

August 13, 2024

To

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

Subject: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 – Resignation of Statutory Auditors

Pursuant to Regulation 30 of (SEBI Listing Regulations, 2015) read with SEBI Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019, we wish to inform that M/s Lodha & Co. LLP, Chartered Accountants (ICAI FRN: 301051E/E300284), have tendered their resignation as Statutory Auditors of the Company vide their letters dated August 13, 2024 with immediate effect.

The copy of the resignation letter dated August 13, 2024 along with Annexure A as received from M/s Lodha & Co. LLP, Chartered Accountants is attached herewith. Details with respect to resignation/ change in Auditors of the Company as required under Regulation 30 read with Schedule III of the Listing Regulations, SEBI Circular CIR/CFD/CMD/4/2015 dated September 09, 2015 are annexed herewith.

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

The same is available on our website at 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, E-mail: info@ptcfinancial.com

Annexure A

Details with respect to change in Auditors of the Company as required under Regulation 30 Read with Schedule III of the Listing Regulations and SEBI Circular CIR/CFD/CMD/4/2015 dated September 09, 2015

Resignation of Statutory Auditors

Particulars	Details
Name of the Company	PTC India Financial Services Limited
Name of the Auditor	M/s Lodha & Co LLP, Chartered Accountant
Reason for Change viz. appointment resignation, removal, death or Otherwise	Resignation as Statutory Auditor vide Letter dated August 13, 2024
Effective Date of resignation	August 13, 2024
Brief Profile	Not Applicable
Disclosure of relationships between directors (in case of appointment of a director)	Not Applicable

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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13th August 2024

Chartered Accountants

To

The Board of Directors and Audit Committee
PTC India Financial Services Limited
Bhikaji Cama Place, New Delhi

Dear Sirs,

Subject: Resignation as Statutory Auditor of PTC India Financial Services Limited ("the Company")

In continuation to our mail dated 10th August 2024 made to the Company regarding intimation of our proposed resignation as Statutory Auditors of the Company after discharging our responsibilities as component auditors with respect to limited review of unaudited standalone and consolidated financial results of the Holding Company for the quarter ended 30th June 2024.

We were appointed as Statutory Auditors for the Financial Year 2022-23 to 2024-25 in the Annual General Meeting held on 30th December 2022.

As required in terms of Standard on Quality Control (SQC) 1 "Quality control for Firms that Perform Audit and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements", our Firm has policies and procedures to evaluate "client/ engagement continuation" on regular basis. The Firm has accordingly evaluated the criteria for our continuance as statutory auditors of the Company post the quarter ended June 30, 2024 and regret to inform you that we will no longer be able to continue as Statutory Auditors of the Company.

Major facts and circumstances which led us to decide as above, include the following:

- Long duration/ adjournment of meetings for approving financial results and financial statements
- Matters explained in our Basis for Qualified Opinion para / Qualified Conclusion para of the Auditors Report / Limited Review Report for the financial year ended 31st March 2024 and quarter ended June 30, 2024.
- Non-addressing of Corporate Governance issues on timely within Board Members and the management
- Baseless reporting against the Firm and implication of the Firm's name in news article relating to these affecting Firm's reputation and it's professional recognition.

The above have significantly impeded our ability to continue as Statutory Auditors and discharging our responsibilities in that capacity effectively.

In view of above, we have decided to vacate our office as Statutory Auditors of the Company after discharging our responsibilities as component auditors post completion of limited review of unaudited standalone and consolidated financial results of the Holding Company for the quarter ended 30th June 2024.

This letter should be taken on record as our intimation for resignation and to dis-associate ourself as Statutory Auditors of the company with immediate effect.

You are requested to take note of the above and do the needful on the matter.

Please find attached in Annexure A the information to be obtained by the Company from the auditors for the resignation as required by SEBI circular CIR/CFD/CMD1/114/2019 dated October 18, 2019.

Yours sincerely,

For Lodha & Co LLP

Chartered Accountants

Firm Registration Number: 301051E/E300284

(N.K. Lodha)

Partner



Annexure A

Format of information to be obtained from the statutory auditor upon resignation

1.	Name of the listed entity/ material subsidiary:	PTC India Financial Services Limited (the "Company")
2.	Details of the statutory auditor:	
a.	Name:	Lodha & Co LLP
b.	Address:	12, Bhagat Singh Marg New Delhi – 110001
c.	Phone number:	011-43724464 / 011-23710176
d.	Email:	delhi@lodhaco.com
3.	Details of association with the listed entity/ material subsidiary:	
a.	Date on which the statutory auditor was appointed:	16 th Annual General Meeting held on 30 th December 2022
b.	Date on which the term of the statutory auditor was scheduled to expire:	Conclusion of 19 th Annual General Meeting
c.	Prior to resignation, the latest audit report/limited review report submitted by the auditor and date of its submission.	<p>Audit of the standalone and consolidated financial statements for the year ended 31st March, 2024 vide audit report dated 30th May 2024 and limited review of unaudited standalone and consolidated financial results for the quarter ended 30th June 2024 vide limited review report dated 30th July 2024.</p> <p>Refer Appendix I for the Independent Auditor's Report on the standalone and consolidated financial statements of the Company for the year ended 31st March 2024 and Appendix II for the limited review report on the unaudited standalone and consolidated financial results for the quarter ended 30th June 2024.</p>
4.	Detailed reasons for resignation:	Refer our resignation letter dated 13 th August 2024
5.	In case of any concerns, efforts made by the auditor prior to resignation (including approaching the Audit Committee/Board of Directors along with the date of communication made to the Audit Committee/Board of Directors)	As referred in our resignation letter dated 13 th August 2024 and para 3 above.



6.	In case the information requested by the auditor was not provided, then following shall be disclosed:	None
a.	<i>Whether the inability to obtain sufficient appropriate audit evidence was due to a management-imposed limitation or circumstances beyond the control of the management.</i>	
b.	<i>Whether the lack of information would have significant impact on the financial statements/results.</i>	
c.	<i>Whether the auditor has performed alternative procedures to obtain appropriate evidence for the purposes of audit/limited review as laid down in SA 705 (Revised)</i>	
d.	<i>Whether the lack of information was prevalent in the previous reported financial statements/results. If yes, on what basis the previous audit/limited review reports were issued.</i>	
7.	Any other facts relevant to the resignation:	None

Declaration

1. We hereby confirm that the information given in this letter and its attachments is correct and complete.
2. We hereby confirm that there is no other material reason other than those provided above for the resignation of my firm.

For Lodha & Co LLP
Chartered Accountants



N.K. Lodha

Partner

Date: August 13, 2024

Place: New Delhi

Enclosures:

Appendix I: Independent Auditor's Report on the audited standalone and consolidated financial statements for the year ended and as at 31st March 2024.

Appendix II: Limited review report on unaudited standalone and consolidated financial results for the quarter ended 30th June 2024.

INDEPENDENT AUDITOR'S REPORT

To the Members of PTC India Financial Services Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of PTC India Financial Services Limited ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of our observations stated in "Basis for Qualified Opinion" section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

Attention is drawn to:

- i) Note no. 56(B)(i) of the Standalone Financial Statements regarding payment / reimbursement of personal expenses as stated in the said note, during the year of Rs. 49.70 lakhs (Rs. 10.94 lakhs and Rs. 38.76 lakhs) (including GST) incurred for the then Managing Director and Chief Executive Officer (Erstwhile MD & CEO) and Non Executive Chairman (NEC) of the Company. As explained to us and as stated, the Company has incurred the above stated expenses/ reimbursements related with the Show Cause Notice (SCN) sent by (a) Reserve Bank of India (RBI) to Erstwhile MD & CEO; and (b) Securities and Exchange Board of India (SEBI) to Erstwhile MD & CEO and NEC. In this regard, the Erstwhile MD & CEO and 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&CEO and 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 & CEO had not been shared with the auditors citing the same been received in his personal/individual capacity.

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 Rs. 38.76 lakhs has been shown as recoverable from NEC and Erstwhile MD & CEO respectively as on March 31, 2024 and same is not in compliance to the provisions of section 185 of the Companies Act, 2013. Subsequent to the year end, NEC has refunded Rs. 10.94 lakhs and as stated in the said note, in the opinion of the management, recoverable amount of Rs. 38.76 lakhs from erstwhile MD & CEO is pending for recovery.

Regd. Office: 19, Esplanade Mansions, 14 Government Place East, Kolkata 700069, West Bengal, India.
Lodha & Co (Registration No. 301051E) a Partnership Firm was converted into Lodha & Co LLP
(Identification No. ACE-5752) a Limited Liability Partnership with effect from December 27, 2023

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



- ii) As stated in Note No. 56 (A)(ii) of the Standalone Financial Statements, 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.
- iii) As stated in note no. 56(A)(i)(a) of the Standalone Financial Statements, 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 (this is to be read with our comments under para no. (ix) below under the heading "Secretarial Auditors Report" under the Emphasis of Matters"), 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 the then independent directors of the Company had resigned mentioning lapses in corporate governance and compliances as stated in the said note (this is to be read with note no. 61 of the Standalone Financial Statements). 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.

