas Mathew T

19A011, Kohinoor City B, Kiroi Road, Kurla West, Mumbai 400070.

19th January 2022

To,

The Board of Directors

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

Dear Sirs

RE: Letter of resignation from my position as Independent Director of PTC India Financial Services Limited (“Company”)

1. I have been associated with the Company as independent director of the Company since 10th October 2019.
2. The Company is a registered non-banking financial company and is also regulated by the Reserve Bank of India (“RBI”) as regards the conduct of its business. The Company is a listed company and therefore in addition to the provisions of the Companies Act, 2013, it is also governed by the provisions of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI (LODR) Regulations”), as amended from time to time. One of the foundational principles laid down under the SEBI (LODR) Regulations requires the members of the board of directors of the Company (“Board”) to act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its shareholders. Since my appointment as an independent director of the Company, I have always fully committed myself to uphold the highest standards of corporate governance. In order to fulfil the responsibility, the directors ought to have access to the accurate, relevant and timely information. SEBI (LODR) Regulations impose the co-relating duty on the senior management of the Company to facilitate independent directors to perform their role effectively as a member of the Board and of the Committees. Further, whenever independent directors have concerns about the running of the Company or a proposed action, they are entitled to have them resolved by the Board. The independent directors are also required to report concerns about unethical behaviour, suspected fraud or non-compliance with a corresponding duty on the management to resolve and remedy such events.
3. During my term as independent director, I have made my best efforts to fulfil the responsibilities by voicing at multiple instances singly and together with other independent directors, many instances of serious lapses of governance and compliance. As Independent Director, I have placed on record many times – specially over the last few months - my deep displeasure about the lack of

appropriate information being made available to the Board. Even when supplied, I have questioned very poor quality of information being shared with the directors as also complete disregard to timeliness in flow of information to the directors between the Company management and the Board that is necessary for the independent directors to function effectively and reasonably perform our duties.

4. All the independent directors including Mr. Rakesh Kacker, whose term as independent director ended on 31st December 2021, have noticed and brought to the attention of the Board and management of the Company, various instances of serious lapses in corporate governance.
5. I refer to these lapses and events in the recent past at the Company, which have been time and again pointed out to the management, but to no avail. The same are recapitulated below:

(i) *Issues in respect of appointment of Mr. Ratnesh as whole-time director*

- Mr. Ratnesh had been appointed by the Board as Director (Finance) & CFO after following the Board run process.
- Appointment of Mr. Ratnesh was duly intimated to the stock exchanges.
- The current Managing Director (“MD”) did not allow him to join and function as Director (Finance) & CFO, although he had already joined the Company vide his joining report dated 29th October 2021.

In this context, an opinion was taken from Additional Solicitor General (“ASG”), which mentions that joining process of Mr. Ratnesh is incomplete. It is pertinent that the opinion does not dispute the fact that Mr. Ratnesh had joined the Company. Nor does it say that he cannot function as a director on the Board pending the completion of this joining process. Regrettably, the independent directors were not given the briefing note given to the ASG even after we requested that this be provided to us. Thus, we do not know if the facts were properly placed before the ASG including the views of Mr. Ratnesh. We also do not know the exact queries and factual background placed before the ASG for his opinion.

- Furthermore, the current Chairman and MD apparently also did not take any steps to enable the functioning of Mr. Ratnesh as Director (Finance) & CFO and subsequently seem to have taken a unilateral decision to put the joining of Mr. Ratnesh on hold, even without informing the Board about such decision or the rationale therefor leave alone taking the prior consent of the Board for such a major decision.
- Only on 10th January 2022 we were informed by the Company Secretary that Mr. Ratnesh had re-joined NTPC Limited (“NTPC”) on 6th December

2021. No explanation was given as to why he re-joined NTPC and the circumstances that led to his returning to NTPC. Moreover, it was alleged that he withheld the fact that he had come from NTPC on lien. If this was indeed so it is not clear why this fact was not placed before the Board for a decision on the further course of action. Nor do we have his version of these facts. Nor does it tally with the facts that we have informally ascertained. As has been implied in the same email the fact that he came on lien is mentioned in his relieving letter issued by NTPC. If so, how did he join without sharing his relieving letter. We are unfortunately not able to come to any definitive conclusion on this issue as the management has steadfastly refused to share all relevant information with the Board, though repeatedly requested by all the Independent Directors.

Please note that such actions of the Chairman of the Board and MD of the Company are ultra-vires their powers and in violation of the provisions of Companies Act, 2013, which requires approval of the Board for any modification of its decisions. The appointment of the whole-time director cannot be unilaterally tampered with. It is saddening that the Chairman and the MD have such blatant disregard for the Board process, governance and compliance.

The return of Mr. Ratnesh to NTPC has major implication for PFS. This has meant a loss to PFS as it has deprived the company of the services of an outstanding executive. Further, with this episode it does not appear feasible for any new appointment to be made by the Board of a new Whole Time Director (“WTD”). The Company is continued to be run by a single WTD which is a risky and undesirable situation. The view of the management on this burning issue has not been conveyed to the Board although it has been repeatedly raised with them. This has thus become a major Governance issue for the company.

(ii) *Issues regarding NSL Nagapatnam Power and Infratech Private Limited (“NSL”) loan*

- The Company had approved a bridge loan to NSL of INR 125 crores in its 57th board meeting dated 28th January 2014, for NSL to set up a coal-based project of 1320 MW in Angul, Orissa. The bridge loan was carved out of the term loan of INR 150 crores sanctioned by the Company in June 2013. The loan amount was subsequently disbursed on 12th March 2014, and the repayment was to commence in 4 quarterly instalments, after a moratorium of 12 months or be converted into a long-term loan sanctioned by PFS, along with disbursement from the consortium lenders.
- Due to ongoing stress in the project, various measures were taken, and insolvency proceedings were initiated in the project for which bridge loan was taken by NSL, and the promoter company of NSL made one time

settlement (“OTS”) offer to the Company, and the same was placed before the Business Committee of the Company on 17th March 2020. The said committee had directed the management to renegotiate the OTS offer.

- On 16th December 2020, revised agenda was circulated in respect of the NSL loan, and it contained a forensic audit report dated 26th November 2018 (“FAR”) on the NSL loan account, conducted on instructions of the Company. The FAR was disclosed for the first time only during this second meeting of the Business Committee and was a cause of serious concern for the Board on account of non-disclosure of the FAR for a period of more than 2 years. The Board at its meeting dated 19th December 2020, took cognizance of the non-disclosure and constituted a committee of 2 independent directors to look into the matter. The Committee had to face inordinate delay in getting required documents and correspondence from the Management for its work. The committee in its report recommended that the NSL matter should be reported to RBI as suspected fraud and stressed the need to strengthen internal control mechanisms. The Board also deferred decision on OTS offer until response from RBI.

In this context, please note that the efforts of the Audit Committee to bring this matter to finality had been thwarted by the non-cooperative and rather evasive management, which did not submit the information requested by the Audit Committee or done so with substantial delay, and more often than not with unsatisfactory response.

(iii) *No action on corporate governance issues*

- Mr. Deepak Amitabh, previous Chairman of the Company, had highlighted several corporate governance issues in the 137th meeting of the Board held on 5th August 2021.
- On this note, it is imperative that action be taken since even the statutory auditors have indicated that if the points raised by previous Chairman were not addressed, the auditors are likely to have challenges issuing an un-modified/ un-qualified opinion on the financial statements.
- However, all these governance issues remained unresolved and not even attempted to be addressed as of date, despite several reminders by the independent directors of the Board from time to time.

The lack of action on part of the Company management is alarming, especially since the Company is a listed company and has obligations to not just itself as an entity but also its investors, which is general public.

(iv) *Unilateral change in conditions of loans, without prior approval of the Board*

- The Company had extended a term loan of INR 150 crores for four laning of Darah-Jhalawar-Teendhar section NH-12 (new NH-52) in the state of Rajasthan under NHDP Phase III (length 48.88km) under Hybrid Annuity Model, and changes were made to the repayment timelines, without prior approval of the Board.
- The Board in its 140th meeting held on 29th September 2021, had expressed concern over the unilateral and unauthorised change of terms and conditions of loan extended to Patel Darah-Jhalawar Highway Private Limited done by the management, and had sought report on the matter by 31st October 2021. The same has still not been furnished to the Board.

Please note that it was a coincidence that such unilateral change came to the notice of the Board, and it raises suspicion of many more such instances of similar nature which exist in the Company, and the Board oblivious on account of non-disclosure by the Company. It is also a governance control issue since the Management is acting without approval, authorisation and consultation with the Board.

(v) *Independent directors' communication blatantly ignored*

- Various emails have been sent to the management by the independent directors, collectively as well as individually, which have been neither acknowledged nor responded to.
- Following is a representative list of repeated emails sent by the independent directors, which have not been responded to by the Company:
 - Emails calling for the entire documentation pertaining to the appointment and joining of Mr. Ratnesh;
 - Emails requesting professional help of legal counsel for the IDs as provided in sub para 2 of para III of Schedule IV read with section 149(8) of the Companies Act, 2013;
 - Emails calling for meeting of Nomination and Remuneration Committee to fill up the vacancy of a lady independent director, to ensure compliance with SEBI LODR Regulations. This vacancy has still not been filled up even though more than 3 months have elapsed since the vacancy arose. This again is a violation of the Companies Act 2013 (second proviso of section 149 (1) and the SEBI LODR Regulations;

- Emails regarding the withdrawal of nomination of Ms Renu Narang from the Board of the Company, which made the Nomination and Remuneration Committee dysfunctional. This Committee has still not been reconstituted which is a clear violation of the Companies Act 2013 (section 178) and the SEBI LODR Regulations and
- Emails requesting to convene Board and committee meetings.

Please note that as an imperative consequence, requests for information raised by the independent directors are also given a deaf ear to and hampers the functioning of independent directors. It should be borne in mind that independent directors are vanguards for a given company and shoulder responsibility not only to the Company, but also to its investors, shareholders and the regulators. Such non-cooperation on the part of the management and the Company is unfortunate and a deterrent to the spirit of the law and impedes the functioning of the independent directors on the board of a listed company.

(vi) *Skewed or no information shared with Board*

- As would be evident from the above, the independent directors are not provided information sought by them.
 - As and when some information is suggested to have been provided, it tends to be incomplete, inaccurate or misleading. A glaring example of this is the circular resolution dated 10th January 2022 for waiver of special conditions to IL&FS Tamil Nadu Power Company Limited. The note circulated does not highlight an important fact of fraud by the borrower which needs to be reported to the Board as well as its impact on the Balance Sheet of the Company. The fact of fraud is camouflaged in the Annexure.
6. Also, the recent notice dated 14th January 2022 for convening a Board meeting on 22nd January 2022 is invalid as it is not served to all the Directors of the Board. The agenda for the proposed Board meeting also does not contain any item for discussion regarding the various corporate governance issues mentioned above which the IDs have been repeatedly raising to be discussed in a validly convened Board meeting.
7. As mentioned above, all of these factors are least enabling for me to hold the position of independent director of the Company and continue to function as such.
8. In the premises aforesaid, especially since my efforts along with other independent directors to point out violations of Law and to convene a board meeting to deliberate on serious governance issues has been either given a deaf ear to or rejected time and again, and in view of continued non-cooperation of the management of the Company, I am left with no choice but to step down from the

Thomas Mathew T

19A011, Kohinoor City B, Kiroi Road, Kurla West, Mumbai 400070.

board of directors of the Company. For the aforesaid reasons, I hereby tender my resignation from my position of independent director of the Company, with immediate effect.

