

**August 30, 2024**

To

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

**Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 – Management response on the resignation of the Statutory Auditors (Lodha & Co. LLP) (ICAI FRN: 301051E/E300284)**

This is further to our letter dated August 13, 2024 regarding resignation of Statutory Auditors, please find enclosed herewith the point-wise response of the management on the reasons highlighted by the auditors in their resignation letter.

Kindly take this intimation in record in compliance with applicable statutory provisions.

The same is available on our website at [www.ptcfinancial.com](http://www.ptcfinancial.com)

You are requested to take the above information on records.

**Yours faithfully,**  
**For PTC India Financial Services Limited**

**Shweta Agrawal**  
**Company Secretary**

**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](http://www.ptcfinancial.com), E-mail: [info@ptcfinancial.com](mailto:info@ptcfinancial.com)

**Annexure-A**

Management response post deliberation in the Audit Committee and Board Meeting on the major reasons mentioned in the statutory auditor resignation are as under:

| <b>S. No.</b> | <b>Particular</b>   | <b>PFS Response</b>   |
|---------------|---|---|
| 1             | Long duration / adjournment of meetings for providing financial results and financial statements  | <p>During the discussions with the Statutory auditor in the audit committee meeting it was noted that there were certain concerns of the statutory auditor, which had not been addressed by the management. The Audit Committee, to ensure the fair view, directed the management to provide all relevant information in detail in order to resolve the issues. To address these issues, sometimes the Audit Committee meeting was adjourned, and correspondingly the agenda for approval of financial results was adjourned in the Board meeting.</p> <p>The management has taken necessary steps for improvement w.r.t the issues raised.</p> |
| 2             | Non-addressing of Corporate Governance issues on timely within Board Members and the Management   | Company is taking various corrective measures regarding corporate governance issues. Internal Guidelines on Corporate Governance has been approved by Board of the Company on July 30, 2024.  |
| 3             | Baseless reporting against the Firm and implication of the Firm name in news article relating to these affecting Firm reputation and professional recognition.  | No comments to offer.   |
| 4             | Matters explained in our Basis for Qualified para / Qualified conclusions para of the Auditor Report / Limited Review Report for the financial year ended 31 <sup>st</sup> March 2024 and quarter ended June30, 2024. | <p>As per detailed response provided at point no. 18 of Board Report (Pg 16) in our Annual Report for FY24 (extracts enclosed).</p> <p>It is to inform identical observations were made in Limited Review report for quarter ended June 2024.</p>   |

### 18. Statutory Auditors, their Report and Notes to Financial Statements

M/s Lodha and Co LLP, Chartered Accountants, was appointed as the Statutory Auditor of the Company for a period of three (3) consecutive years i.e. FY 2022-23 to 2024-25.

The Statutory Auditors Audit Reports on the Financial Statements of the Company for the financial year 2023-24 is a Qualified Report, the details of such qualifications (including managements' response/ actions thereon) are provided herein below:

| Auditors' Observations   | Management Response  |
|--|--|
| <p>1. Note no. 5(B)(i) of the financial statements of the Company for the FY 2023-24, regarding payment/ reimbursement of personal expenses as stated in the said note, during the year of ₹ 49.70 lakhs (Rs. 10.94 lakhs and ₹ 38.76 lakhs) (including GST) incurred for the then Managing Director and Chief Executive Officer (Erstwhile MD &amp; CEO) and Non Executive Chairman (NEC) of the Company.</p> <p>As explained to us and as stated, the Company had incurred the above stated expenses/ reimbursements related with the Show Cause Notice (SCN) sent by (a) Reserve Bank of India (RBI) to erstwhile MD &amp; CEO; and (b) Securities and Exchange Board of India (SEBI) to erstwhile MD &amp; CEO and the NEC. In this regard, the Erstwhile MD &amp; CEO and the NEC had informed that the SCNs which were received by them were in their individual capacity only and same was recorded by Audit Committee and Board of Directors in earlier year. Further as explained by both the persons, (erstwhile MD&amp;CEO and the NEC) and also been recorded in minutes of the audit committee and board meetings, there will not be any financial impact on the Company of SEBI SCN (recorded by the Audit Committee and Board of Directors in their meeting held on May 18, 2023). Also, the SCN which was issued by RBI to erstwhile MD &amp; CEO had not been shared with the auditors citing the same been received in his personal/individual capacity.</p> <p>Later on, based on legal opinion taken by the management of the Company and as noted by the Board of Directors, Rs.10.94 lakhs and ₹ 38.76 lakhs have been shown as recoverable from the NEC and erstwhile MD &amp; CEO respectively as on March 31, 2024 and same is not in compliance to the provisions of section 185 of the Companies Act, 2013.</p> <p>Subsequent to the year end, the NEC has refunded ₹ 10.94 lakhs and as stated in the said note, in the opinion of the management, recoverable amount of ₹ 38.76 lakhs from erstwhile MD &amp; CEO is pending for recovery.</p>  | <p>In line with Articles of Association, the BOD in its meeting held on May 18, 2023 decided to indemnify the Directors/ KMPs of the Company against any and all liability (including financial liability) which may be imposed upon them on account of statutory/ regulatory action initiated for conduct and actions of such Directors/ KMPs during the course of their discharge of their roles and responsibilities, in the service of the company.</p> <p>In the month of December 2023, management put up a proposal to Board for providing legal help and also authorizing MD&amp;CEO to providing legal help to said officials upto an expenditure of Rs 25 lakhs per annum for aggrieved Directors. While discussing the issue, Board desired to take a legal opinion from a law firm whether the legal expenditure on such cases can be paid particularly when the concerned officials have stated that such notices have been received by them in their individual capacity. Board vide its meeting dated May 18 2023 had allowed the legal help to concerned officials during discharge of their role and responsibility in service of the company. The legal counsel opined that in terms of Articles of Association such payment/ reimbursement can be released once charges are negated. The same amount was shown as recoverable. Subsequent to year end, NEC has refunded the entire amount of ₹ 10.94 lakhs pertaining to his account. Therefore, in view of the management, the categorization of aforesaid advance as loan to directors u/s 185 is not a violation of section 185.</p> |
| <p>2. Note No. 5(A)(ii) of the financial statements of the Company for the FY 2023-24: the Company is in the process of further strengthening its processes of internal control systems w.r.t. system driven interest/ penal interest charging as per approved rates, timely creation of security on the loans given to borrowers, timely invoking of corporate guarantee provided by the borrowers, updation of SOPs, etc.</p>  | <p>Self-Explanatory.</p> <p>Further, the Company is in the process of further strengthening its systems.</p>   |
| <p>3. Note no. 5(A)(i)(a) of the financial Statement of the Company for FY 2023-24: during the year, as noted in the meeting of Board of Directors held on December 29, 2023 and in the meeting of Independent Directors held on March 11, 2024 and duly confirmed in the meeting held on May 20, 2024 (a) there were corporate governance issues related with conducting few meetings with shorter notice and delay in signing and finalization of the few minutes of Audit Committee and Board Meeting and (b) quality, quantity and timelines of flow of information between the Company and to the Board members was ineffective and inadequate to perform duties, and needs improvement for compliances of directions of the Board and various sub-committees respectively. Earlier also, on January 19, 2022, three of the then independent directors of the Company had resigned mentioning lapses in corporate governance and compliances as stated in the said note. The Company then had appointed an independent CA firm ("the Forensic auditor"), to undertake a forensic audit to address the same and also engaged a professional firm to independently review the issues stated in the forensic audit report with the management's responses submitted (including to assess financial implications and any indication towards suspected fraud) in forensic audit report (FAR). The said FAR with management response had been presented by the management to the Audit committee as well as Board and the Board has observed that forensic auditor did not identified any event having material impact on the financials of the Company and has also not identified any instance of fraud and/or diversion of funds by the Company. Further, two independent directors on December 2, 2022 had resigned mentioning certain matters which includes, the issues raised by the erstwhile independent directors of the Company as stated in their letters. In previous year, the issues raised by the above stated five independent directors were rebutted fully by the Company and board and submitted their reply with the stock exchanges and Reserve Bank of India in reference to the communication in this regard.</p> | <p>Self-Explanatory.</p> <p>Further, the management has already taken necessary steps for improvement w.r.t the issues raised by Independent Directors in its meeting dated March 11 2024, Board meeting dated December 29, 2023 and same was apprised to the Board in meeting dated May 20, 2024.</p>   |