Impact for the matters stated in Basis for Qualified Opinion in para (i) to (iii) above presently is unascertainable.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

We draw attention to the following matters:

- (i) As stated in note no. 56 (A)(i)(b) of the Standalone Financial Statements, as directed by the RBI (letter dated June 16, 2023), the Board of the Company in its meeting held on June 20, 2023, have resolved that till the appointment of new MD&CEO in place of Dr. Pawan Singh (who has been advised to proceed



on leave with immediate effect till his superannuation) is made, newly appointed Director (Finance) & CFO to take over the functions and responsibilities of the MD&CEO, with immediate effect. The term of Dr. Pawan Singh as MD&CEO completed with the close of business hours on October 2, 2023. The Company is in the process of appointing MD & CEO in compliance to Section 203 of the Companies Act, 2013.

- (ii) As stated in note no. 56(A)(iii) of the Standalone Financial Statements, the Company has filed appeals against Adjudication Orders dated June 27, 2023 of ROC, for three Show Cause Notices (SCNs) issued by the Registrar of Companies, NCT of Delhi & Haryana (ROC) for the matters stated in the said note and for remaining one SCN, the Company has filed an application for compounding, which are pending. The management believes that there will be no material financial impact on the state of affairs of the Company of this.
- (iii) During the year, the Company has paid Rs. 4.40 lakhs to three independent directors (IDs) on account of their time cost 'as Honorarium' for taking part/ joining meetings for the required activities of (including personnel interview of short listed candidates at senior level) the company. Further, as at March 31, 2024, the company has debited the amount so paid as Honorarium and same is shown as receivables from said IDs. The said amount since has been refunded back by the IDs. As stated in the said note and in the opinion of the management the Company is in compliance with the provisions of section 197(9) of the Companies Act, 2013 [note no. 56(B)(ii) of the Standalone Financial Statements].
- (iv) Pursuant to joining of Director Finance & CFO, from June 14, 2023 to October 2, 2023, the company was having 7 Directors out of which 3 directors were independent directors. As per the provisions of Regulation 17(1)(b) of SEBI LODR, the company should have half of its directors as independent directors. Subsequently, on then MD&CEO going on leave till superannuation as per RBI directives w.e.f. June 20, 2023, the functional Board was constituted of 6 directors. Also, the RBI vide its email dated June 28, 2023, had clarified that under no circumstances then MD & CEO shall visit the office or be involved in any operations related to the company, from the date of issue of its letter and then MD & CEO completed his term on October 2, 2023. Regarding the above composition, the same was mentioned in the quarterly Corporate Governance Report submitted to Stock Exchanges. The NSE Ltd. took note of the same as satisfactory vide its email dated August 3, 2023 [note no. 57 of the Standalone Financial Statements].
- (v) In assessing the recoverability of loans and advances, the Company has considered internal and external sources of information (i.e. valuation report from external consultant/Resolution Professional for loan assets under IBC proceedings or otherwise, one time settlement (OTS) proposal, asset value as per latest available financials of the borrowers with appropriate haircut as per ECL policy, sustainable debt under resolution plan). The Company expects to recover the net carrying value of these assets, basis assessment of current facts and ECL methodology which factors in future economic conditions as well. However, the eventual recovery from these loans may be different from those estimated as on the date of approval of these financial statements. (Refer Note no. 58 of the Standalone Financial Statements).
- (vi) As stated in note no. 59 of the Standalone Financial Statements, as on March 31, 2024, the Company has assessed its financial position, including expected realization of assets and payment of liabilities including borrowings, and believes that sufficient funds will be available to pay-off the liabilities through availability of High Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in atleast 12 months from the reporting date.
- (vii) As stated in note no. 61 of the Standalone Financial Statements, the Company had received a communication from ROC on March 28, 2018, pursuant to complaints received from identified third parties, alleging mismanagement in the Company's operations. The Company had submitted a reply



dated April 13, 2018, after discussion with the audit committee, and denied all allegations and regarded them as frivolous attempt made by such identified third parties. As stated, on September 24, 2021, the Company had received another notice from ROC u/s 206(4) of the Companies Act, 2013, pursuant to its previous communication in 2017-18 and reference to complaints received by them in 2017-18, seeking further information on certain matters including details about erosion of investments made in associate companies and actions taken by the management including other details and details about NPA accounts. The Company responded to this notice on October 22, 2021.

Further, in respect of the above stated matter, subsequent to the year ended March 31, 2024, the Company has received Order dated May 10, 2024 under Section 206(4) of The Companies Act, 2013 from ROC, Delhi NCT & Haryana (ROC) (and its four directors and company secretary also addressed to), in accordance to which, the inquiry officer/ inspector has found out various discrepancies, objections, and prima facie contraventions of the various provisions of the Companies Act 2013 which needs further clarification to take the Inquiry to a logical conclusion. In this regard, the ROC has asked for information/ comment/ explanation/documents and as informed by the management, the Company is in process of submitting the desired requirements of the ROC and the management believes that there will be no material financial impact of the above matters on the state of affairs of the Company on final conclusion of the above stated matter by the ROC.

- (viii) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), the Company is in process of Implementation of Internal Guidelines on Corporate Governance and Guidelines on Compensation of Key Managerial Personnel & Senior Management in NBFC, and Compliance policy.

Our opinion is not modified in respect of above stated matters in para (i) to (viii)

Secretarial Auditors Report

- (ix) The secretarial auditors of the Company in their report dated May 10, 2024, have reported that during the financial year ended March 31, 2024:
- (a) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), as specifically applicable law to the Company, the Company is in the process of appointing CCO.
- (b) As examined compliances with the applicable clauses of the Secretarial Standards, issued by the Institute of Company Secretaries of India, during the period under review, the Company has complied with the provisions other than a couple of instances of delay in the finalisation of minutes of the Board and committee meetings.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Basis for Qualified Opinion" and "Emphasis of Matters" section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context:



Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	Allowance for Expected Credit Losses (ECL) – Loan Assets	Audit Procedures
	<p>As described in the notes to the standalone financial statements, the impairment losses have been determined in accordance with Ind AS 109 Financial Instruments requiring considerable judgment and Interpretation in its implementation, which also involved significant judgement by management in measuring the expected credit losses. Key areas of judgment included:</p> <p>Determining the criteria for a significant increase in credit risk ('SICR')</p> <p>Basis used to determine the Probability of Default ('PD') and Loss Given Default ('LGD') and exposure at default ('EAD')</p> <p>Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows etc.</p> <p>Refer Notes 2 (g), 2 (q), 7 and 45 A.2, A.3 & A.4 to the standalone financial statements</p>	<p>Our Procedures Included:</p> <p>We have examined the policy approved by the Board of Directors of the Company and also verified the methodology adopted for computation of ECL-Loan Assets ('ECL Model') that addresses policy approved by the Board of Directors.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing:</p> <ul style="list-style-type: none"> • We evaluated and tested the design and tested the operating effectiveness of Company's controls over the data used to determine the impairment reserve, internal credit quality assessments, external credit ratings and methodology followed for computation of ECL. • For Expected Credit Losses computed by the management, we performed the following procedures: <ul style="list-style-type: none"> (a) Assessed the reasonableness of assumptions and judgement made by management on model adoption and parameters selection; (b) Completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors. (c) Examined the key data inputs (valuation of collateral, the timing of cash flows and realizations, external credit ratings) to the ECL model on a sample basis to assess their accuracy and completeness; (d) Assessed the Company's methodology for ECL provisioning, classification and measurement with the assistance of our internal experts; (e) Assessed accuracy and completeness of disclosures made as required by relevant accounting standards.



Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position/state of affairs, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.



2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except for the matters stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules");
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes In Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, except for the effect/ possible effect of the matters described in 'Basis for Qualified Opinion' section above, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013;
- (e) The matters described in "Basis for Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- (h) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 2(i) (vi) below on reporting under Rule 11(g) of the Rules;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 35 (a) to the Standalone Financial Statements;
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii) During the year ended March 31, 2024, there was delay in transferring 30,163 nos. of equity shares to Investor Education and Protection Fund ('IEPF'). Further, unclaimed dividend of Rs. 0.01 lakhs is due for payment to the IEPF as at the year end. (refer note no. 52 to the Standalone Financial Statements);
- iv)
 - a) The management has represented that to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the



Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries [Refer Note 54 (i) to the standalone financial statements];

- b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds (which are material either individually or in aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries [Refer Note 54 (i) to the standalone financial statements];
 - c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above as required by Rule 11 (e) of Companies (Audit & Auditors) Rules, 2014, as amended, contain any material mis-statement;
 - v) The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend. Further, the Company has not declared dividend during the year, accordingly the provisions of section 123 of the Act, is not applicable;
 - vi) Based on our examination which included test checks, the company has used accounting software for maintaining its books of account which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all transaction recorded in the software, except audit trail is selectively enabled and not enabled on all tables. There is no mapping performed to ensure completeness of audit trail on all applicable tables at application level. However, the audit trail settings are observed to be enabled at the Global settings level. Further during the course of the audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software [note no. 63(a)].
3. In our opinion and to the best of our information and according to the explanation given to us, the managerial remuneration for the year ended March 31, 2024 has been paid/ provided for by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act (refer para (iii) under the heading "Emphasis of Matters" section and to be read with para (i) under the heading "Basis for Qualified Opinion" section above).