9. I request you to kindly acknowledge receipt of this letter, take the resignation on record of the Company and take necessary steps immediately as may be required to complete the relevant legal and procedural formalities, including forthwith 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 Securities & Exchange Board of India (“SEBI”), RBI, Ministry of Corporate Affairs, Registrar of Companies and to Mr. Rakesh Kacker, who was Independent Director in the company till 31st December 2021 and presently an Independent Director in PTC India Limited. I am also requesting him to share this with the Directors on the Board of PTC India Limited which is the holding Company and the major shareholder in the Company.
10. I attach few of the relevant emails and extracts of minutes which are self-explanatory to the lapses and governance issues narrated above.
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.

Yours sincerely,

THOMAS
MATHEW
THUMPEPARA
MBIL

Digitally signed by
THOMAS MATHEW
THUMPEPARAMBIL
Date: 2022.01.19
11:48:24 +05'30'

Mr. Thomas Mathew T

Independent Director

DIN: 00130282

Annexures

1. Email calling for all documents pertaining to Mr. Ratnesh
2. Extract of minutes of the 137th Board meeting held on 5th August 2021
3. Extract of minutes of the 140th Board meeting held on 29th September 2021
4. Email seeking professional help
5. Emails requesting convening of Board & Committee meetings

From: Rakesh Kacker <rakesh.kacker@gmail.com>
Sent: 13 December 2021 22:26
To: Pawan Singh -PFS; Rajiv Kr Mishra
Cc: Kamlesh Vikamsey; sbnayar; thomas; Pankaj Goel; Ratnesh R; Vishal Goyal
Subject: Re: Letter from Independent Directors to MD

Dear Rajib and Pawan,

Many thanks for your mails of 10th December and 13th December respectively. There were three requests made in our letter dated 7th December. Two related to information and one to an instruction to be given to Company Secretary PFS. Neither of these requests have been referred to leave alone complied with.

2. The instruction to be given to the Company Secretary, PFS to render us assistance for legal advice as provided by the law, has quite clearly to be given by MD,PFS. Although this instruction had to be given by MD,PFS by the 10th this has not happened.

3. The request for information also has to be handled by MD PFS. Many of the documents that we want – like the background note given to the lawyer whose opinion was given to us just before the Board Meeting on 8th November – are in the possession of PFS. It is the MD,PFS who has to co-ordinate with PTC and get the other documents which are exclusively in the possession of PTC and have not been shared with PFS

4, We note with concern that instead of rendering us help as requested the matter has been deflected into areas which are not relevant to our requests

5. I fully agree with the position set out in the mail of Mr. Kamlesh Vikamsey,in his mail of 11th December. We do hope compliance will come by tomorrow as requested by him.

6, I have consulted the other three IDs of PFS and they are in full agreement with the the contents of my mail

Regards

Rakesh Kacker

Extracts of Minutes of 137th Board meeting dated 5th August 2021

A. The Chairman further informed the Board that, in the capacity of a non-executive Chairperson of the Board of PFS, he wanted to highlight certain points which have come to his notice through documents or through oral communication, over some time. The Chairman stated that it was his duty to bring the same to the notice of the Board, and the Board may like to decide further action on the same. He further stated that the issues are primarily related to governance in PFS, and remain unaddressed today, although apparent from time to time. The following issues were narrated by Chairman:-

1.The Board had earlier desired that the information regarding suspected fraud in a particular loan account be sent to RBI in consultation with the Audit Committee, and therefore the meeting of the Audit Committee was to be held by the first week of July, 2021. This was pertaining to a decision taken in the Board during the month of May. As per a communication copied to him by the Chairman, Audit Committee (ACB), it was apparent that the Chariman, ACB had followed up on his request for the meeting of the Audit Committee but the same was not scheduled by the first week of July.

2.Similarly, Director (Marketing) of PTC, who was earlier a Nominee Director on the Board of PFS, is declining to sign the duplicate Deed of Covenants as he may have certain issues relating to governance at PFS and may not be comfortable signing the same.

3.Third, more than one correspondence related to the RBI Inspection report were addressed to the Chairman. However, the same never reached his office, and the first that it came to his notice and attention was when the same were directly placed before the Board as part of the Board agenda(s).

4.The inputs as were required to be given by the PFS management to the Committee of Independent Directors on NSL issues were also considerably delayed.

5.He further stated that though he is not part of the Risk Management Committee (RMC) of PTC, but certain issues were raised by an Independent Director and the Nominee in the previous meeting of the Board of Directors, reporting part of the proceedings of the previously held meeting of the RMC of PTC. Certain correspondence was happening between two functionaries and copies were marked to him as Chairman and these pertain to the issues in the contents of a presentation made by MD&CEO, PFS in PTC's RMC and a copy of the presentation was also modified later on.

6.It had also come to his notice that whenever some information/data is required by PTC either it was delayed or was not given. While, undoubtedly, there are certain improvements, but more needs to be done.

7.Further, it has come to the notice of Board members that sometimes, the Agenda items of PFS do not contain the required information/disclosures.

8.Chairman also appreciated one instance of the MD&CEO agreeing with the consensus of the Board, while having a contrarian view initially, and that was duly mentioned.

9.The matter regarding audit committee's meeting for the annual accounts of the Company for FY2020-21, which required adjournment for settling an issue of provisioning was also mentioned. The implication had been reputational, as the Company's Board Meeting for adoption of annual accounts had to be adjourned.

He further stated that these points were in his notice and as the non-executive Chairperson and nominee of PTC, he thought it was not only prudent, but also his duty to bring these to the attention of the full Board. While it was part of his fiduciary responsibility, it is now upto the Board to deliberate and decide further actions on the same.

MD & CEO informed the Board that he would like to give his point-wise answer to these points. On the issue of data supply from PFS to PTC, primarily it was with relation to the divestment process and initially there were issues which were resolved and data outflow was happening well and whatever was required for carrying out of due diligence, that data has been provided to the satisfaction of the PTC team. He further stated that a fairly good job was done by PFS team despite the team size being small and within constraints, but they delivered with extra work. Sometimes the team had worked late night/overnight.

He further informed the Board that as far as presentation to RMC of PTC goes, he was asked by Chairman, RMC of PTC to make a presentation and he made a presentation. With respect to the point that the presentation was changed, he mentioned that it was incorrect. He further stated that as the copy of the presentation was already available with PTC, there may have been a line which was at variance with what he spoke during the presentation. Since, the copy of the presentation was later asked from PFS afresh, out of 35 slides used during the presentation based on the actual presentation, a minor modification was done in one of the slides to capture the point made in the actual presentation which was in line with his statement made during the presentation to PTC's RMC. RMC minutes of PTC could be checked if required. This had been also clarified by him in the earlier board meeting.

He further informed the Board that with respect to reporting of suspected fraud, the Board had desired that the meeting of the Audit Committee to be held by 1st week of July for ensuring that reporting to RBI is done timely. He also agreed that he got a mail from the Chairman, ACB and he replied to Chairman, ACB that a discussion on ECL policy, which was pending from quite some time, was also needed. PFS was working on the same because one of the suggestion of the Audit Committee was to check with other NBFCs and find out comparative practices. However, due to covid situation the same exercise could not be completed, therefore he had also sent mail to, the Chairman ACB requesting him that since the exercise was almost complete, PFS management needed one more week's time so that both the matters could be placed before the Audit Committee. It was further informed to the Board that Chairman, ACB was kind enough to consider this, and that due to this the meeting of the Audit Committee could not be held in the first week of July and the same could be

held on 19th July. He further stated that the draft was submitted to the Audit Committee. Audit Committee later gave its suggestions, and based on the same, letter shall be sent to RBI. He further agreed that there had been a delay of 10-11 days that was due to finalisation of ECL policy on the lines of the earlier direction of the Audit Committee.

He further informed the Board that on the issue of signing of that particular Deed of Covenants, not signing or signing is prerogative of Dr. Rajib Kumar Mishra. He further informed that he also spoke to Dr Mishra, and his only problem was that he would not like to sign an antedated document and that was his concern. He further informed that Dr. Mishra never expressed anything related to his concerns on governance matters of PFS. On this, the Chairman stated that he has informed to the Board what Dr. Mishra has informed to him. MD &CEO stated that, if required, Dr. Mishra can be invited for clarification.

Sh. Kamlesh S. Vikamsey, the Chairman ACB, informed the Board that once there is a direction by the Board, there was no authority with Chairman, ACB to change it. Board is the final authority. Therefore, once the timeline was given by the Board , he promptly wrote a letter to circulate material for the reporting to RBI in advance, so as to achieve the timeline. It is not for the Chairman, ACB to extend the timeline unless the Board extended that timeline. He further informed the Board that as far as the RBI letter is concerned, the Board in its own wisdom had fixed the date of first week of July based on urgency. The two matters i.e. RBI reply and ECL model could have been dealt separately, and he had mentioned as much to Dr. Pawan Singh, and that it was not in his hands to extend the timelines.

MD&CEO further explained that in line with the decision taken in the 134th meeting of the Board, i.e. the matter related to NNPIIL be reported to RBI by the PFS Management in consultation with the Audit Committee, a note on the same was prepared and put up in the Audit Committee meeting held on 19th July, 2021. The Committee discussed the matter and directed that the note be further elaborated to include more details. The amended note was again put up in the audit committee held on 30th July, 2021, wherein the Audit Committee directed to further amend the note in line with discussions. The further amended note in line with the discussions of the Audit Committee was put up in the Audit Committee meeting held on 4th August, 2021, certain modifications carried in

line with the discussions, and the revised note has been circulated. MD stated it is about to be finalised and would be sent to RBI very shortly.

Mrs. Renu Narang, Nominee Director, stated that there were various compliances to be undertaken by the respective department as mentioned in the agenda of compliance certificate submitted to the Board. It is important that individual officer(s) understand his/her responsibility for these compliances. At this point, the Chairman mentioned how in a recent meeting of the Board, the CFO had sought to distance himself from the onus of compliances to RBI. Such events are a matter of concern for the Board.

The Chairman reiterated that it is now upto the Board to decide further course of action on these and other matters of this nature, and the Board may deliberate on the issues in this or any future meeting of the Board.

Extract of minutes of the 140th Board meeting held on 29th September 2021

2220. Item no. 140.9 M/s Patel Darah-Jhalawar Highway Pvt. Ltd (PDJHPL): Term loan of Rs. 150 crores for four laning of Darah-Jhalawar-Teendhar section NH-12 (new NH-52) in the state of Rajasthan under NHDP Phase III (length 48.88km) under Hybrid Annuity Model: Request for extension of SCOD along with consequential shift in repayment schedule and other related modifications – reg.

The proposal for extension of SCOD along with consequential shift in repayment schedule and other related modifications for term debt of Rs. 150 crores to Patel Darah-Jhalawar Highway Pvt. Ltd. was explained to the Board as per details mentioned in the agenda note.

The Board was informed that instant project was sanctioned a term loan of Rs. 150 crores in the 130th Board Meeting and the project is under construction and RBL Bank Ltd is the Lead Lender. It was further informed to the Board that the borrower has requested vide their letter dated 27th July 2021 for extension in SCOD along with consequential shift in repayment schedule and all other conditions linked with SCOD of the project. It was informed that progress is lagging behind the scheduled progress due to delayed handover of the land parcels by NHAI, numerous encumbrances at various locations and the impact of 2 waves of Covid -19 during last one and half years, hence grant of provisional COD (PCOD) is being pursued with NHAI at various levels upon part completion of the project and in line with the provisions of concession agreement.

