



26th October, 2022

Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 533344	General Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 51 NSE Symbol: PFS
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Sub: Response to email dated: 25th October, 2022

Dear Sir/Madam,

This is with reference to your email dated 25th October, 2022, Please find responses as below

Query 1: Status of forensic audit by M/s CNK & Associates LLP. –

PFS Response:

1. CNK & Associates LLP, Chartered Accountants was appointed as forensic auditor to carry our forensic audit. It is to mention that the Statutory Auditor of the company (PFS) insisted for forensic audit and stated that they would issue a Disclaimer Opinion in Auditor's Report in absence of any forensic audit report. The Company and its Board were accordingly, left with no option but to agree for a forensic audit to look into the allegations levelled by the erstwhile Independent Directors.
 2. The forensic audit commenced on 18th July 2022 onsite in PFS' premises. In accordance with the terms of the engagement letter executed between CNK and PFS
 - timelines for completion of audit were agreed to be 4-6 weeks from the date of start of the assignment.
 - the forensic auditor was required to have the management discussion of draft report at the end of every week.
- PFS' team provided the requisite information to CNK not just for onsite inspection but also onto CNK's system in the interest of assignment and timely completion as insisted by CNK.
3. After repeated requests and follow ups, draft findings of the forensic audit have been received from CNK vide its email dated 23rd September 2022. CNK has given its balance findings vide its email dated 11th October 2022.

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

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It is important to mention that CNK has **not reported any fraudulent act or malafide intention on part of management. They have also not reported any misappropriation / diversion of funds in the Company.** The Company has provided its response on the findings given by CNK.

4. It is also mentioned that the findings were given by CNK without any discussion with the management regarding the same or seeking to understand the processes followed in the Company.
5. The Management submitted its response on the observations received from CNK. The management's response on observations dated 23rd September 2022 were submitted on 7th October 2022 and response on observations received on 11th October 2022 were submitted on 14th October 2022 and 18th October 2022.
6. PFS has also engaged a reputed external consultant (E&Y) to independently review / validate the management response on observations raised by CNK and to carry out an independent assessment of any fraud / malafide activity / diversion of fund in the Company and any possible material financial impact of the observations made by CNK. E&Y independently examined the factual position with relevant document for preliminary findings of CNK and opined that there is no indication of suspected fraud and the findings have no impact on accounts of PFS.
7. After repeated requests mentioning the consequences faced by the Company, CNK has provided its draft report on 24th October 2022.
8. Management is in the process of providing its response on draft report immediately, in order to complete the forensic audit at the earliest.

Query 2: Status of financial results:

PFS Response:

1. The Board expressed its concern regarding the challenges that may be faced by the Company due to non-finalization and further delays in the financial statements for the year ended 31st March 2022. The Company is facing tremendous pressure from its lenders, credit rating agencies have kept the credit rating at watch, employee attrition is at highest, and most importantly, this is leading to severe distrust amongst the individual and minority shareholders.
2. Thereafter, the Company received a notice vide emails dated 12th October 2022 from NSE and BSE, stating that the shares of the Company will be moved to 'Z Category' w.e.f. October 25, 2022 if it does not comply with the provisions of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') on or before October 19, 2022 since the Company has not been filing

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financial results for the last two quarters namely March 31, 2022 and June 30, 2022. Subsequently, on 25th October 2022, PFS script moved to “Z” Category.

3. Considering the gravity of the situation and the urgent situation, the Board advised that audit committee meeting may be convened by 15th October 2022 to consider the financial statements so that the Company is able to comply with the stipulated guidelines pertaining to publishing of audit financials.
4. The audit committee meeting was held on 15th October 2022, Audit Committee by majority declined to consider the financial statements for the year ended 31st March 2022 pending completion of forensic audit. The decline to consider the financial statement may impact the larger interest of the stakeholders, lenders, individual and minority shareholders, etc of the Company.
5. The Board of Directors of the Company have in their meetings held on 9th August 2022, 16th September 2022 and 11th October 2022 considered and deliberated upon the implications on the Company and its promoters due to non-finalization of and publishing the financial statements for the year ended 31st March 2022. The Board directed the audit committee to consider the financial statements, however, the financial statements was not be considered pending completion of forensic audit in the audit committee meetings held on 4th August 2022, 16th August 2022 and 15th October 2022.
6. The meeting of Board of Directors was held on 22nd October 2022 to inter-alia discuss the status of forensic audit. During the meeting, it was decided to convene urgent Audit Committee, followed by Board to be held on 25th October 2022 to inter-alia consider and review the financial statements for the year ended 31st March 2022. However, the audit committee meeting could not be held on 25th October 2022 and the Board decided to defer the agenda pertaining to approval of financial statements for the year ended 31st March 2022 and outcome of the same was informed to NSE and BSE yesterday.

This is issued with approval of competent authority.

Kindly take the same on your records.

Yours Truly
For **PTC INDIA FINANCIAL SERVICES LTD.**

(Mohit Seth)
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