For Lodha & Co LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284


(Gaurav Lodha)

Partner
M. No. 507462
UDIN: 24507462BJZYRQ7327
Place: New Delhi
Date: 30th May 2024



ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PTC INDIA FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED MARCH 31, 2024

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B. The Company has maintained proper records showing full particulars of intangible assets.

(b) Property, Plant and Equipment have been physically verified by the management at reasonable intervals during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and its intangible assets. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us and records provided, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has disclosed the details in its standalone financials statements does not arise.

ii.

(a) The Company is mainly involved in the business of rendering services and does not have any inventory. Accordingly, the provisions stated in paragraph 3(ii)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations provided to us, while the Company has been sanctioned working capital limits on the basis of security of loan assets, no limits have been sanctioned on the basis of security of current assets. We have been informed by the company that banks / financial institutions have not considered loan assets (which are expected to be recovered in next twelve months) as current assets, given their underlying nature of recovery over the longer tenure. Accordingly, the requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.

iii.

(a) According to the information explanation provided to us, the Company's principal business is to give loans. Hence, the requirements under paragraph 3(iii) (a) of the Order are not applicable to the Company.

(b) Based on our examination and the information and explanations given to us, except for the possible effect of the matters described in the "Basis for Qualified Opinion" section of our main report, in respect of the loans granted and investments made, in our opinion, the terms and conditions under which such loans



granted and investments made are not prejudicial to the interest of the Company [refer note no. note no. 56(A)(i)(a) and 56(A)(ii) to the standalone financial statements].

(c) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest have been stipulated by the Company. Considering that the Company is a Non-Banking Financial Company engaged in the business of infrastructure finance lending, the borrower-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been detailed hereunder because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the possible effect of the matters described in the "Basis for Qualified Opinion" section of our main report, while there are delays, the parties are generally regular in repaying the principal amounts, as stipulated, and interest, as applicable and wherever the amounts are overdue as at March 31, 2024, the Company has evaluated and recognized provisions, if necessary, in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in note no. 47 to the standalone financial statements) [refer note no. note no.56(A)(i)(a) and 56(A)(ii) to the standalone financial statements].

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days are as follows:

No. of Cases	Principal amount overdue* (INR Lakhs)	Interest amount overdue (INR Lakhs)	Total overdue (INR Lakhs)	Remarks (specify whether reasonable steps have been taken by the Company for recovery of principal amount and interest)
8	67,960.87	- #	67,960.87	According to information given to us except for the possible effect of the matters described in the "Basis for Qualified Opinion" section of our main report, reasonable steps have been taken by the Company for recovery of principal amount and interest. (read with note no. 47, 56(A)(i)(a) & 56 (A) (ii) to the standalone financial statements)

*The amount indicates the total principal outstanding in case of the overdue accounts as at March 31, 2024.

Being NPA accounts

(e) The Company's principal business is to give loans. Hence, the provisions stated under paragraph 3(iii) (e) of the Order are not applicable to the Company.

(f) According to the information explanation provided to us, the Company has not granted any loans and / or advances in the nature of loans during the year which are either repayable on demand or without stipulating the schedule for repayment of principal and interest. Hence, the requirements under paragraph 3(iii)(f) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company is in the business of lending loans, which are given at the interest rates which are generally higher than the minimum rates stipulated in section 185, and therefore section 185 is not applicable to the Company except for the matters stated in para (i) described under "Basis for Qualified Opinion" section of our main report. The Company



has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits or amounts which are deemed to be deposits within the meaning of section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under (to the extent applicable). We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.
- vii.
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, income-tax, cess and other statutory dues, as applicable, have been regularly deposited with the appropriate authorities, no undisputed amounts payable in respect of goods and services tax, provident fund, income-tax, cess and other material statutory dues applicable to it, were outstanding at the year end, for a period of more than six months from the date they became payable.
- (b) According to the records and information & explanations given to us, details of statutory dues referred to in sub-clause (a) above which have not been deposited as on 31st March 2024 on account of disputes are given below: -

Name of the statute	Nature of dues	Amount Involved # (INR lakhs)	Amount Unpaid (INR lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	117.90	109.91	2009-10 and 2016-17	Upto Commissioner (Appeals)

read with note no. 35 & 53 of the standalone financial statements

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in tax assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix.
- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.



- (c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year of Rs. 5000 lakhs pending utilisation is lying in current account.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its associates. The Company does not have any subsidiary or joint venture.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its associate companies. The Company does not have any subsidiary or joint venture.

x.

- (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly or optionally convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.

xi.

- (a) Based on the audit procedures performed and on the basis of information and explanations provided by the management except for the possible effect of the matters described in the "Basis for Qualified Opinion" section of our main report, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge and as represented to us by the management, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report. However, subsequent to the year ended March 31, 2024, the Company has received Order dated May 10, 2024 under Section 206(4) of The Companies Act, 2013 from ROC, Delhi NCT & Haryana (ROC) (and its four directors and company secretary also addressed to), in accordance to which, the inquiry officer/ inspector has found out various discrepancies, objections, and prima facie contraventions of the various provisions of the Companies Act 2013. In this regard, the ROC has asked for information/ comment/ explanation/documents to take the inquiry to a logical conclusion (refer note no. 61 to the standalone financial statements).

However, the erstwhile auditors have, in their audit report dated 16th November 2022 for the year ended 31st March 2022, stated "We are in process of filing a letter with the Central Government in relation to inter alia matters included in the Basis of Qualified opinion para of our main report. This is not a filing in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rule, 2014". As informed by the management, the predecessor auditor has filed a letter in this regard with ROC.

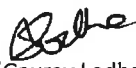


- (c) As represented to us by the management, there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph (xi)(c) of the Order is not applicable to Company. However, we draw your attention to the resignation letters from former independent directors as set out in para (iv) under the 'Basis for Qualified Opinion' section of our main report and note no. 56(A)(i)(a) of the standalone financial statements.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, except for the possible effect of the matters included in the "Basis for Qualified Opinion" section of our main report, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports issued to the Company during the year and till date in determining the nature, timing and extent of our audit procedures.
- xv. According to the information and explanations given to us, in our opinion, the Company has not entered into non-cash transactions with directors or persons connected with its directors during the year and hence, provisions of section 192 of the Act are not applicable to the Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi.
- (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Non-banking Institution - Non-Deposit taking Systematically Important (NBFC-ND-SI) Company.
- (b) The Company has conducted the Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. The Company has not conducted any Housing Finance activities.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph clause 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) As per the information and representation provided by the management, there is no core investment company within the group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3 (xvi) (d) of the Order is not applicable. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.
- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph clause 3 (xvii) of the Order are not applicable to the Company.



- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. According to the information and explanations given to us and based on our examination of financial ratios, ageing and expected date of realization of financial assets and payment of liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of audit report and the Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of this audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due {this is to be read with the possible impact of the matters described in the "Basis for Qualified Opinion" section of our main report}.
- xx.
- (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013, in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in note 50 to the standalone financial statements.
- (b) All amounts that are unspent under section (5) of section 135 of Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 50 to the standalone financial statements.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in the report.

For Lodha & Co LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284


(Gaurav Lodha)
Partner
M. No. 507462
Place: New Delhi
Date: 30th May 2024



ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PTC INDIA FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED MARCH 31, 2024

(Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Qualified Opinion

We have audited the internal financial controls with reference to the standalone financial statements of **PTC INDIA FINANCIAL SERVICES LIMITED** ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, except for the possible effect of the matters described in the "Basis for qualified opinion" below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as of March 31, 2024, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

We have considered the above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2024, and it affects our opinion on the standalone financial statements of the Company for the year ended on that date and we have issued qualified opinion on the standalone financial statements. Refer Qualified Opinion para of our main audit report.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

- i) As stated in Note No. 56 (A)(ii) of the Standalone Financial Statements, 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.
- ii) Note no. 56(B)(i) of the Standalone Financial Statements regarding payment / reimbursement of personal expenses as stated in the said note, during the year of Rs. 49.70 lakhs (Rs. 10.94 lakhs and Rs. 38.76 lakhs) (including GST) incurred for the then Managing Director and Chief Executive Officer (Erstwhile MD & CEO) and Non Executive Chairman (NEC) of the Company. As explained to us and as stated, the Company has incurred the above stated expenses/ reimbursements related with the Show Cause Notice (SCN) sent by (a) Reserve Bank of India (RBI) to Erstwhile MD & CEO; and (b) Securities and Exchange Board of India



(SEBI) to Erstwhile MD & CEO and NEC. In this regard, the Erstwhile MD & CEO and 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&CEO and 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 & CEO had not been shared with the auditors citing the same been received in his personal/individual capacity.

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 Rs. 38.76 lakhs has been shown as recoverable from NEC and Erstwhile MD & CEO respectively as on March 31, 2024 and same is not in compliance to the provisions of section 185 of the Companies Act, 2013. Subsequent to the year end, NEC has refunded Rs. 10.94 lakhs and as stated in the said note, in the opinion of the management, recoverable amount of Rs. 38.76 lakhs from erstwhile MD & CEO is pending for recovery.