The Board was further informed that in the consortium meeting held on 26th July, 2021, lenders agreed to seek their internal approval for extension of scheduled completion date (SCOD) till 31st December, 2021. It was also informed to the Board that the revised plan of project completion has been submitted by company & vetted by LIE for completion of project by 31st December 2021.

The Board was further informed that SCOD of the project shall be shifted by approx. seven months and hence all the other conditions linked with SCOD shall be shifted automatically. It was further informed to the Board that corresponding consequential shift of 7 months (in line with the shift in SCOD) in the existing repayment schedule including first repayment date in the project, which was 15th January 2022, may also be approved and the same shall be aligned with that of lead lender. The above modifications in the facility agreement shall be subject to similar approval from all the other lenders including the lead lender and all the other terms and conditions of the facility agreement and amendments thereof shall remain unchanged.

The Board was also informed that despite several roadblocks on account of delayed hand over of land by NHAI and the impact of Covid-19, the project has now achieved significant progress (more than 80%) and also received three no. of Milestone payments/grants from NHAI and is currently in the process of achievement of PCOD from NHAI which will result into commencement of annuity payments to the project by NHAI, the Board is also requested to approve that any further modifications in T&Cs of the subject loan account shall be

approved by the competent Authority as per the prevailing operational policy and delegation of power of PFS.

The Board stated that at the time when the instant proposal was approved, the Board has desired that any modification in terms and condition in the instant project shall be approved by the Board. The Board enquired about whether there has been any deviation granted in the instant account in the conditions as approved by the Board. The Board was informed that the as per the sanctioned terms, the condition related to extension of timeline from NHAI was stipulated as pre disbursement condition, however, in the loan agreement the condition has been stipulated under the condition related to time line extension which is not a pre-disbursement condition.

The Board expressed its concern over the change in the condition approved by the Board in the agreement(s). The same amounts to a change without the approval of the Board. The management may bring the complete details to the Board in this regard by 31st October 2021. If the Board directives were not followed in the instant case, then responsibility for the same be fixed and necessary action should be taken by MD & CEO.

The Board further desired that a compliance certificate by any one of KMPs on the quarterly basis duly certifying whether all the conditions approved by the Board (related to the sanction) are captured in the sanction letter and loan agreement(s) be placed to the Board. The Board further desired that the Internal Auditor shall also review the compliance/ Non compliance of the Board approved conditions.

The Board was further informed that the instant proposal has been recommended by the risk management department with overall risk of the proposal as moderate.

The Board discussed the various aspects related to the proposal and after discussions passed the following resolution:-

“Resolved that the following be and is hereby approved:

- 1) Proposed modifications in the terms and conditions as mentioned in the agenda note is hereby approved.
- 2) Any further modifications in the T&Cs of the subject loan account shall be approved by the Competent Authority as per the BOD approved prevailing operational policy and DOP of PFS, is hereby approved.

15th December 2021

Dr Rajib K Mishra

Chairman

PTC India Financial Services Limited

Dear Dr Rajib Mishra,

We the Independent Directors of PTC India Financial Services Limited (PFS) are in receipt of your email dated 14th December 2021. While we thank you for your meeting us and the discussions yesterday, we must reiterate our grave concern at the manner in which the company is being presently run. For the sake of completeness, we are restating below some of the important points that are the cause of this concern

2. We immediately need legal assistance to enable us to discharge our role and responsibilities/duties of Independent Directors. We had written to the MD, PFS on 7th December 2021 requesting for this help which we are entitled to. It was requested that suitable instructions be given to the Company Secretary in this regard by 10th December 2021. It is unfortunate that this request has not yet been complied with. We are going ahead with the appointment of the Advocate and his name is being separately shared with the MD, yourself and other Directors as well as with the Company Secretary. This legal advice would be helpful to us in dealing with the current unprecedented situation of serious lapses in Governance in the company. As explained repeatedly running such a company with a single whole time Director is fraught with grave risks.

3. The other urgent issue is the information that we requested for on the joining of Mr. Ratnesh in PFS and subsequent development. Not a single document has been shared with us so far even though we gave further time from 10th December 2021 to 14th December 2021. We do hope that you will prevail upon the management of PFS to supply us these documents today itself as also to give suitable instructions to the Company Secretary PFS to render us all assistance in getting legal help as already requested.

4. The next urgent issue is the reappointment/extension of Mr. Rakesh Kacker for a period of 3 years as an Independent Director in PFS. For this the NRC has to be reconstituted, the NRC has to recommend this reappointment/extension to the Board and the Board has to approve this reappointment/extension well before 31st December 2021. You may recall that these steps were completed in half a day on 8th November 2021 when you and Mr. Pankaj Goel were inducted into the Board. Thus, we feel that this can easily be completed by Friday the 17th of December 2021.

5. The next issue is the calling of the NRC to discuss the issue of the appointment of a Lady Director. This process should not be left to the last minute. There are also several issues pending before the NRC and the MD PFS had assured the Board in its 141st meeting held on 12th October 2021 that a meeting of the NRC will be called by 31st October 2021. This has not yet happened. Therefore, a meeting of the NRC is highly overdue.

6. You have referred to the RBI Inspection report and the action that needs to be taken on it. You would recall that this was discussed in the Board meeting held on 9th November 2021. It was noted that the Board had already taken a view on all pending points. It is for the management to pursue with the RBI and close these issues. You may please advise the management to take action accordingly. We are also not aware of the current status of the replies sent to RBI by PFS.

7. We look forward to constructive discussions in the next Board meeting, which should be convened at the earliest, and to the actions to be taken by you to resolve the various issues that we discussed yesterday. However please note that we will in the meanwhile proceed on the basis of the information available with us and the advice given by legal counsel to protect the interests of the company and its shareholders and to discharge our duties and responsibilities as we are required to do.

Yours Faithfully

Rakesh Kacker

Santosh Nayar

Thomas Mathew

Kamlesh Vikamsey

From: **Santosh Nayar** <sbnayar@gmail.com>

Date: Sat, Dec 11, 2021 at 7:14 PM

Subject: Board meeting sought

To: Rajib K. Mishra <rajiv.mishra@ptcindia.com>

Cc: Thomas Mathew <thomas@mathewt.com>, Kamlesh Vikamsey <kamlesh@kkcllp.in>

Chairman

I was advised today that the nominee director of PTC Ms Renu Narang who was the third member of NR committee of the Board of PFS was suddenly withdrawn by PTC

This for all intent and purpose appears to ensure NRCommittee meeting as proposed by me and other members do not take place

The NR committee of the company was sought to be held to recommend names to fill up vacancies to Board in time and thus prevent breaching of Regulatory requirements .

Initially you had asked the NR committee to be postponed by a few days to enable the management to place agendas if any which they had not been doing hitherto despite requests

The manner of rendering the NRCommittee without a quorum immediately thereafter makes it apparent that the intention was to prevent the NRC meeting itself

Such withdrawal if warranted could have been done after allowing a meeting of NRC to fulfill its regulatory obligations.

In any case since the NRC has been rendered dysfunctional without quorum the responsibility of appointment of Independent Directors to meet regulatory requirement now falls on the Board

Since NR committee is a Statutory Committee, Board will have to reconstitute the committee first and then consider its recommendations in an immediate ensuing meeting to meet the regulatory requirement.

I would request that a Board meeting be immediately called for this purpose **With regards**

SBNayar

Kamlesh Shivji Vikamsey

194 Kalpataru Habitat, Dr S S Rao Road, Parel, Mumbai 400 012

19th January 2022

To,

The Board of Directors

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

Dear Sirs

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

1. I have been associated with the Company as independent director of the Company since 20th September 2018. I am the Chairman of the Audit Committee.
2. The Company is a registered non-banking financial company and is also regulated by the Reserve Bank of India ("RBI") as regards the conduct of its business. The Company is a listed company and therefore in addition to the provisions of the Companies Act, 2013, it is also governed by the provisions of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("**SEBI (LODR) Regulations**"), as amended from time to time. One of the foundational principles laid down under the SEBI (LODR) Regulations requires the members of the board of directors of the Company ("**Board**") to act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its shareholders. Since my appointment as an independent director of the Company, I have always fully committed myself to uphold the highest standards of corporate governance. In order to fulfil the responsibility, the directors ought to have access to the accurate, relevant and timely information. SEBI (LODR) Regulations impose the co-relating duty on the senior management of the Company to facilitate independent directors to perform their role effectively as a member of the Board and of the Committees. Further, whenever independent directors have concerns about the running of the Company or a proposed action, they are entitled to have them resolved by the Board. The independent directors are also required to report concerns about unethical behaviour, suspected fraud or non-compliance with a corresponding duty on the management to resolve and remedy such events.
3. During my term as independent director, I have made my best efforts to fulfil the responsibilities by voicing at multiple instances singly and together with other independent directors, many instances of serious lapses of governance and compliance. As Independent Director, I have placed on record many times – specially over the last few months - my deep displeasure about the lack of

appropriate information being made available to the Board. Even when supplied, I have questioned very poor quality of information being shared with the directors as also complete disregard to timeliness in flow of information to the directors between the Company management and the Board that is necessary for the independent directors to function effectively and reasonably perform our duties.

4. All the independent directors including Mr. Rakesh Kacker, whose term as independent director ended on 31st December 2021, have noticed and brought to the attention of the Board and management of the Company, various instances of serious lapses in corporate governance.

5. I refer to these lapses and events in the recent past at the Company, which have been time and again pointed out to the management, but to no avail. The same are recapitulated below:

(i) *Issues in respect of appointment of Mr. Ratnesh as whole-time director*

- Mr. Ratnesh had been appointed by the Board as Director (Finance) & CFO after following the Board run process.
- Appointment of Mr. Ratnesh was duly intimated to the stock exchanges.
- The current Managing Director (“MD”) did not allow him to join and function as Director (Finance) & CFO, although he had already joined the Company vide his joining report dated 29th October 2021.

In this context, an opinion was taken from Additional Solicitor General (“ASG”), which mentions that joining process of Mr. Ratnesh is incomplete. It is pertinent that the opinion does not dispute the fact that Mr. Ratnesh had joined the Company. Nor does it say that he cannot function as a director on the Board pending the completion of this joining process. Regrettably, the independent directors were not given the briefing note given to the ASG even after we requested that this be provided to us. Thus, we do not know if the facts were properly placed before the ASG including the views of Mr. Ratnesh. We also do not know the exact queries and factual background placed before the ASG for his opinion.

- Furthermore, the current Chairman and MD apparently also did not take any steps to enable the functioning of Mr. Ratnesh as Director (Finance) & CFO and subsequently seem to have taken a unilateral decision to put the joining of Mr. Ratnesh on hold, even without informing the Board about such decision or the rationale therefor leave alone taking the prior consent of the Board for such a major decision.
- Only on 10th January 2022 we were informed by the Company Secretary that Mr. Ratnesh had re-joined NTPC Limited (“NTPC”) on 6th December

2021. No explanation was given as to why he re-joined NTPC and the circumstances that led to his returning to NTPC. Moreover, it was alleged that he withheld the fact that he had come from NTPC on lien. If this was indeed so it is not clear why this fact was not placed before the Board for a decision on the further course of action. Nor do we have his version of these facts. Nor does it tally with the facts that we have informally ascertained. As has been implied in the same email the fact that he came on lien is mentioned in his relieving letter issued by NTPC. If so, how did he join without sharing his relieving letter. We are unfortunately not able to come to any definitive conclusion on this issue as the management has steadfastly refused to share all relevant information with the Board, though repeatedly requested by all the Independent Directors.