- iii) As stated in note no. 56(A)(i)(a) of the Standalone Financial Statements, 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 (this is to be read with our comments under para no. (ix) below under the heading "Secretarial Auditors Report" under the "Emphasis of Matters"), 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 the then independent directors of the Company had resigned mentioning lapses in corporate governance and compliances as stated in the said note (this is to be read with note no. 61 of the Standalone Financial Statements). 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.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.



Management's Responsibility for Internal Financial Controls

The Company's Management and Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control with reference to the standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to the standalone financial statements.

Meaning of Internal Financial Controls with reference to the standalone financial statements

A company's internal financial control with reference to the standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally



accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to the standalone financial statements

Because of the inherent limitations of internal financial controls with reference to the standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Emphasis of Matters

We draw attention to the following matters:

- (i) As stated in note no. 56 (A)(i)(b) of the Standalone Financial Statements, as directed by the RBI (letter dated June 16, 2023), the Board of the Company in its meeting held on June 20, 2023, have resolved that till the appointment of new MD&CEO in place of Dr. Pawan Singh (who has been advised to proceed on leave with immediate effect till his superannuation) is made, newly appointed Director (Finance) & CFO to take over the functions and responsibilities of the MD&CEO, with immediate effect. The term of Dr. Pawan Singh as MD&CEO completed with the close of business hours on October 2, 2023. The Company is in the process of appointing MD & CEO in compliance to Section 203 of the Companies Act, 2013.
- (ii) As stated in note no. 56(A)(iii) of the Standalone Financial Statements, the Company has filed appeals against Adjudication Orders dated June 27, 2023 of ROC, for three Show Cause Notices (SCNs) issued by the Registrar of Companies, NCT of Delhi & Haryana (ROC) for the matters stated in the said note and for remaining one SCN, the Company has filed an application for compounding, which are pending. The management believes that there will be no material financial impact on the state of affairs of the Company of this.
- (iii) During the year, the Company has paid Rs. 4.40 lakhs to three independent directors (IDs) on account of their time cost 'as Honorarium' for taking part/ joining meetings for the required activities of (including personnel interview of short listed candidates at senior level) the company. Further, as at March 31, 2024, the company has debited the amount so paid as Honorarium and same is shown as receivables from said IDs. The said amount since has been refunded back by the IDs. As stated in the said note and in the opinion of the management the Company is in compliance with the provisions of section 197(9) of the Companies Act, 2013 [note no. 56(B)(ii) of the Standalone Financial Statements].



- (iv) Pursuant to joining of Director Finance & CFO, from June 14, 2023 to October 2, 2023, the company was having 7 Directors out of which 3 directors were independent directors. As per the provisions of Regulation 17(1)(b) of SEBI LODR, the company should have half of its directors as independent directors. Subsequently, on then MD&CEO going on leave till superannuation as per RBI directives w.e.f. June 20, 2023, the functional Board was constituted of 6 directors. Also, the RBI vide its email dated June 28, 2023, had clarified that under no circumstances then MD & CEO shall visit the office or be involved in any operations related to the company, from the date of issue of its letter and then MD & CEO completed his term on October 2, 2023. Regarding the above composition, the same was mentioned in the quarterly Corporate Governance Report submitted to Stock Exchanges. The NSE Ltd. took note of the same as satisfactory vide its email dated August 3, 2023 [note no. 57 of the Standalone Financial Statements].
- (v) In assessing the recoverability of loans and advances, the Company has considered internal and external sources of information (i.e. valuation report from external consultant/Resolution Professional for loan assets under IBC proceedings or otherwise, one time settlement (OTS) proposal, asset value as per latest available financials of the borrowers with appropriate haircut as per ECL policy, sustainable debt under resolution plan). The Company expects to recover the net carrying value of these assets, basis assessment of current facts and ECL methodology which factors in future economic conditions as well. However, the eventual recovery from these loans may be different from those estimated as on the date of approval of these financial statements. (Refer Note no. 58 of the Standalone Financial Statements).
- (vi) As stated in note no. 59 of the Standalone Financial Statements, as on March 31, 2024, the Company has assessed its financial position, including expected realization of assets and payment of liabilities including borrowings, and believes that sufficient funds will be available to pay-off the liabilities through availability of High Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in atleast 12 months from the reporting date.
- (vii) As stated in note no. 61 of the Standalone Financial Statements, the Company had received a communication from ROC on March 28, 2018, pursuant to complaints received from identified third parties, alleging mismanagement in the Company's operations. The Company had submitted a reply dated April 13, 2018, after discussion with the audit committee, and denied all allegations and regarded them as frivolous attempt made by such identified third parties. As stated, on September 24, 2021, the Company had received another notice from ROC u/s 206(4) of the Companies Act, 2013, pursuant to its previous communication in 2017-18 and reference to complaints received by them in 2017-18, seeking further information on certain matters including details about erosion of investments made in associate companies and actions taken by the management including other details and details about NPA accounts. The Company responded to this notice on October 22, 2021.

Further, in respect of the above stated matter, subsequent to the year ended March 31, 2024, the Company has received Order dated May 10, 2024 under Section 206(4) of The Companies Act, 2013 from ROC, Delhi NCT & Haryana (ROC) (and its four directors and company secretary also addressed to), in accordance to which, the inquiry officer/ inspector has found out various discrepancies, objections, and prima facie contraventions of the various provisions of the Companies Act 2013 which needs further clarification to take the inquiry to a logical conclusion. In this regard, the ROC has asked for information/ comment/ explanation/documents and as informed by the management, the Company is in process of submitting the desired requirements of the ROC and the management believes that there will be no material financial impact of the above matters on the state of affairs of the Company on final conclusion of the above stated matter by the ROC.

- (viii) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), the Company is in process of Implementation of Internal Guidelines on Corporate Governance and Guidelines on Compensation of Key Managerial Personnel & Senior Management in NBFC, and Compliance policy.



Our opinion is not modified in respect of above stated matters in para (i) to (viii)

Secretarial Auditors Report

- (ix) The secretarial auditors of the Company in their report dated May 10, 2024, have reported that during the financial year ended March 31, 2024:
- (a) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), as specifically applicable law to the Company, the Company is in the process of appointing CCO.
- (b) As examined compliances with the applicable clauses of the Secretarial Standards, issued by the Institute of Company Secretaries of India, during the period under review, the Company has complied with the provisions other than a couple of instances of delay in the finalisation of minutes of the Board and committee meetings.

For LODHA & CO LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284


(Gaurav Lodha)

Partner

Membership No. 507462

Place: New Delhi

Date: 30th May 2024



INDEPENDENT AUDITOR'S REPORT

To The Members of PTC India Financial Services Limited
Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of PTC India Financial Services Limited (hereinafter referred to as the "Company") and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of our observations stated in "Basis for Qualified Opinion" section below, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company and its associate [read with para (a) of 'Other Matters' section below] as at March 31, 2024, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Qualified Opinion

Attention is drawn to:

- i) Note no. 56(B)(i) of the Consolidated Financial Statements regarding payment / reimbursement of personal expenses as stated in the said note, during the year of Rs. 49.70 lakhs (Rs. 10.94 lakhs and Rs. 38.76 lakhs) (including GST) incurred for the then Managing Director and Chief Executive Officer (Erstwhile MD & CEO) and Non Executive Chairman (NEC) of the Company. As explained to us and as stated, the Company has incurred the above stated expenses/ reimbursements related with the Show Cause Notice (SCN) sent by (a) Reserve Bank of India (RBI) to Erstwhile MD & CEO; and (b) Securities and Exchange Board of India (SEBI) to Erstwhile MD & CEO and NEC. In this regard, the Erstwhile MD & CEO and 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&CEO and 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 & CEO had not been shared with the auditors citing the same been received in his personal/individual capacity.

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 Rs. 38.76 lakhs has been shown as recoverable from NEC and Erstwhile MD

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Lodha & Co (Registration No. 301051E) a Partnership Firm was converted into Lodha & Co LLP
(Identification No. ACE-5752) a Limited Liability Partnership with effect from December 27, 2023

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur



& CEO respectively as on March 31, 2024 and same is not in compliance to the provisions of section 185 of the Companies Act, 2013. Subsequent to the year end, NEC has refunded Rs. 10.94 lakhs and as stated in the said note, in the opinion of the management, recoverable amount of Rs. 38.76 lakhs from erstwhile MD & CEO is pending for recovery.

- ii) As stated in Note No. 56 (A)(ii) of the Consolidated Financial Statements, 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.
- iii) As stated in note no. 56(A)(i)(a) of the Consolidated Financial Statements, 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 (this is to be read with our comments under para no. (ix) below under the heading "Secretarial Auditors Report" under the Emphasis of Matters"), 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 the then independent directors of the Company had resigned mentioning lapses in corporate governance and compliances as stated in the said note (this is to be read with note no. 60 of the Consolidated Financial Statements). 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.

Impact for the matters stated in Basis for Qualified Opinion in para (i) to (iii) above presently is unascertainable.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act



and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters

We draw attention to the following matters:

- (i) As stated in note no. 56 (A)(i)(b) of the Consolidated Financial Statements, as directed by the RBI (letter dated June 16, 2023), the Board of the Company in its meeting held on June 20, 2023, have resolved that till the appointment of new MD&CEO in place of Dr. Pawan Singh (who has been advised to proceed on leave with immediate effect till his superannuation) is made, newly appointed Director (Finance) & CFO to take over the functions and responsibilities of the MD&CEO, with immediate effect. The term of Dr. Pawan Singh as MD&CEO completed with the close of business hours on October 2, 2023. The Company is in the process of appointing MD & CEO in compliance to Section 203 of the Companies Act, 2013.
- (ii) As stated in note no. 56(A)(iii) of the Consolidated Financial Statements, the Company has filed appeals against Adjudication Orders dated June 27, 2023 of ROC, for three Show Cause Notices (SCNs) issued by the Registrar of Companies, NCT of Delhi & Haryana (ROC) for the matters stated in the said note and for remaining one SCN, the Company has filed an application for compounding, which are pending. The management believes that there will be no material financial impact on the state of affairs of the Company of this.
- (iii) During the year, the Company has paid Rs. 4.40 lakhs to three independent directors (IDs) on account of their time cost 'as Honorarium' for taking part/ joining meetings for the required activities of (including personnel interview of short listed candidates at senior level) the company. Further, as at March 31, 2024, the company has debited the amount so paid as Honorarium and same is shown as receivables from said IDs. The said amount since has been refunded back by the IDs. As stated in the said note and in the opinion of the management the Company is in compliance with the provisions of section 197(9) of the Companies Act, 2013 [note no. 56(B)(ii) of the Consolidated Financial Statements].
- (iv) Pursuant to joining of Director Finance & CFO, from June 14, 2023 to October 2, 2023, the company was having 7 Directors out of which 3 directors were independent directors. As per the provisions of Regulation 17(1)(b) of SEBI LODR, the company should have half of its directors as independent directors. Subsequently, on then MD&CEO going on leave till superannuation as per RBI directives w.e.f. June 20, 2023, the functional Board was constituted of 6 directors. Also, the RBI vide its email dated June 28, 2023, had clarified that under no circumstances then MD & CEO shall visit the office or be involved in any operations related to the company, from the date of issue of its letter and then MD & CEO completed his term on October 2, 2023. Regarding the above composition, the same was mentioned in the quarterly Corporate Governance Report submitted to Stock Exchanges. The NSE Ltd. took note of the same as satisfactory vide its email dated August 3, 2023 [note no. 57 of the Consolidated Financial Statements].



- (v) In assessing the recoverability of loans and advances, the Company has considered internal and external sources of information (i.e. valuation report from external consultant/Resolution Professional for loan assets under IBC proceedings or otherwise, one time settlement (OTS) proposal, asset value as per latest available financials of the borrowers with appropriate haircut as per ECL policy, sustainable debt under resolution plan). The Company expects to recover the net carrying value of these assets, basis assessment of current facts and ECL methodology which factors in future economic conditions as well. However, the eventual recovery from these loans may be different from those estimated as on the date of approval of these financial statements. (Refer Note no. 58 of the Consolidated Financial Statements).
- (vi) As stated in note no. 61(C) of the Consolidated Financial Statements, as on March 31, 2024, the Company has assessed its financial position, including expected realization of assets and payment of liabilities including borrowings, and believes that sufficient funds will be available to pay-off the liabilities through availability of High Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in atleast 12 months from the reporting date.
- (vii) As stated in note no. 60 of the Consolidated Financial Statements, the Company had received a communication from ROC on March 28, 2018, pursuant to complaints received from identified third parties, alleging mismanagement in the Company's operations. The Company had submitted a reply dated April 13, 2018, after discussion with the audit committee, and denied all allegations and regarded them as frivolous attempt made by such identified third parties. As stated, on September 24, 2021, the Company had received another notice from ROC u/s 206(4) of the Companies Act, 2013, pursuant to its previous communication in 2017-18 and reference to complaints received by them in 2017-18, seeking further information on certain matters including details about erosion of investments made in associate companies and actions taken by the management including other details and details about NPA accounts. The Company responded to this notice on October 22, 2021.
- Further, in respect of the above stated matter, subsequent to the year ended March 31, 2024, the Company has received Order dated May 10, 2024 under Section 206(4) of The Companies Act, 2013 from ROC, Delhi NCT & Haryana (ROC) (and its four directors and company secretary also addressed to), in accordance to which, the inquiry officer/ inspector has found out various discrepancies, objections, and prima facie contraventions of the various provisions of the Companies Act 2013 which needs further clarification to take the inquiry to a logical conclusion. In this regard, the ROC has asked for information/ comment/ explanation/documents and as informed by the management, the Company is in process of submitting the desired requirements of the ROC and the management believes that there will be no material financial impact of the above matters on the state of affairs of the Company on final conclusion of the above stated matter by the ROC.
- (viii) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), the Company is in process of Implementation of Internal Guidelines on Corporate Governance and Guidelines on Compensation of Key Managerial Personnel & Senior Management in NBFC, and Compliance policy.

Our opinion is not modified in respect of above stated matters in para (i) to (viii)



Secretarial Auditors Report

- (ix) The secretarial auditors of the Company in their report dated May 10, 2024, have reported that during the financial year ended March 31, 2024:
- (a) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), as specifically applicable law to the Company, the Company is in the process of appointing CCO.
- (b) As examined compliances with the applicable clauses of the Secretarial Standards, issued by the Institute of Company Secretaries of India, during the period under review, the Company has complied with the provisions other than a couple of instances of delay in the finalisation of minutes of the Board and committee meetings.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to be communicated in our report.

In addition to the matter described in the "Basis for Qualified Opinion" and "Emphasis of Matters" section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context:

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	Allowance for Expected Credit Losses (ECL) (Loan Assets) -PTC India Financial Services Limited	Audit Procedures
	<p>As described in the notes to the consolidated financial statements, the impairment losses have been determined in accordance with Ind AS 109 Financial Instruments requiring considerable judgment and interpretation in its implementation, which also involved significant judgement by management in measuring the expected credit losses. Key areas of judgment included:</p> <ul style="list-style-type: none">• Determining the criteria for a significant	<p>Our Procedures Included:</p> <p>We have examined the policy approved by the Board of Directors of the Company and also verified the methodology adopted for computation of ECL- Loan Assets ('ECL Model') that addresses policy approved by the Board of Directors.</p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing:</p> <ul style="list-style-type: none">• We evaluated and tested the design



<p>increase in credit risk ('SICR')</p> <ul style="list-style-type: none"> • Basis used to determine the Probability of Default (PD') and Loss Given Default ('LGD') and exposure at default ('EAD') • Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows etc. <p>Refer Notes 2 (g), 2 (q), 7 and 45 A.2, A.3 & A.4 to the consolidated financial statements</p>	<p>and tested the operating effectiveness of Company's controls over the data used to determine the impairment reserve, Internal credit quality assessments, external credit ratings and methodology followed for computation of ECL.</p> <ul style="list-style-type: none"> • For Expected Credit Losses computed by the management, we performed the following procedures: <ol style="list-style-type: none"> (a) Assessed the reasonableness of assumptions and judgement made by management on model adoption and parameters selection; (b) Completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors. (c) Examined the key data inputs (valuation of collateral, the timing of cash flows and realizations, external credit ratings) to the ECL model on a sample basis to assess their accuracy and completeness; (d) Assessed the Company's methodology for ECL provisioning, Classification and measurement with the assistance of our internal experts; (e) Assessed accuracy and completeness of disclosures made as required by relevant accounting standards.
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Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



When we read Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibilities and those charged with governance for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Company including its associates in accordance with the Ind AS and other accounting principles generally accepted in India. The Boards of Directors of the company and of its associates (read with note no. 62 to the consolidated financial statements) are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the company and of its associates (read with note no. 62 to the consolidated financial statements) are responsible for assessing the ability of the company and of its associates respectively, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate the Company and its associates or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the Company and of its associates are also responsible for overseeing the financial reporting process of the Company and of its associates (read with note no. 62 to the consolidated financial statements) respectively.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company (read with note no. 62 to the consolidated financial statements) has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its associates (read with note no. 62 to the consolidated financial statements) to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Company and of its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of the Company included in the consolidated financial statements of which we are the independent auditors (in the absence of availability of audit reports of the two associates referred to in 'Other Matters' paragraph below read with note no. 62 to the consolidated financial statements). We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Company, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

Attention is invited to Note no. 62 to the consolidated financial Statements, which sets out the position regarding two Associates of the Company for which neither audited nor management accounts for the financials year ended March 31, 2024 were available with the company for the consolidation purposes. However, since the company has fully provided for diminution in investment held in these two associates in prior years and the company does not have further obligation over and above the cost of the investments, in view of the management there is no impact thereof on these consolidated financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A (to the extent applicable)", based on our audit of the Company (in the absence of availability of audit reports of the two associates referred to in 'Other Matters' paragraph above read with note no. 62 to the consolidated financial statements), a statement on the matter specified in paragraph 3(xxi) of CARO 2020.
2. As required by Section 143(3) of the Act, based on our audit (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements) we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account of the Company as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, except for the matters stated in paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended) ("the Rules") (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements);



- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account of the Company maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, except for the effect/ possible effect of the matters described in 'Basis for Qualified Opinion' section above, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Companies Act, 2013;
- e) The matters described in "Basis for Qualified Opinion" paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f) On the basis of the written representations received from the directors of the Company as on March 31, 2024 taken on record by the Boards of Directors of the Company none of the directors of the company is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements);
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements);
- h) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 2(i) (vi) below on reporting under Rule 11(g) of the Rules (in the absence of availability of audit reports of the two associates referred to in 'Other Matters' paragraph above read with note no. 62 to the consolidated financial statements);
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us
- i. The special purpose consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company- refer note no. 35(a) to the consolidated financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. During the year ended March 31, 2024, there was delay in transferring 30,163 nos. of equity shares to Investor Education and Protection Fund ('IEPF'). Further, unclaimed dividend of Rs. 0.01 lakhs is due for payment to the IEPF as at the year end. (refer note no. 52 to the consolidated financial statements);




iv.