Please note that such actions of the Chairman of the Board and MD of the Company are ultra-vires their powers and in violation of the provisions of Companies Act, 2013, which requires approval of the Board for any modification of its decisions. The appointment of the whole-time director cannot be unilaterally tampered with. It is saddening that the Chairman and the MD have such blatant disregard for the Board process, governance and compliance.

The return of Mr. Ratnesh to NTPC has major implication for PFS. This has meant a loss to PFS as it has deprived the company of the services of an outstanding executive. Further, with this episode it does not appear feasible for any new appointment to be made by the Board of a new Whole Time Director (“WTD”). The Company is continued to be run by a single WTD which is a risky and undesirable situation. The view of the management on this burning issue has not been conveyed to the Board although it has been repeatedly raised with them. This has thus become a major Governance issue for the company.

(ii) *Issues regarding NSL Nagapatnam Power and Infratech Private Limited (“NSL”) loan*

- The Company had approved a bridge loan to NSL of INR 125 crores in its 57th board meeting dated 28th January 2014, for NSL to set up a coal-based project of 1320 MW in Angul, Orissa. The bridge loan was carved out of the term loan of INR 150 crores sanctioned by the Company in June 2013. The loan amount was subsequently disbursed on 12th March 2014, and the repayment was to commence in 4 quarterly instalments, after a moratorium of 12 months or be converted into a long-term loan sanctioned by PFS, along with disbursement from the consortium lenders.
- Due to ongoing stress in the project, various measures were taken, and insolvency proceedings were initiated in the project for which bridge loan was taken by NSL, and the promoter company of NSL made one time

settlement (“OTS”) offer to the Company, and the same was placed before the Business Committee of the Company on 17th March 2020. The said committee had directed the management to renegotiate the OTS offer.

- On 16th December 2020, revised agenda was circulated in respect of the NSL loan, and it contained a forensic audit report dated 26th November 2018 (“FAR”) on the NSL loan account, conducted on instructions of the Company. The FAR was disclosed for the first time only during this second meeting of the Business Committee and was a cause of serious concern for the Board on account of non-disclosure of the FAR for a period of more than 2 years. The Board at its meeting dated 19th December 2020, took cognizance of the non-disclosure and constituted a committee of 2 independent directors to look into the matter. The Committee had to face inordinate delay in getting required documents and correspondence from the Management for its work. The committee in its report recommended that the NSL matter should be reported to RBI as suspected fraud and stressed the need to strengthen internal control mechanisms. The Board also deferred decision on OTS offer until response from RBI.

In this context, please note that the efforts of the Audit Committee to bring this matter to finality had been thwarted by the non-cooperative and rather evasive management, which did not submit the information requested by the Audit Committee or done so with substantial delay, and more often than not with unsatisfactory response.

(iii) *No action on corporate governance issues*

- Mr. Deepak Amitabh, previous Chairman of the Company, had highlighted several corporate governance issues in the 137th meeting of the Board held on 5th August 2021.
- On this note, it is imperative that action be taken since even the statutory auditors have indicated that if the points raised by previous Chairman were not addressed, the auditors are likely to have challenges issuing an un-modified/ un-qualified opinion on the financial statements.
- However, all these governance issues remained unresolved and not even attempted to be addressed as of date, despite several reminders by the independent directors of the Board from time to time.

The lack of action on part of the Company management is alarming, especially since the Company is a listed company and has obligations to not just itself as an entity but also its investors, which is general public.

(iv) *Unilateral change in conditions of loans, without prior approval of the Board*

- The Company had extended a term loan of INR 150 crores for four laning of Darah-Jhalawar-Teendhar section NH-12 (new NH-52) in the state of Rajasthan under NHDP Phase III (length 48.88km) under Hybrid Annuity Model, and changes were made to the repayment timelines, without prior approval of the Board.
- The Board in its 140th meeting held on 29th September 2021, had expressed concern over the unilateral and unauthorised change of terms and conditions of loan extended to Patel Darah-Jhalawar Highway Private Limited done by the management, and had sought report on the matter by 31st October 2021. The same has still not been furnished to the Board.

Please note that it was a coincidence that such unilateral change came to the notice of the Board, and it raises suspicion of many more such instances of similar nature which exist in the Company, and the Board oblivious on account of non-disclosure by the Company. It is also a governance control issue since the Management is acting without approval, authorisation and consultation with the Board.

(v) *Independent directors' communication blatantly ignored*

- Various emails have been sent to the management by the independent directors, collectively as well as individually, which have been neither acknowledged nor responded to.
- Following is a representative list of repeated emails sent by the independent directors, which have not been responded to by the Company:
 - Emails calling for the entire documentation pertaining to the appointment and joining of Mr. Ratnesh;
 - Emails requesting professional help of legal counsel for the IDs as provided in sub para 2 of para III of Schedule IV read with section 149(8) of the Companies Act, 2013;
 - Emails calling for meeting of Nomination and Remuneration Committee to fill up the vacancy of a lady independent director, to ensure compliance with SEBI LODR Regulations. This vacancy has still not been filled up even though more than 3 months have elapsed since the vacancy arose. This again is a violation of the Companies Act 2013 (second proviso of section 149 (1) and the SEBI LODR Regulations;

- Emails regarding the withdrawal of nomination of Ms Renu Narang from the Board of the Company, which made the Nomination and Remuneration Committee dysfunctional. This Committee has still not been reconstituted which is a clear violation of the Companies Act 2013 (section 178) and the SEBI LODR Regulations and
- Emails requesting to convene Board and committee meetings.

Please note that as an imperative consequence, requests for information raised by the independent directors are also given a deaf ear to and hampers the functioning of independent directors. It should be borne in mind that independent directors are vanguards for a given company and shoulder responsibility not only to the Company, but also to its investors, shareholders and the regulators. Such non-cooperation on the part of the management and the Company is unfortunate and a deterrent to the spirit of the law and impedes the functioning of the independent directors on the board of a listed company.

(vi) *Skewed or no information shared with Board*

- As would be evident from the above, the independent directors are not provided information sought by them.
 - As and when some information is suggested to have been provided, it tends to be incomplete, inaccurate or misleading. A glaring example of this is the circular resolution dated 10th January 2022 for waiver of special conditions to IL&FS Tamil Nadu Power Company Limited. The note circulated does not highlight an important fact of fraud by the borrower which needs to be reported to the Board as well as its impact on the Balance Sheet of the Company. The fact of fraud is camouflaged in the Annexure.
6. Also, the recent notice dated 14th January 2022 for convening a Board meeting on 22nd January 2022 is invalid as it is not served to all the Directors of the Board. The agenda for the proposed Board meeting also does not contain any item for discussion regarding the various corporate governance issues mentioned above which the IDs have been repeatedly raising to be discussed in a validly convened Board meeting.
7. As mentioned above, all of these factors are least enabling for me to hold the position of independent director of the Company and continue to function as such.
8. In the premises aforesaid, especially since my efforts along with other independent directors to point out violations of Law and to convene a board meeting to deliberate on serious governance issues has been either given a deaf ear to or rejected time and again, and in view of continued non-cooperation of the management of the Company, I am left with no choice but to step down from the

Kamlesh Shivji Vikamsey

194 Kalpataru Habitat, Dr S S Rao Road, Parel, Mumbai 400 012

board of directors of the Company. For the aforesaid reasons, I hereby tender my resignation from my position of independent director of the Company, with immediate effect.

9. I request you to kindly acknowledge receipt of this letter, take the resignation on record of the Company and take necessary steps immediately as may be required to complete the relevant legal and procedural formalities, including forthwith 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 Securities & Exchange Board of India (“SEBI”), RBI, Ministry of Corporate Affairs, Registrar of Companies and to Mr. Rakesh Kacker, who was Independent Director in the company till 31st December 2021 and presently an Independent Director in PTC India Limited. I am also requesting him to share this with the Directors on the Board of PTC India Limited which is the holding Company and the major shareholder in the Company.
10. I attach few of the relevant emails and extracts of minutes which are self-explanatory to the lapses and governance issues narrated above.
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.

Yours sincerely,

Kamlesh Digitally signed
by Kamlesh
Shivji Shivji Vikamsey
Vikamsey Date: 2022.01.19
11:59:47 +05'30'

Mr. Kamlesh Vikamsey

Independent Director

Annexures

1. Email calling for all documents pertaining to Mr. Ratnesh
2. Extract of minutes of the 137th Board meeting held on 5th August 2021
3. Extract of minutes of the 140th Board meeting held on 29th September 2021
4. Email seeking professional help
5. Emails requesting convening of Board & Committee meetings

From: Rakesh Kacker <rakesh.kacker@gmail.com>
Sent: 13 December 2021 22:26
To: Pawan Singh -PFS; Rajiv Kr Mishra
Cc: Kamlesh Vikamsey; sbnayar; thomas; Pankaj Goel; Ratnesh R; Vishal Goyal
Subject: Re: Letter from Independent Directors to MD

Dear Rajib and Pawan,

Many thanks for your mails of 10th December and 13th December respectively. There were three requests made in our letter dated 7th December. Two related to information and one to an instruction to be given to Company Secretary PFS. Neither of these requests have been referred to leave alone complied with.

2. The instruction to be given to the Company Secretary, PFS to render us assistance for legal advice as provided by the law, has quite clearly to be given by MD,PFS. Although this instruction had to be given by MD,PFS by the 10th this has not happened.

3. The request for information also has to be handled by MD PFS. Many of the documents that we want – like the background note given to the lawyer whose opinion was given to us just before the Board Meeting on 8th November – are in the possession of PFS. It is the MD,PFS who has to co-ordinate with PTC and get the other documents which are exclusively in the possession of PTC and have not been shared with PFS

4, We note with concern that instead of rendering us help as requested the matter has been deflected into areas which are not relevant to our requests

5. I fully agree with the position set out in the mail of Mr. Kamlesh Vikamsey,in his mail of 11th December. We do hope compliance will come by tomorrow as requested by him.

6, I have consulted the other three IDs of PFS and they are in full agreement with the the contents of my mail

Regards

Rakesh Kacker

Extracts of Minutes of 137th Board meeting dated 5th August 2021

A. The Chairman further informed the Board that, in the capacity of a non-executive Chairperson of the Board of PFS, he wanted to highlight certain points which have come to his notice through documents or through oral communication, over some time. The Chairman stated that it was his duty to bring the same to the notice of the Board, and the Board may like to decide further action on the same. He further stated that the issues are primarily related to governance in PFS, and remain unaddressed today, although apparent from time to time. The following issues were narrated by Chairman:-

1.The Board had earlier desired that the information regarding suspected fraud in a particular loan account be sent to RBI in consultation with the Audit Committee, and therefore the meeting of the Audit Committee was to be held by the first week of July, 2021. This was pertaining to a decision taken in the Board during the month of May. As per a communication copied to him by the Chairman, Audit Committee (ACB), it was apparent that the Chariman, ACB had followed up on his request for the meeting of the Audit Committee but the same was not scheduled by the first week of July.

2.Similarly, Director (Marketing) of PTC, who was earlier a Nominee Director on the Board of PFS, is declining to sign the duplicate Deed of Covenants as he may have certain issues relating to governance at PFS and may not be comfortable signing the same.

3.Third, more than one correspondence related to the RBI Inspection report were addressed to the Chairman. However, the same never reached his office, and the first that it came to his notice and attention was when the same were directly placed before the Board as part of the Board agenda(s).

4.The inputs as were required to be given by the PFS management to the Committee of Independent Directors on NSL issues were also considerably delayed.

5.He further stated that though he is not part of the Risk Management Committee (RMC) of PTC, but certain issues were raised by an Independent Director and the Nominee in the previous meeting of the Board of Directors, reporting part of the proceedings of the previously held meeting of the RMC of PTC. Certain correspondence was happening between two functionaries and copies were marked to him as Chairman and these pertain to the issues in the contents of a presentation made by MD&CEO, PFS in PTC's RMC and a copy of the presentation was also modified later on.

6.It had also come to his notice that whenever some information/data is required by PTC either it was delayed or was not given. While, undoubtedly, there are certain improvements, but more needs to be done.

7.Further, it has come to the notice of Board members that sometimes, the Agenda items of PFS do not contain the required information/disclosures.

8.Chairman also appreciated one instance of the MD&CEO agreeing with the consensus of the Board, while having a contrarian view initially, and that was duly mentioned.

9.The matter regarding audit committee's meeting for the annual accounts of the Company for FY2020-21, which required adjournment for settling an issue of provisioning was also mentioned. The implication had been reputational, as the Company's Board Meeting for adoption of annual accounts had to be adjourned.

He further stated that these points were in his notice and as the non-executive Chairperson and nominee of PTC, he thought it was not only prudent, but also his duty to bring these to the attention of the full Board. While it was part of his fiduciary responsibility, it is now upto the Board to deliberate and decide further actions on the same.

MD & CEO informed the Board that he would like to give his point-wise answer to these points. On the issue of data supply from PFS to PTC, primarily it was with relation to the divestment process and initially there were issues which were resolved and data outflow was happening well and whatever was required for carrying out of due diligence, that data has been provided to the satisfaction of the PTC team. He further stated that a fairly good job was done by PFS team despite the team size being small and within constraints, but they delivered with extra work. Sometimes the team had worked late night/overnight.

He further informed the Board that as far as presentation to RMC of PTC goes, he was asked by Chairman, RMC of PTC to make a presentation and he made a presentation. With respect to the point that the presentation was changed, he mentioned that it was incorrect. He further stated that as the copy of the presentation was already available with PTC, there may have been a line which was at variance with what he spoke during the presentation. Since, the copy of the presentation was later asked from PFS afresh, out of 35 slides used during the presentation based on the actual presentation, a minor modification was done in one of the slides to capture the point made in the actual presentation which was in line with his statement made during the presentation to PTC's RMC. RMC minutes of PTC could be checked if required. This had been also clarified by him in the earlier board meeting.

He further informed the Board that with respect to reporting of suspected fraud, the Board had desired that the meeting of the Audit Committee to be held by 1st week of July for ensuring that reporting to RBI is done timely. He also agreed that he got a mail from the Chairman, ACB and he replied to Chairman, ACB that a discussion on ECL policy, which was pending from quite some time, was also needed. PFS was working on the same because one of the suggestion of the Audit Committee was to check with other NBFCs and find out comparative practices. However, due to covid situation the same exercise could not be completed, therefore he had also sent mail to, the Chairman ACB requesting him that since the exercise was almost complete, PFS management needed one more week's time so that both the matters could be placed before the Audit Committee. It was further informed to the Board that Chairman, ACB was kind enough to consider this, and that due to this the meeting of the Audit Committee could not be held in the first week of July and the same could be

held on 19th July. He further stated that the draft was submitted to the Audit Committee. Audit Committee later gave its suggestions, and based on the same, letter shall be sent to RBI. He further agreed that there had been a delay of 10-11 days that was due to finalisation of ECL policy on the lines of the earlier direction of the Audit Committee.

He further informed the Board that on the issue of signing of that particular Deed of Covenants, not signing or signing is prerogative of Dr. Rajib Kumar Mishra. He further informed that he also spoke to Dr Mishra, and his only problem was that he would not like to sign an antedated document and that was his concern. He further informed that Dr. Mishra never expressed anything related to his concerns on governance matters of PFS. On this, the Chairman stated that he has informed to the Board what Dr. Mishra has informed to him. MD &CEO stated that, if required, Dr. Mishra can be invited for clarification.

Sh. Kamlesh S. Vikamsey, the Chairman ACB, informed the Board that once there is a direction by the Board, there was no authority with Chairman, ACB to change it. Board is the final authority. Therefore, once the timeline was given by the Board , he promptly wrote a letter to circulate material for the reporting to RBI in advance, so as to achieve the timeline. It is not for the Chairman, ACB to extend the timeline unless the Board extended that timeline. He further informed the Board that as far as the RBI letter is concerned, the Board in its own wisdom had fixed the date of first week of July based on urgency. The two matters i.e. RBI reply and ECL model could have been dealt separately, and he had mentioned as much to Dr. Pawan Singh, and that it was not in his hands to extend the timelines.

MD&CEO further explained that in line with the decision taken in the 134th meeting of the Board, i.e. the matter related to NNPIIL be reported to RBI by the PFS Management in consultation with the Audit Committee, a note on the same was prepared and put up in the Audit Committee meeting held on 19th July, 2021. The Committee discussed the matter and directed that the note be further elaborated to include more details. The amended note was again put up in the audit committee held on 30th July, 2021, wherein the Audit Committee directed to further amend the note in line with discussions. The further amended note in line with the discussions of the Audit Committee was put up in the Audit Committee meeting held on 4th August, 2021, certain modifications carried in

line with the discussions, and the revised note has been circulated. MD stated it is about to be finalised and would be sent to RBI very shortly.

Mrs. Renu Narang, Nominee Director, stated that there were various compliances to be undertaken by the respective department as mentioned in the agenda of compliance certificate submitted to the Board. It is important that individual officer(s) understand his/her responsibility for these compliances. At this point, the Chairman mentioned how in a recent meeting of the Board, the CFO had sought to distance himself from the onus of compliances to RBI. Such events are a matter of concern for the Board.

The Chairman reiterated that it is now upto the Board to decide further course of action on these and other matters of this nature, and the Board may deliberate on the issues in this or any future meeting of the Board.

Extract of minutes of the 140th Board meeting held on 29th September 2021

2220. Item no. 140.9 M/s Patel Darah-Jhalawar Highway Pvt. Ltd (PDJHPL): Term loan of Rs. 150 crores for four laning of Darah-Jhalawar-Teendhar section NH-12 (new NH-52) in the state of Rajasthan under NHDP Phase III (length 48.88km) under Hybrid Annuity Model: Request for extension of SCOD along with consequential shift in repayment schedule and other related modifications – reg.

The proposal for extension of SCOD along with consequential shift in repayment schedule and other related modifications for term debt of Rs. 150 crores to Patel Darah-Jhalawar Highway Pvt. Ltd. was explained to the Board as per details mentioned in the agenda note.

The Board was informed that instant project was sanctioned a term loan of Rs. 150 crores in the 130th Board Meeting and the project is under construction and RBL Bank Ltd is the Lead Lender. It was further informed to the Board that the borrower has requested vide their letter dated 27th July 2021 for extension in SCOD along with consequential shift in repayment schedule and all other conditions linked with SCOD of the project. It was informed that progress is lagging behind the scheduled progress due to delayed handover of the land parcels by NHAI, numerous encumbrances at various locations and the impact of 2 waves of Covid -19 during last one and half years, hence grant of provisional COD (PCOD) is being pursued with NHAI at various levels upon part completion of the project and in line with the provisions of concession agreement.

The Board was further informed that in the consortium meeting held on 26th July, 2021, lenders agreed to seek their internal approval for extension of scheduled completion date (SCOD) till 31st December, 2021. It was also informed to the Board that the revised plan of project completion has been submitted by company & vetted by LIE for completion of project by 31st December 2021.

The Board was further informed that SCOD of the project shall be shifted by approx. seven months and hence all the other conditions linked with SCOD shall be shifted automatically. It was further informed to the Board that corresponding consequential shift of 7 months (in line with the shift in SCOD) in the existing repayment schedule including first repayment date in the project, which was 15th January 2022, may also be approved and the same shall be aligned with that of lead lender. The above modifications in the facility agreement shall be subject to similar approval from all the other lenders including the lead lender and all the other terms and conditions of the facility agreement and amendments thereof shall remain unchanged.

The Board was also informed that despite several roadblocks on account of delayed hand over of land by NHAI and the impact of Covid-19, the project has now achieved significant progress (more than 80%) and also received three no. of Milestone payments/grants from NHAI and is currently in the process of achievement of PCOD from NHAI which will result into commencement of annuity payments to the project by NHAI, the Board is also requested to approve that any further modifications in T&Cs of the subject loan account shall be

approved by the competent Authority as per the prevailing operational policy and delegation of power of PFS.

The Board stated that at the time when the instant proposal was approved, the Board has desired that any modification in terms and condition in the instant project shall be approved by the Board. The Board enquired about whether there has been any deviation granted in the instant account in the conditions as approved by the Board. The Board was informed that the as per the sanctioned terms, the condition related to extension of timeline from NHAI was stipulated as pre disbursement condition, however, in the loan agreement the condition has been stipulated under the condition related to time line extension which is not a pre-disbursement condition.

The Board expressed its concern over the change in the condition approved by the Board in the agreement(s). The same amounts to a change without the approval of the Board. The management may bring the complete details to the Board in this regard by 31st October 2021. If the Board directives were not followed in the instant case, then responsibility for the same be fixed and necessary action should be taken by MD & CEO.

The Board further desired that a compliance certificate by any one of KMPs on the quarterly basis duly certifying whether all the conditions approved by the Board (related to the sanction) are captured in the sanction letter and loan agreement(s) be placed to the Board. The Board further desired that the Internal Auditor shall also review the compliance/ Non compliance of the Board approved conditions.

The Board was further informed that the instant proposal has been recommended by the risk management department with overall risk of the proposal as moderate.

The Board discussed the various aspects related to the proposal and after discussions passed the following resolution:-

“Resolved that the following be and is hereby approved:

- 1) Proposed modifications in the terms and conditions as mentioned in the agenda note is hereby approved.
- 2) Any further modifications in the T&Cs of the subject loan account shall be approved by the Competent Authority as per the BOD approved prevailing operational policy and DOP of PFS, is hereby approved.

15th December 2021

Dr Rajib K Mishra

Chairman

PTC India Financial Services Limited

Dear Dr Rajib Mishra,

We the Independent Directors of PTC India Financial Services Limited (PFS) are in receipt of your email dated 14th December 2021. While we thank you for your meeting us and the discussions yesterday, we must reiterate our grave concern at the manner in which the company is being presently run. For the sake of completeness, we are restating below some of the important points that are the cause of this concern

2. We immediately need legal assistance to enable us to discharge our role and responsibilities/duties of Independent Directors. We had written to the MD, PFS on 7th December 2021 requesting for this help which we are entitled to. It was requested that suitable instructions be given to the Company Secretary in this regard by 10th December 2021. It is unfortunate that this request has not yet been complied with. We are going ahead with the appointment of the Advocate and his name is being separately shared with the MD, yourself and other Directors as well as with the Company Secretary. This legal advice would be helpful to us in dealing with the current unprecedented situation of serious lapses in Governance in the company. As explained repeatedly running such a company with a single whole time Director is fraught with grave risks.