- a) The management of the Company has represented (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements) that to the best of its knowledge and belief, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries [Refer Note 54 (i) to the consolidated financial statements];
 - b) The management of the Company has represented (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements) that, to the best of its knowledge and belief, no funds (which are material either individually or in aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries [Refer Note 54 (i) to the consolidated financial statements];
 - c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements), nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above as required by Rule 11(e) of Companies (Audit & Auditors) Rules, 2014, as amended, contain any material mis-statement;
- v. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend. Further, the Company has not declared dividend during the year, accordingly the provisions of section 123 of the Act, is not applicable.
- vi. Based on our examination which included test checks, the company has used accounting software for maintaining its books of account which has feature of recording audit trail (edit log) facility and the same has operated throughout the year for all transaction recorded in the software, except audit trail is selectively enabled and not enabled on all tables. There is no mapping performed to ensure completeness of audit trail on all applicable tables at application level. However, the audit trail settings are observed to be enabled at the Global settings level. Further during the course of the audit we did not come across any instance of audit trail feature being tampered with in respect of the accounting software [note no. 63(a)]. (In the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements).



3. In our opinion and to the best of our information and according to the explanation given to us, the managerial remuneration for the year ended 31st March, 2024 has been paid/ provided for by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act (refer para (iii) under the heading "Emphasis of Matters" and to be read with para (i) under the heading "Basis for Qualified Opinion" section above) (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements).

For Lodha & Co LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284


(Gaurav Lodha)
Partner

M. No. 507462
UDIN: 24507462BJZYRR9176
Place: New Delhi
Date: 30th May 2024



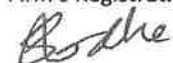
Annexure A to Independent Auditor's Report

Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the consolidated financial statements of PTC India Financial Services Limited for the year ended 31st March 2024 (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements).

In terms of paragraph 3(xxi) of the CARO 2020, remarks as stated in the CARO report on the consolidated financial statements of the Company (CIN: L65999DL2006PLC153373) vide our report dated 30th May 2024 (in the absence of availability of audit reports of the two associates referred to in 'Other Matter' paragraph above read with note no. 62 to the consolidated financial statements):

S.No.	Paragraph number in the CARO report on the consolidated financial statements of the Company (CIN: L65999DL2006PLC153373)
1	(iii) (b), (c), (d)
2	(iv)
3	(xi) (a), (b) and (c)
4	(xiii)

For Lodha & Co LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284



(Gaurav Lodha)
Partner
M. No. 507462
UDIN: 24507462BJZYRR9176
Place: New Delhi
Date: 30th May 2024



Annexure "B" to the independent auditor's report

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of PTC India Financial Services Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Qualified Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls over financial reporting of PTC India Financial Services Limited ("the Company") as of March 31, 2024 for the year ended on that date. Since the auditors' reports of associates are not available (read with note no. 62 to the consolidated financial statements), we are unable to comment on the adequacy and operating effectiveness of Internal Financial Controls over Financial Reporting under section 143(3)(i) of the Act in respect of these associates.

In our opinion, except for the possible effect of the matters described in the "Basis for qualified opinion" below on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as of March 31, 2024, based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

We have considered the above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2024, and it affects our opinion on the consolidated financial statements of the Company for the year ended on that date and we have issued qualified opinion on the consolidated financial statements. Refer Qualified Opinion para of our main audit report.

Basis of Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

- i) As stated in Note No. 56 (A)(ii) of the Consolidated Financial Statements, 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.
- ii) Note no. 56 (B)(i) of the Consolidated Financial Statements regarding payment / reimbursement of personal expenses as stated in the said note, during the year of Rs. 49.70 lakhs (including GST) incurred for the then Managing Director and Chief Executive Officer (Erstwhile MD & CEO) and Non Executive Chairman (NEC) of the Company. As explained to us and as stated, the Company has incurred the above stated expenses/ reimbursements related with the Show Cause Notice (SCN) sent by (a)



Reserve Bank of India (RBI) to Erstwhile MD & CEO; and (b) Securities and Exchange Board of India (SEBI) to Erstwhile MD & CEO and NEC. In this regard, the Erstwhile MD & CEO and 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&CEO and 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 & CEO had not been shared with the auditors citing the same been received in his personal/individual capacity.

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 Rs. 38.76 lakhs has been shown as recoverable from NEC and Erstwhile MD & CEO respectively as on March 31, 2024 and same is not in compliance to the provisions of section 185 of the Companies Act, 2013. Subsequent to the year end, NEC has refunded Rs. 10.94 lakhs and in the opinion of the management, recoverable amount from erstwhile MD & CEO is good for recovery.

- iii) As stated in note no.56(A)(i)(a) of the Consolidated Financial Statements, 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. (this is to be read with our comments under para no. (ix) below under the heading "Secretarial Auditors Report" under the Emphasis of Matters"), 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 the then independent directors of the Company had resigned mentioning lapses in corporate governance and compliances as stated in the said note (this is to be read with note no. 10 of the accompanying Statement). 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.



A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis

Management's Responsibility for Internal Financial Controls

The Company's Boards of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI") and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to the consolidated financial statements.

Meaning of Internal Financial Controls with reference to the consolidated financial statements

A company's internal financial control with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records



that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with reference to the consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to the consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Emphasis of Matters

We draw attention to the following matters:

- (i) As stated in note no. 56 (A)(i)(b) of the Consolidated Financial Statements, as directed by the RBI (letter dated June 16, 2023), the Board of the Company in its meeting held on June 20, 2023, have resolved that till the appointment of new MD&CEO in place of Dr. Pawan Singh (who has been advised to proceed on leave with immediate effect till his superannuation) is made, newly appointed Director (Finance) & CFO to take over the functions and responsibilities of the MD&CEO, with immediate effect. The term of Dr. Pawan Singh as MD&CEO completed with the close of business hours on October 2, 2023. The Company is in the process of appointing MD & CEO in compliance to Section 203 of the Companies Act, 2013.
- (ii) As stated in note no. 56(A)(iii) of the Consolidated Financial Statements, the Company has filed appeals against Adjudication Orders dated June 27, 2023 of ROC, for three Show Cause Notices (SCNs) issued by the Registrar of Companies, NCT of Delhi & Haryana (ROC) for the matters stated in the said note and for remaining one SCN, the Company has filed an application for compounding, which are pending. The management believes that there will be no material financial impact on the state of affairs of the Company of this.
- (iii) During the year, the Company has paid Rs. 4.40 lakhs to three independent directors (IDs) on account of their time cost 'as Honorarium' for taking part/ joining meetings for the required activities of (including personnel interview of short listed candidates at senior level) the company. Further, as at March 31, 2024, the company has debited the amount so paid as Honorarium and same is shown as receivables from said IDs. The said amount since has been refunded back by the IDs. As stated in the said note and in the opinion of the management the Company is in compliance with the provisions of section 197(9) of the Companies Act, 2013 [note no. 56(B)(ii) of the Consolidated Financial Statements].