3. The other urgent issue is the information that we requested for on the joining of Mr. Ratnesh in PFS and subsequent development. Not a single document has been shared with us so far even though we gave further time from 10th December 2021 to 14th December 2021. We do hope that you will prevail upon the management of PFS to supply us these documents today itself as also to give suitable instructions to the Company Secretary PFS to render us all assistance in getting legal help as already requested.

4. The next urgent issue is the reappointment/extension of Mr. Rakesh Kacker for a period of 3 years as an Independent Director in PFS. For this the NRC has to be reconstituted, the NRC has to recommend this reappointment/extension to the Board and the Board has to approve this reappointment/extension well before 31st December 2021. You may recall that these steps were completed in half a day on 8th November 2021 when you and Mr. Pankaj Goel were inducted into the Board. Thus, we feel that this can easily be completed by Friday the 17th of December 2021.

5. The next issue is the calling of the NRC to discuss the issue of the appointment of a Lady Director. This process should not be left to the last minute. There are also several issues pending before the NRC and the MD PFS had assured the Board in its 141st meeting held on 12th October 2021 that a meeting of the NRC will be called by 31st October 2021. This has not yet happened. Therefore, a meeting of the NRC is highly overdue.

6. You have referred to the RBI Inspection report and the action that needs to be taken on it. You would recall that this was discussed in the Board meeting held on 9th November 2021. It was noted that the Board had already taken a view on all pending points. It is for the management to pursue with the RBI and close these issues. You may please advise the management to take action accordingly. We are also not aware of the current status of the replies sent to RBI by PFS.

7. We look forward to constructive discussions in the next Board meeting, which should be convened at the earliest, and to the actions to be taken by you to resolve the various issues that we discussed yesterday. However please note that we will in the meanwhile proceed on the basis of the information available with us and the advice given by legal counsel to protect the interests of the company and its shareholders and to discharge our duties and responsibilities as we are required to do.

Yours Faithfully

Rakesh Kacker

Santosh Nayar

Thomas Mathew

Kamlesh Vikamsey

From: **Santosh Nayar** <sbnayar@gmail.com>
Date: Sat, Dec 11, 2021 at 7:14 PM
Subject: Board meeting sought
To: Rajib K. Mishra <rajiv.mishra@ptcindia.com>
Cc: Thomas Mathew <thomas@mathewt.com>, Kamlesh Vikamsey <kamlesh@kkcllp.in>

Chairman

I was advised today that the nominee director of PTC Ms Renu Narang who was the third member of NR committee of the Board of PFS was suddenly withdrawn by PTC. This for all intent and purpose appears to ensure NRCommittee meeting as proposed by me and other members do not take place.

The NR committee of the company was sought to be held to recommend names to fill up vacancies to Board in time and thus prevent breaching of Regulatory requirements.

Initially you had asked the NR committee to be postponed by a few days to enable the management to place agendas if any which they had not been doing hitherto despite requests.

The manner of rendering the NRCommittee without a quorum immediately thereafter makes it apparent that the intention was to prevent the NRC meeting itself. Such withdrawal if warranted could have been done after allowing a meeting of NRC to fulfill its regulatory obligations.

In any case since the NRC has been rendered dysfunctional without quorum the responsibility of appointment of Independent Directors to meet regulatory requirement now falls on the Board.

Since NR committee is a Statutory Committee, Board will have to reconstitute the committee first and then consider its recommendations in an immediate ensuing meeting to meet the regulatory requirement.

I would request that a Board meeting be immediately called for this purpose. **With regards**

SBNayar

SB Nayar

8A, Lord's, Satya Dev Avenue, MRC Nagar, RA Puram, Chennai 600028

19th January 2022

To,

The Board of Directors

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

Dear Sirs

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

1. I have been associated with the Company as independent director of the Company since 20th September 2018. I am the Chairman of the Nomination and Remuneration Committee and member of Risk Management Committee.
2. The Company is a registered non-banking financial company and is also regulated by the Reserve Bank of India ("**RBI**") as regards the conduct of its business. The Company is a listed company and therefore in addition to the provisions of the Companies Act, 2013, it is also governed by the provisions of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("**SEBI (LODR) Regulations**"), as amended from time to time. One of the foundational principles laid down under the SEBI (LODR) Regulations requires the members of the board of directors of the Company ("**Board**") to act on a fully informed basis, in good faith, with due diligence and care and in the best interest of the Company and its shareholders. Since my appointment as an independent director of the Company, I have always fully committed myself to uphold the highest standards of corporate governance. In order to fulfil the responsibility, the directors ought to have access to the accurate, relevant and timely information. SEBI (LODR) Regulations impose the co-relating duty on the senior management of the Company to facilitate independent directors to perform their role effectively as a member of the Board and of the Committees. Further, whenever independent directors have concerns about the running of the Company or a proposed action, they are entitled to have them resolved by the Board. The independent directors are also required to report concerns about unethical behaviour, suspected fraud or non-compliance with a corresponding duty on the management to resolve and remedy such events.
3. During my term as independent director, I have made my best efforts to fulfil the responsibilities by voicing at multiple instances singly and together with other independent directors, many instances of serious lapses of governance and compliance. As Independent Director, I have placed on record many times –

specially over the last few months - my deep displeasure about the lack of appropriate information being made available to the Board. Even when supplied, I have questioned very poor quality of information being shared with the directors as also complete disregard to timeliness in flow of information to the directors between the Company management and the Board that is necessary for the independent directors to function effectively and reasonably perform our duties.

4. All the independent directors including Mr. Rakesh Kacker, whose term as independent director ended on 31st December 2021, have noticed and brought to the attention of the Board and management of the Company, various instances of serious lapses in corporate governance.
5. I refer to these lapses and events in the recent past at the Company, which have been time and again pointed out to the management, but to no avail. The same are recapitulated below:

(i) *Issues in respect of appointment of Mr. Ratnesh as whole-time director*

- Mr. Ratnesh had been appointed by the Board as Director (Finance) & CFO after following the Board run process.
- Appointment of Mr. Ratnesh was duly intimated to the stock exchanges.
- The current Managing Director (“MD”) did not allow him to join and function as Director (Finance) & CFO, although he had already joined the Company vide his joining report dated 29th October 2021.

In this context, an opinion was taken from Additional Solicitor General (“ASG”), which mentions that joining process of Mr. Ratnesh is incomplete. It is pertinent that the opinion does not dispute the fact that Mr. Ratnesh had joined the Company. Nor does it say that he cannot function as a director on the Board pending the completion of this joining process. Regrettably, the independent directors were not given the briefing note given to the ASG even after we requested that this be provided to us. Thus, we do not know if the facts were properly placed before the ASG including the views of Mr. Ratnesh. We also do not know the exact queries and factual background placed before the ASG for his opinion.

- Furthermore, the current Chairman and MD apparently also did not take any steps to enable the functioning of Mr. Ratnesh as Director (Finance) & CFO and subsequently seem to have taken a unilateral decision to put the joining of Mr. Ratnesh on hold, even without informing the Board about such decision or the rationale therefor leave alone taking the prior consent of the Board for such a major decision.

- Only on 10th January 2022 we were informed by the Company Secretary that Mr. Ratnesh had re-joined NTPC Limited (“**NTPC**”) on 6th December 2021. No explanation was given as to why he re-joined NTPC and the circumstances that led to his returning to NTPC. Moreover, it was alleged that he withheld the fact that he had come from NTPC on lien. If this was indeed so it is not clear why this fact was not placed before the Board for a decision on the further course of action. Nor do we have his version of these facts. Nor does it tally with the facts that we have informally ascertained. As has been implied in the same email the fact that he came on lien is mentioned in his relieving letter issued by NTPC. If so, how did he join without sharing his relieving letter. We are unfortunately not able to come to any definitive conclusion on this issue as the management has steadfastly refused to share all relevant information with the Board, though repeatedly requested by all the Independent Directors.

Please note that such actions of the Chairman of the Board and MD of the Company are ultra-vires their powers and in violation of the provisions of Companies Act, 2013, which requires approval of the Board for any modification of its decisions. The appointment of the whole-time director cannot be unilaterally tampered with. It is saddening that the Chairman and the MD have such blatant disregard for the Board process, governance and compliance.

The return of Mr. Ratnesh to NTPC has major implication for PFS. This has meant a loss to PFS as it has deprived the company of the services of an outstanding executive. Further, with this episode it does not appear feasible for any new appointment to be made by the Board of a new Whole Time Director (“**WTD**”). The Company is continued to be run by a single WTD which is a risky and undesirable situation. The view of the management on this burning issue has not been conveyed to the Board although it has been repeatedly raised with them. This has thus become a major Governance issue for the company.

(ii) *Issues regarding NSL Nagapatnam Power and Infratech Private Limited (“**NSL**”) loan*

- The Company had approved a bridge loan to NSL of INR 125 crores in its 57th board meeting dated 28th January 2014, for NSL to set up a coal-based project of 1320 MW in Angul, Orissa. The bridge loan was carved out of the term loan of INR 150 crores sanctioned by the Company in June 2013. The loan amount was subsequently disbursed on 12th March 2014, and the repayment was to commence in 4 quarterly instalments, after a moratorium of 12 months or be converted into a long-term loan sanctioned by PFS, along with disbursement from the consortium lenders.

- Due to ongoing stress in the project, various measures were taken, and insolvency proceedings were initiated in the project for which bridge loan was taken by NSL, and the promoter company of NSL made one time settlement (“**OTS**”) offer to the Company, and the same was placed before the Business Committee of the Company on 17th March 2020. The said committee had directed the management to renegotiate the OTS offer.
- On 16th December 2020, revised agenda was circulated in respect of the NSL loan, and it contained a forensic audit report dated 26th November 2018 (“**FAR**”) on the NSL loan account, conducted on instructions of the Company. The FAR was disclosed for the first time only during this second meeting of the Business Committee and was a cause of serious concern for the Board on account of non-disclosure of the FAR for a period of more than 2 years. The Board at its meeting dated 19th December 2020, took cognizance of the non-disclosure and constituted a committee of 2 independent directors to look into the matter. The Committee had to face inordinate delay in getting required documents and correspondence from the Management for its work. The committee in its report recommended that the NSL matter should be reported to RBI as suspected fraud and stressed the need to strengthen internal control mechanisms. The Board also deferred decision on OTS offer until response from RBI.

In this context, please note that the efforts of the Audit Committee to bring this matter to finality had been thwarted by the non-cooperative and rather evasive management, which did not submit the information requested by the Audit Committee or done so with substantial delay, and more often than not with unsatisfactory response.

(iii) *No action on corporate governance issues*

- Mr. Deepak Amitabh, previous Chairman of the Company, had highlighted several corporate governance issues in the 137th meeting of the Board held on 5th August 2021.
- On this note, it is imperative that action be taken since even the statutory auditors have indicated that if the points raised by previous Chairman were not addressed, the auditors are likely to have challenges issuing an un-modified/ un-qualified opinion on the financial statements.
- However, all these governance issues remained unresolved and not even attempted to be addressed as of date, despite several reminders by the independent directors of the Board from time to time.

The lack of action on part of the Company management is alarming, especially since the Company is a listed company and has obligations to not just itself as an entity but also its investors, which is general public.

(iv) *Unilateral change in conditions of loans, without prior approval of the Board*

- The Company had extended a term loan of INR 150 crores for four laning of Darah-Jhalawar-Teendhar section NH-12 (new NH-52) in the state of Rajasthan under NHDP Phase III (length 48.88km) under Hybrid Annuity Model, and changes were made to the repayment timelines, without prior approval of the Board.
- The Board in its 140th meeting held on 29th September 2021, had expressed concern over the unilateral and unauthorised change of terms and conditions of loan extended to Patel Darah-Jhalawar Highway Private Limited done by the management, and had sought report on the matter by 31st October 2021. The same has still not been furnished to the Board.

Please note that it was a coincidence that such unilateral change came to the notice of the Board, and it raises suspicion of many more such instances of similar nature which exist in the Company, and the Board oblivious on account of non-disclosure by the Company. It is also a governance control issue since the Management is acting without approval, authorisation and consultation with the Board.

(v) *Independent directors' communication blatantly ignored*

- Various emails have been sent to the management by the independent directors, collectively as well as individually, which have been neither acknowledged nor responded to.
- Following is a representative list of repeated emails sent by the independent directors, which have not been responded to by the Company:
 - Emails calling for the entire documentation pertaining to the appointment and joining of Mr. Ratnesh;
 - Emails requesting professional help of legal counsel for the IDs as provided in sub para 2 of para III of Schedule IV read with section 149(8) of the Companies Act, 2013;
 - Emails calling for meeting of Nomination and Remuneration Committee to fill up the vacancy of a lady independent director, to ensure compliance with SEBI LODR Regulations. This vacancy has still not been filled up even though more than 3 months have

elapsed since the vacancy arose. This again is a violation of the Companies Act 2013 (second proviso of section 149 (1) and the SEBI LODR Regulations;

- Emails regarding the withdrawal of nomination of Ms Renu Narang from the Board of the Company, which made the Nomination and Remuneration Committee dysfunctional. This Committee has still not been reconstituted which is a clear violation of the Companies Act 2013 (section 178) and the SEBI LODR Regulations and
- Emails requesting to convene Board and committee meetings.

Please note that as an imperative consequence, requests for information raised by the independent directors are also given a deaf ear to and hampers the functioning of independent directors. It should be borne in mind that independent directors are vanguards for a given company and shoulder responsibility not only to the Company, but also to its investors, shareholders and the regulators. Such non-cooperation on the part of the management and the Company is unfortunate and a deterrent to the spirit of the law and impedes the functioning of the independent directors on the board of a listed company.

(vi) *Skewed or no information shared with Board*

- As would be evident from the above, the independent directors are not provided information sought by them.
- As and when some information is suggested to have been provided, it tends to be incomplete, inaccurate or misleading. A glaring example of this is the circular resolution dated 10th January 2022 for waiver of special conditions to IL&FS Tamil Nadu Power Company Limited. The note circulated does not highlight an important fact of fraud by the borrower which needs to be reported to the Board as well as its impact on the Balance Sheet of the Company. The fact of fraud is camouflaged in the Annexure.

6. Also, the recent notice dated 14th January 2022 for convening a Board meeting on 22nd January 2022 is invalid as it is not served to all the Directors of the Board. The agenda for the proposed Board meeting also does not contain any item for discussion regarding the various corporate governance issues mentioned above which the IDs have been repeatedly raising to be discussed in a validly convened Board meeting.
7. As mentioned above, all of these factors are least enabling for me to hold the position of independent director of the Company and continue to function as such.

8. In the premises aforesaid, especially since my efforts along with other independent directors to point out violations of Law and to convene a board meeting to deliberate on serious governance issues has been either given a deaf ear to or rejected time and again, and in view of continued non-cooperation of the management of the Company, I am left with no choice but to step down from the board of directors of the Company. For the aforesaid reasons, I hereby tender my resignation from my position of independent director of the Company, with immediate effect.
9. I request you to kindly acknowledge receipt of this letter, take the resignation on record of the Company and take necessary steps immediately as may be required to complete the relevant legal and procedural formalities, including forthwith 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 Securities & Exchange Board of India (“SEBI”), RBI, Ministry of Corporate Affairs, Registrar of Companies and to Mr. Rakesh Kacker, who was Independent Director in the company till 31st December 2021 and presently an Independent Director in PTC India Limited. I am also requesting him to share this with the Directors on the Board of PTC India Limited which is the holding Company and the major shareholder in the Company.
10. I attach few of the relevant emails and extracts of minutes which are self-explanatory to the lapses and governance issues narrated above.
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.

Yours sincerely,

Santosh
Balachandra
n Nayar

Digitally signed by
Santosh Balachandran
Nayar
Date: 2022.01.19
14:58:48 +05'30'

Mr. SB Nayar

Independent Director

DIN 02175871

Annexures

1. Email calling for all documents pertaining to Mr. Ratnesh
2. Extract of minutes of the 137th Board meeting held on 5th August 2021
3. Extract of minutes of the 140th Board meeting held on 29th September 2021
4. Email seeking professional help
5. Emails requesting convening of Board & Committee meetings

From: Rakesh Kacker <rakesh.kacker@gmail.com>
Sent: 13 December 2021 22:26
To: Pawan Singh -PFS; Rajiv Kr Mishra
Cc: Kamlesh Vikamsey; sbnayar; thomas; Pankaj Goel; Ratnesh R; Vishal Goyal
Subject: Re: Letter from Independent Directors to MD

Dear Rajib and Pawan,

Many thanks for your mails of 10th December and 13th December respectively. There were three requests made in our letter dated 7th December. Two related to information and one to an instruction to be given to Company Secretary PFS. Neither of these requests have been referred to leave alone complied with.

2. The instruction to be given to the Company Secretary, PFS to render us assistance for legal advice as provided by the law, has quite clearly to be given by MD,PFS. Although this instruction had to be given by MD,PFS by the 10th this has not happened.

3. The request for information also has to be handled by MD PFS. Many of the documents that we want – like the background note given to the lawyer whose opinion was given to us just before the Board Meeting on 8th November – are in the possession of PFS. It is the MD,PFS who has to co-ordinate with PTC and get the other documents which are exclusively in the possession of PTC and have not been shared with PFS

4, We note with concern that instead of rendering us help as requested the matter has been deflected into areas which are not relevant to our requests

5. I fully agree with the position set out in the mail of Mr. Kamlesh Vikamsey,in his mail of 11th December. We do hope compliance will come by tomorrow as requested by him.

6, I have consulted the other three IDs of PFS and they are in full agreement with the the contents of my mail

Regards

Rakesh Kacker

Extracts of Minutes of 137th Board meeting dated 5th August 2021

A. The Chairman further informed the Board that, in the capacity of a non-executive Chairperson of the Board of PFS, he wanted to highlight certain points which have come to his notice through documents or through oral communication, over some time. The Chairman stated that it was his duty to bring the same to the notice of the Board, and the Board may like to decide further action on the same. He further stated that the issues are primarily related to governance in PFS, and remain unaddressed today, although apparent from time to time. The following issues were narrated by Chairman:-

1.The Board had earlier desired that the information regarding suspected fraud in a particular loan account be sent to RBI in consultation with the Audit Committee, and therefore the meeting of the Audit Committee was to be held by the first week of July, 2021. This was pertaining to a decision taken in the Board during the month of May. As per a communication copied to him by the Chairman, Audit Committee (ACB), it was apparent that the Chariman, ACB had followed up on his requestfor the meeting of the Audit Committee but the same was not scheduled by the first week of July.

2.Similarly, Director (Marketing) of PTC, who was earlier a Nominee Director on the Board of PFS, is declining to sign the duplicate Deed of Covenants as he may have certain issues relating to governance at PFS and may not be comfortable signing the same.

3.Third, more than one correspondence related to the RBI Inspection report were addressed to the Chairman. However, the same never reached his office, and the first that it came to his notice and attention was when the same were directly placed before the Board as part of the Board agenda(s).

4.The inputs as were required to be given by the PFS management to the Committee of Independent Directors on NSL issues were also considerably delayed.

5.He further stated that though he is not part of the Risk Management Committee (RMC) of PTC, but certain issues were raised by an Independent Director and the Nominee in the previous meeting of the Board of Directors, reporting part of the proceedings of the previously held meeting of the RMC of PTC. Certain correspondence was happening between two functionaries and copies were marked to him as Chairman and these pertain to the issues in the contents of a presentation made by MD&CEO, PFS in PTC's RMC and a copy of the presentation was also modified later on.

6.It had also come to his notice that whenever some information/data is required by PTC either it was delayed or was not given. While, undoubtedly, there are certain improvements, but more needs to be done.

7.Further, it has come to the notice of Board members that sometimes, the Agenda items of PFS do not contain the required information/disclosures.

8.Chairman also appreciated one instance of the MD&CEO agreeing with the consensus of the Board, while having a contrarian view initially, and that was duly mentioned.

9.The matter regarding audit committee's meeting for the annual accounts of the Company for FY2020-21, which required adjournment for settling an issue of provisioning was also mentioned. The implication had been reputational, as the Company's Board Meeting for adoption of annual accounts had to be adjourned.

He further stated that these points were in his notice and as the non-executive Chairperson and nominee of PTC, he thought it was not only prudent, but also his duty to bring these to the attention of the full Board. While it was part of his fiduciary responsibility, it is now upto the Board to deliberate and decide further actions on the same.

MD & CEO informed the Board that he would like to give his point-wise answer to these points. On the issue of data supply from PFS to PTC, primarily it was with relation to the divestment process and initially there were issues which were resolved and data outflow was happening well and whatever was required for carrying out of due diligence, that data has been provided to the satisfaction of the PTC team. He further stated that a fairly good job was done by PFS team despite the team size being small and within constraints, but they delivered with extra work. Sometimes the team had worked late night/overnight.

He further informed the Board that as far as presentation to RMC of PTC goes, he was asked by Chairman, RMC of PTC to make a presentation and he made a presentation. With respect to the point that the presentation was changed, he mentioned that it was incorrect. He further stated that as the copy of the presentation was already available with PTC, there may have been a line which was at variance with what he spoke during the presentation. Since, the copy of the presentation was later asked from PFS afresh, out of 35 slides used during the presentation based on the actual presentation, a minor modification was done in one of the slides to capture the point made in the actual presentation which was in line with his statement made during the presentation to PTC's RMC. RMC minutes of PTC could be checked if required. This had been also clarified by him in the earlier board meeting.

He further informed the Board that with respect to reporting of suspected fraud, the Board had desired that the meeting of the Audit Committee to be held by 1st week of July for ensuring that reporting to RBI is done timely. He also agreed that he got a mail from the Chairman, ACB and he replied to Chairman, ACB that a discussion on ECL policy, which was pending from quite some time, was also needed. PFS was working on the same because one of the suggestion of the Audit Committee was to check with other NBFCs and find out comparative practices. However, due to covid situation the same exercise could not be completed, therefore he had also sent mail to, the Chairman ACB requesting him that since the exercise was almost complete, PFS management needed one more week's time so that both the matters could be placed before the Audit Committee. It was further informed to the Board that Chairman, ACB was kind enough to consider this, and that due to this the meeting of the Audit Committee could not be held in the first week of July and the same could be

held on 19th July. He further stated that the draft was submitted to the Audit Committee. Audit Committee later gave its suggestions, and based on the same, letter shall be sent to RBI. He further agreed that there had been a delay of 10-11 days that was due to finalisation of ECL policy on the lines of the earlier direction of the Audit Committee.