- (iv) Pursuant to joining of Director Finance & CFO, from June 14, 2023 to October 2, 2023, the company was having 7 Directors out of which 3 directors were independent directors. As per the provisions of Regulation 17(1)(b) of SEBI LODR, the company should have half of its directors as independent directors. Subsequently, on then MD&CEO going on leave till superannuation as per RBI directives w.e.f. June 20, 2023, the functional Board was constituted of 6 directors. Also, the RBI vide its email dated June 28, 2023, had clarified that under no circumstances then MD & CEO shall visit the office or be involved in any operations related to the company, from the date of issue of its letter and then MD & CEO completed his term on October 2, 2023. Regarding the above composition, the same was mentioned in the quarterly Corporate Governance Report submitted to Stock Exchanges. The NSE Ltd. took note of the same as satisfactory vide its email dated August 3, 2023 [note no. 57 of the Consolidated Financial Statements].
- (v) In assessing the recoverability of loans and advances, the Company has considered internal and external sources of information (i.e. valuation report from external consultant/Resolution Professional for loan assets under IBC proceedings or otherwise, one time settlement (OTS) proposal, asset value as per latest available financials of the borrowers with appropriate haircut as per ECL policy, sustainable debt under resolution plan). The Company expects to recover the net carrying value of these assets, basis assessment of current facts and ECL methodology which factors in future economic conditions as well. However, the eventual recovery from these loans may be different from those estimated as on the date of approval of these financial statements. (Refer Note no. 58 of the Consolidated Financial Statements).
- (vi) As stated in note no. 61(C) of the Consolidated Financial Statements, as on March 31, 2024, the Company has assessed its financial position, including expected realization of assets and payment of liabilities including borrowings, and believes that sufficient funds will be available to pay-off the liabilities through availability of High Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in atleast 12 months from the reporting date.
- (vii) As stated in note no. 60 of the Consolidated Financial Statements, the Company had received a communication from ROC on March 28, 2018, pursuant to complaints received from identified third parties, alleging mismanagement in the Company's operations. The Company had submitted a reply dated April 13, 2018, after discussion with the audit committee, and denied all allegations and regarded them as frivolous attempt made by such identified third parties. As stated, on September 24, 2021, the Company had received another notice from ROC u/s 206(4) of the Companies Act, 2013, pursuant to its previous communication in 2017-18 and reference to complaints received by them in 2017-18, seeking further information on certain matters including details about erosion of investments made in associate companies and actions taken by the management including other details and details about NPA accounts. The Company responded to this notice on October 22, 2021.

Further, in respect of the above stated matter, subsequent to the year ended March 31, 2024, the Company has received Order dated May 10, 2024 under Section 206(4) of The Companies Act, 2013 from ROC, Delhi NCT & Haryana (ROC) (and its four directors and company secretary also addressed to), in accordance to which, the inquiry officer/ inspector has found out various discrepancies, objections, and prima facie contraventions of the various provisions of the Companies Act 2013 which needs further clarification to take the inquiry to a logical conclusion. In this regard, the ROC has asked for information/ comment/ explanation/documents and as informed by the management, the Company is in process of submitting the desired requirements of the ROC and the management



believes that there will be no material financial impact of the above matters on the state of affairs of the Company on final conclusion of the above stated matter by the ROC.

- (viii) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), the Company is in process of Implementation of Internal Guidelines on Corporate Governance and Guidelines on Compensation of Key Managerial Personnel & Senior Management in NBFC, and Compliance policy.

Our opinion is not modified in respect of above stated matters in para (i) to (viii)

Secretarial Auditors Report

- (ix) The secretarial auditors of the Company in their report dated May 10, 2024, have reported that during the financial year ended March 31, 2024:
- (a) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), as specifically applicable law to the Company, the Company is in the process of appointing CCO.
- (b) As examined compliances with the applicable clauses of the Secretarial Standards, issued by the Institute of Company Secretaries of India, during the period under review, the Company has complied with the provisions other than a couple of instances of delay in the finalisation of minutes of the Board and committee meetings

For Lodha & Co LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284


(Gaurav Lodha)
Partner

M. No. 507462
Place: New Delhi
Date: 30th May 2024



**Independent Auditor's Review Report on Unaudited Quarterly Standalone Financial Results of the
Company pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure
Requirements) Regulations, 2015, as amended**

To
The Board of Directors of
PTC INDIA FINANCIAL SERVICES LIMITED

1. We have reviewed the accompanying statement of unaudited standalone financial results of PTC India Financial Services Limited ("the Company") for the quarter ended 30th June, 2024 ("the Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").
2. This Statement, which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 (Ind AS-34), "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. **Basis for Qualified conclusion**
Attention is drawn to:
 - i) Note no. 8 of the accompanying financial results regarding payment / reimbursement of personal expenses as stated in the said note. During the previous year of Rs. 49.70 lakhs (Rs. 10.94 lakhs and Rs. 38.76 lakhs) (including GST) incurred for the then Managing Director and Chief Executive Officer (Erstwhile MD & CEO) and then Non-Executive Chairman (Erstwhile NEC, pursuant to SEBI Order dated 12 June 2024 SEBI then NEC ceased to be the Chairman, Non-Executive Director of the Company) of the Company. 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 & CEO; and (b) Securities and Exchange Board of India (SEBI) to Erstwhile MD & CEO and Erstwhile NEC. In this regard, the Erstwhile MD & CEO and Erstwhile 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.



Regd. Office : 19, Esplanade Mansions, 14 Government Place East, Kolkata 700069, West Bengal, India.
 Lodha & Co (Registration No. 301051E) a Partnership Firm was converted into Lodha & Co LLP
 (Registration No. 301051E/E300284) a Limited Liability Partnership with effect from December 27, 2023

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

Further as explained by both the above KMPs, (erstwhile MD&CEO and erstwhile 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 & CEO had not been shared with the auditors citing the same been received in his personal/individual capacity.

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 Rs. 38.76 lakhs was shown as recoverable from erstwhile NEC and Erstwhile MD & CEO respectively on March 31, 2024 and same is not in compliance to the provisions of section 185 of the Companies Act, 2013. During the current quarter, erstwhile NEC has refunded Rs. 10.94 lakhs and as stated in the said note. In the opinion of the management, recoverable amount of Rs. 38.76 lakhs from erstwhile MD & CEO is pending for recovery. Pending recovery/confirmation we are not in position to comment on good for the recovery.

ii)

- (a) During the previous 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 (Refer Note no. 5 of the accompanying Statement). In the last quarter of FY 21-22, three the then independent directors of the Company had resigned mentioning lapses in corporate governance, compliances and matters as stated in the respective letters of directors (this is to be read with note no. 7 of the accompanying Statement), on which forensic audit was undertaken by Independent CA firm. Based on management's responses submitted on forensic audit report (FAR) the Audit Committee and Board observed that forensic auditor did not identify any event having material impact on the financials of the Company and had not identified any instances of fraud and/or diversion of funds by the Company. Later on two independent directors had also resigned in December 2022 pointing out the similar issues, which have been rebutted fully by the Company.
- (b) Further, as stated in note no. 5 of the accompanying Statement, few gaps in the CG and internal control have been identified (this is to be read with note no. 6, 7 and 8 of the accompanying statement), where as stated in the said note, the Company is in process of further strengthening its process of internal control systems w.r.t. penal interest charging, timely creation of security, invoking of corporate guarantee provided by the borrowers, updation of SOPs, etc.

Impact for the matters stated in Basis for Qualified Conclusion in para (i) & (ii) above presently is unascertainable.

Matters stated in para (i) & (ii) above had also been qualified in our audit report on the standalone financial results for the year/quarter ended 31st March, 2024.



Qualified Conclusion

5. Based on our review conducted as above and procedures performed as stated in paragraph 3 above, except for the effects/ possible effects of our observation stated in paragraph 4 above (including non-quantification for the reasons stated therein), nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in all material respects in accordance with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. Emphasis of Matters

Attention is drawn to:

- (i) As stated in note no. 6 of the accompanying Statement, the Company has filed appeals against Adjudication Orders dated June 27, 2023 of ROC, for three Show Cause Notices (SCNs) issued by the Registrar of Companies, NCT of Delhi & Haryana (ROC) for the matters stated in the said note and for remaining one SCN, the Company has filed an application for compounding, which are pending. The management believes that there will be no material financial impact on the state of affairs of the Company of this.
- (ii) During the current quarter, 'Honorarium' paid to the independent directors (IDs) by the Company amounting to Rs.5.40 lakhs has been refunded back (along with Rs. 6.80 lakhs pertaining to previous years) which as per the opinion of expert as made available, if refunded within the timeline, provisions of the section 197(9) has been complied [Refer note no. 5(B)(ii) of the audited financial results for the quarter ended 31st March 2024 and the year to date results for the year ended 31st March 2024 and 56(B)(ii) of the audited standalone financial statements]. Further, in this regard the Company did not received the necessary approval from the shareholders of the Company for making payment of 'Honorarium' in compliance to the provisions of Regulation 17 of SEBI LODR.
- (iii) In assessing the recoverability of loans and advances, the Company has considered internal and external sources of information (i.e. valuation report from external consultant/ Resolution Professional for loan assets under IBC proceedings or otherwise, one time settlement (OTS) proposal, asset value as per latest available financials of the borrowers with appropriate haircut as per ECL policy, sustainable debt under resolution plan). The Company expects to recover the net carrying value of these assets, basis assessment of current facts and ECL methodology which factors in future economic conditions as well. However, the eventual recovery from these loans may be different from those estimated as on the date of approval of these financial results. (Refer Note no. 9 of the accompanying Statement).
- (iv) As stated in note no. 10 of the accompanying Statement, as on March 31, 2024, the Company has assessed its financial position, including expected realization of assets and payment of liabilities including borrowings, and believes that sufficient funds will be available to pay-off the liabilities through availability of High Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in atleast 12 months from the reporting date. For the purpose of calculating HQLA the Company has considered the fixed deposits since the same are callable and unencumbered, are highly liquid as the same can



be redeemed and credited to company's current account with same day intimated to FD bank.