He further informed the Board that on the issue of signing of that particular Deed of Covenants, not signing or signing is prerogative of Dr. Rajib Kumar Mishra. He further informed that he also spoke to Dr Mishra, and his only problem was that he would not like to sign an antedated document and that was his concern. He further informed that Dr. Mishra never expressed anything related to his concerns on governance matters of PFS. On this, the Chairman stated that he has informed to the Board what Dr. Mishra has informed to him. MD &CEO stated that, if required, Dr. Mishra can be invited for clarification.

Sh. Kamlesh S. Vikamsey, the Chairman ACB, informed the Board that once there is a direction by the Board, there was no authority with Chairman, ACB to change it. Board is the final authority. Therefore, once the timeline was given by the Board, he promptly wrote a letter to circulate material for the reporting to RBI in advance, so as to achieve the timeline. It is not for the Chairman, ACB to extend the timeline unless the Board extended that timeline. He further informed the Board that as far as the RBI letter is concerned, the Board in its own wisdom had fixed the date of first week of July based on urgency. The two matters i.e. RBI reply and ECL model could have been dealt separately, and he had mentioned as much to Dr. Pawan Singh, and that it was not in his hands to extend the timelines.

MD&CEO further explained that in line with the decision taken in the 134th meeting of the Board, i.e. the matter related to NNPIIL be reported to RBI by the PFS Management in consultation with the Audit Committee, a note on the same was prepared and put up in the Audit Committee meeting held on 19th July, 2021. The Committee discussed the matter and directed that the note be further elaborated to include more details. The amended note was again put up in the audit committee held on 30th July, 2021, wherein the Audit Committee directed to further amend the note in line with discussions. The further amended note in line with the discussions of the Audit Committee was put up in the Audit Committee meeting held on 4th August, 2021, certain modifications carried in

line with the discussions, and the revised note has been circulated. MD stated it is about to be finalised and would be sent to RBI very shortly.

Mrs. Renu Narang, Nominee Director, stated that there were various compliances to be undertaken by the respective department as mentioned in the agenda of compliance certificate submitted to the Board. It is important that individual officer(s) understand his/her responsibility for these compliances. At this point, the Chairman mentioned how in a recent meeting of the Board, the CFO had sought to distance himself from the onus of compliances to RBI. Such events are a matter of concern for the Board.

The Chairman reiterated that it is now upto the Board to decide further course of action on these and other matters of this nature, and the Board may deliberate on the issues in this or any future meeting of the Board.

Extract of minutes of the 140th Board meeting held on 29th September 2021

2220. Item no. 140.9 M/s Patel Darah-Jhalawar Highway Pvt. Ltd (PDJHPL): Term loan of Rs. 150 crores for four laning of Darah-Jhalawar-Teendhar section NH-12 (new NH-52) in the state of Rajasthan under NHDP Phase III (length 48.88km) under Hybrid Annuity Model: Request for extension of SCOD along with consequential shift in repayment schedule and other related modifications – reg.

The proposal for extension of SCOD along with consequential shift in repayment schedule and other related modifications for term debt of Rs. 150 crores to Patel Darah-Jhalawar Highway Pvt. Ltd. was explained to the Board as per details mentioned in the agenda note.

The Board was informed that instant project was sanctioned a term loan of Rs. 150 crores in the 130th Board Meeting and the project is under construction and RBL Bank Ltd is the Lead Lender. It was further informed to the Board that the borrower has requested vide their letter dated 27th July 2021 for extension in SCOD along with consequential shift in repayment schedule and all other conditions linked with SCOD of the project. It was informed that progress is lagging behind the scheduled progress due to delayed handover of the land parcels by NHAI, numerous encumbrances at various locations and the impact of 2 waves of Covid -19 during last one and half years, hence grant of provisional COD (PCOD) is being pursued with NHAI at various levels upon part completion of the project and in line with the provisions of concession agreement.

The Board was further informed that in the consortium meeting held on 26th July, 2021, lenders agreed to seek their internal approval for extension of scheduled completion date (SCOD) till 31st December, 2021. It was also informed to the Board that the revised plan of project completion has been submitted by company & vetted by LIE for completion of project by 31st December 2021.

The Board was further informed that SCOD of the project shall be shifted by approx. seven months and hence all the other conditions linked with SCOD shall be shifted automatically. It was further informed to the Board that corresponding consequential shift of 7 months (in line with the shift in SCOD) in the existing repayment schedule including first repayment date in the project, which was 15th January 2022, may also be approved and the same shall be aligned with that of lead lender. The above modifications in the facility agreement shall be subject to similar approval from all the other lenders including the lead lender and all the other terms and conditions of the facility agreement and amendments thereof shall remain unchanged.

The Board was also informed that despite several roadblocks on account of delayed hand over of land by NHAI and the impact of Covid-19, the project has now achieved significant progress (more than 80%) and also received three no. of Milestone payments/grants from NHAI and is currently in the process of achievement of PCOD from NHAI which will result into commencement of annuity payments to the project by NHAI, the Board is also requested to approve that any further modifications in T&Cs of the subject loan account shall be

approved by the competent Authority as per the prevailing operational policy and delegation of power of PFS.

The Board stated that at the time when the instant proposal was approved, the Board has desired that any modification in terms and condition in the instant project shall be approved by the Board. The Board enquired about whether there has been any deviation granted in the instant account in the conditions as approved by the Board. The Board was informed that the as per the sanctioned terms, the condition related to extension of timeline from NHAI was stipulated as pre disbursement condition, however, in the loan agreement the condition has been stipulated under the condition related to time line extension which is not a pre-disbursement condition.

The Board expressed its concern over the change in the condition approved by the Board in the agreement(s). The same amounts to a change without the approval of the Board. The management may bring the complete details to the Board in this regard by 31st October 2021. If the Board directives were not followed in the instant case, then responsibility for the same be fixed and necessary action should be taken by MD & CEO.

The Board further desired that a compliance certificate by any one of KMPs on the quarterly basis duly certifying whether all the conditions approved by the Board (related to the sanction) are captured in the sanction letter and loan agreement(s) be placed to the Board. The Board further desired that the Internal Auditor shall also review the compliance/ Non compliance of the Board approved conditions.

The Board was further informed that the instant proposal has been recommended by the risk management department with overall risk of the proposal as moderate.

The Board discussed the various aspects related to the proposal and after discussions passed the following resolution:-

“Resolved that the following be and is hereby approved:

- 1) Proposed modifications in the terms and conditions as mentioned in the agenda note is hereby approved.
- 2) Any further modifications in the T&Cs of the subject loan account shall be approved by the Competent Authority as per the BOD approved prevailing operational policy and DOP of PFS, is hereby approved.

15th December 2021

Dr Rajib K Mishra

Chairman

PTC India Financial Services Limited

Dear Dr Rajib Mishra,

We the Independent Directors of PTC India Financial Services Limited (PFS) are in receipt of your email dated 14th December 2021. While we thank you for your meeting us and the discussions yesterday, we must reiterate our grave concern at the manner in which the company is being presently run. For the sake of completeness, we are restating below some of the important points that are the cause of this concern

2. We immediately need legal assistance to enable us to discharge our role and responsibilities/duties of Independent Directors. We had written to the MD, PFS on 7th December 2021 requesting for this help which we are entitled to. It was requested that suitable instructions be given to the Company Secretary in this regard by 10th December 2021. It is unfortunate that this request has not yet been complied with. We are going ahead with the appointment of the Advocate and his name is being separately shared with the MD, yourself and other Directors as well as with the Company Secretary. This legal advice would be helpful to us in dealing with the current unprecedented situation of serious lapses in Governance in the company. As explained repeatedly running such a company with a single whole time Director is fraught with grave risks.

3. The other urgent issue is the information that we requested for on the joining of Mr. Ratnesh in PFS and subsequent development. Not a single document has been shared with us so far even though we gave further time from 10th December 2021 to 14th December 2021. We do hope that you will prevail upon the management of PFS to supply us these documents today itself as also to give suitable instructions to the Company Secretary PFS to render us all assistance in getting legal help as already requested.

4. The next urgent issue is the reappointment/extension of Mr. Rakesh Kacker for a period of 3 years as an Independent Director in PFS. For this the NRC has to be reconstituted, the NRC has to recommend this reappointment/extension to the Board and the Board has to approve this reappointment/extension well before 31st December 2021. You may recall that these steps were completed in half a day on 8th November 2021 when you and Mr. Pankaj Goel were inducted into the Board. Thus, we feel that this can easily be completed by Friday the 17th of December 2021.

5. The next issue is the calling of the NRC to discuss the issue of the appointment of a Lady Director. This process should not be left to the last minute. There are also several issues pending before the NRC and the MD PFS had assured the Board in its 141st meeting held on 12th October 2021 that a meeting of the NRC will be called by 31st October 2021. This has not yet happened. Therefore, a meeting of the NRC is highly overdue.

6. You have referred to the RBI Inspection report and the action that needs to be taken on it. You would recall that this was discussed in the Board meeting held on 9th November 2021. It was noted that the Board had already taken a view on all pending points. It is for the management to pursue with the RBI and close these issues. You may please advise the management to take action accordingly. We are also not aware of the current status of the replies sent to RBI by PFS.

7. We look forward to constructive discussions in the next Board meeting, which should be convened at the earliest, and to the actions to be taken by you to resolve the various issues that we discussed yesterday. However please note that we will in the meanwhile proceed on the basis of the information available with us and the advice given by legal counsel to protect the interests of the company and its shareholders and to discharge our duties and responsibilities as we are required to do.

Yours Faithfully

Rakesh Kacker

Santosh Nayar

Thomas Mathew

Kamlesh Vikamsey

From: **Santosh Nayar** <sbnayar@gmail.com>
Date: Sat, Dec 11, 2021 at 7:14 PM
Subject: Board meeting sought
To: Rajib K. Mishra <rajiv.mishra@ptcindia.com>
Cc: Thomas Mathew <thomas@mathewt.com>, Kamlesh Vikamsey <kamlesh@kkcllp.in>

Chairman

I was advised today that the nominee director of PTC Ms Renu Narang who was the third member of NR committee of the Board of PFS was suddenly withdrawn by PTC. This for all intent and purpose appears to ensure NRCommittee meeting as proposed by me and other members do not take place.

The NR committee of the company was sought to be held to recommend names to fill up vacancies to Board in time and thus prevent breaching of Regulatory requirements.

Initially you had asked the NR committee to be postponed by a few days to enable the management to place agendas if any which they had not been doing hitherto despite requests.

The manner of rendering the NRCommittee without a quorum immediately thereafter makes it apparent that the intention was to prevent the NRC meeting itself. Such withdrawal if warranted could have been done after allowing a meeting of NRC to fulfill its regulatory obligations.

In any case since the NRC has been rendered dysfunctional without quorum the responsibility of appointment of Independent Directors to meet regulatory requirement now falls on the Board.

Since NR committee is a Statutory Committee, Board will have to reconstitute the committee first and then consider its recommendations in an immediate ensuing meeting to meet the regulatory requirement.

I would request that a Board meeting be immediately called for this purpose. **With regards**

SBNayar