- (v) As stated in note no. 7 of the accompanying Statement, Company has received Order dated May 10, 2024 under Section 206(4) of The Companies Act, 2013 from ROC, Delhi NCT & Haryana (ROC) regarding earlier communication from ROC in 28 March 2018 and again vide letter dated 24 September 2021 on compliant received from identified third parties in year 2018. The company had initially submitted its response on 13 April 2018 and again on 22 October 2021. As per Order dated May 10, 2024, the ROC has asked for further information/ comment/ explanation/documents from the company to take the inquiry to a logical conclusion. The Company has submitted the desired information to ROC. The management believes that there will be no material financial impact of the above matters on the state of affairs of the Company on final conclusion of the above stated matter by the ROC.
- (vi) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), the Company is in process of Implementation of Internal Guidelines on Corporate Governance and Guidelines on Compensation of Key Managerial Personnel & Senior Management in NBFC, and Compliance policy.

Our conclusion on the Statement is not modified in respect of matters stated in para (i) to (vi) above.

For Lodha & Co LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284

Bodha

(Gaurav Lodha)

Partner

M. No. 507462

UDIN: 24507462BJZYWT 6267

Place: New Delhi

Date: 30/07/2024



Chartered Accountants

Independent Auditor's Review Report on Unaudited Quarterly Consolidated Financial Results of the Company pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
PTC INDIA FINANCIAL SERVICES LIMITED

1. We have reviewed the accompanying statement of unaudited consolidated financial results of PTC India Financial Services Limited ("the Company") and its associates and its share of the net profit/(Loss) after tax and total comprehensive income/ loss of its associates for the quarter ended 30th June, 2024 ("the Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("the Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review of interim financial information consists of making enquiries, primarily of Company's persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

4. The Statement includes the results of the following entities: -

S.No.	Name of the Entity	Relationship with the Company
1.	R.S. India Wind Energy Private Limited	Associate Company
2.	Varam Bio Energy Private Limited	Associate Company



Regd. Office : 19, Esplanade Mansions, 14 Government Place East, Kolkata 700069, West Bengal, India.
Lodha & Co (Registration No. 301051E) a Partnership Firm was converted into Lodha & Co LLP
(Registration No. 301051E/E300284) a Limited Liability Partnership with effect from December 27, 2023

Kolkata Mumbai New Delhi Chennai Hyderabad Jaipur

5. **Basis for Qualified conclusion**

Attention is drawn to:

- i) Note no. 8 of the accompanying financial results regarding payment / reimbursement of personal expenses as stated in the said note. During the previous year of Rs. 49.70 lakhs (Rs. 10.94 lakhs and Rs. 38.76 lakhs) (including GST) incurred for the then Managing Director and Chief Executive Officer (Erstwhile MD & CEO) and then Non-Executive Chairman (Erstwhile NEC, pursuant to SEBI Order dated 12 June 2024 SEBI then NEC ceased to be the Chairman, Non-Executive Director of the Company) of the Company. 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 & CEO; and (b) Securities and Exchange Board of India (SEBI) to Erstwhile MD & CEO and Erstwhile NEC. In this regard, the Erstwhile MD & CEO and Erstwhile 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 above KMPs, (erstwhile MD&CEO and erstwhile 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 & CEO had not been shared with the auditors citing the same been received in his personal/individual capacity. 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 Rs. 38.76 lakhs was shown as recoverable from erstwhile NEC and Erstwhile MD & CEO respectively on March 31, 2024 and same is not in compliance to the provisions of section 185 of the Companies Act, 2013. During the current quarter, erstwhile NEC has refunded Rs. 10.94 lakhs and as stated in the said note. In the opinion of the management, recoverable amount of Rs. 38.76 lakhs from erstwhile MD & CEO is pending for recovery. Pending recovery/confirmation we are not in position to comment on good for the recovery.
- ii)
- (a) During the previous 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 (Refer Note no. 5 of the accompanying Statement). In the last quarter of FY 21-22, three the then independent directors of the Company had resigned mentioning lapses in corporate governance, compliances and matters as stated in the respective letters of directors (this is to be read with note no. 7 of the accompanying Statement), on which forensic audit was undertaken by Independent CA firm. Based on management's responses submitted on forensic audit report (FAR) the Audit Committee and Board observed that forensic auditor did not identify any event having material impact on the financials of the Company and had not identified any instances of fraud and/or diversion of



funds by the Company. Later on two independent directors had also resigned in December 2022 pointing out the similar issues, which have been rebutted fully by the Company.

- (b) Further, as stated in note no. 5 of the accompanying Statement, few gaps in the CG and internal control have been identified (this is to be read with note no. 6, 7 and 8 of the accompanying statement), where as stated in the said note, the Company is in process of further strengthening its process of internal control systems w.r.t. penal interest charging, timely creation of security, invoking of corporate guarantee provided by the borrowers, updation of SOPs, etc.

Impact for the matters stated in Basis for Qualified Conclusion in para (i) & (ii) above presently is unascertainable.

Matters stated in para (i) & (ii) above had also been qualified in our audit report on the consolidated financial results for the year/quarter ended 31st March, 2024.

6. Based on our review conducted as above and procedures performed as stated in paragraph 3 above, except for the effects/ possible effects of our observation stated in paragraph 5 above (including non-quantification for the reasons stated therein), nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. Emphasis of Matters

Attention is drawn to:

- i) As stated in note no. 6 of the accompanying Statement, the Company has filed appeals against Adjudication Orders dated June 27, 2023 of ROC, for three Show Cause Notices (SCNs) issued by the Registrar of Companies, NCT of Delhi & Haryana (ROC) for the matters stated in the said note and for remaining one SCN, the Company has filed an application for compounding, which are pending. The management believes that there will be no material financial impact on the state of affairs of the Company of this.
- ii) During the current quarter, 'Honorarium' paid to the independent directors (IDs) by the Company amounting to Rs.5.40 lakhs has been refunded back (along with Rs. 6.80 lakhs pertaining to previous years) which as per the opinion of expert as made available, if refunded within the timeline, provisions of the section 197(9) has been complied [Refer note no. 5(B)(ii) of the audited financial results for the quarter ended 31st March 2024 and the year to date results for the year ended 31st March 2024 and 56(B)(ii) of the audited standalone financial statements]]. Further, in this regard the Company did not received the necessary approval from the shareholders of the Company for making payment of 'Honorarium' in compliance to the provisions of Regulation 17 of SEBI LODR.



- iii) In assessing the recoverability of loans and advances, the Company has considered internal and external sources of information (i.e. valuation report from external consultant/ Resolution Professional for loan assets under IBC proceedings or otherwise, one time settlement (OTS) proposal, asset value as per latest available financials of the borrowers with appropriate haircut as per ECL policy, sustainable debt under resolution plan). The Company expects to recover the net carrying value of these assets, basis assessment of current facts and ECL methodology which factors in future economic conditions as well. However, the eventual recovery from these loans may be different from those estimated as on the date of approval of these financial results. (Refer Note no. 9 of the accompanying Statement).
- iv) As stated in note no. 10 of the accompanying Statement, as on March 31, 2024, the Company has assessed its financial position, including expected realization of assets and payment of liabilities including borrowings, and believes that sufficient funds will be available to pay-off the liabilities through availability of High Quality Liquid Assets (HQLA) and undrawn lines of credit to meet its financial obligations in atleast 12 months from the reporting date. For the purpose of calculating HQLA the Company has considered the fixed deposits since the same are callable and unencumbered, are highly liquid as the same can be redeemed and credited to company's current account with same day intimated to FD bank.
- v) As stated in note no. 7 of the accompanying Statement, Company has received Order dated May 10, 2024 under Section 206(4) of The Companies Act, 2013 from ROC, Delhi NCT & Haryana (ROC) regarding earlier communication from ROC in 28 March 2018 and again vide letter dated 24 September 2021 on compliant received from identified third parties in year 2018. The company had initially submitted its response on 13 April 2018 and again on 22 October 2021. As per Order dated May 10, 2024, the ROC has asked for further information/ comment/ explanation/documents from the company to take the inquiry to a logical conclusion. The Company has submitted the desired information to ROC. The management believes that there will be no material financial impact of the above matters on the state of affairs of the Company on final conclusion of the above stated matter by the ROC.
- vi) In terms of the Reserve Bank of India Act, 1934 and rules, regulations, master-directions and guidelines made issued thereunder as are applicable to Non-Banking Financial Companies (NBFC-IFC), the Company is in process of Implementation of Internal Guidelines on Corporate Governance and Guidelines on Compensation of Key Managerial Personnel & Senior Management in NBFC, and Compliance policy.

Our conclusion on the Statement is not modified in respect of matters stated in para (i) to (vi) above.

8. Other matters


The unaudited consolidated financial information/results of the Company also include Company's share of net profit/loss after tax of Rs. Nil and total comprehensive income/loss of Rs Nil for the quarter ended 30th June, 2024, in respect of its 2 associate entities referred to in para 4 above whose financial results are not available with the Company (neither audited/reviewed nor management accounts for the purpose of the consolidated financial results). However as mentioned in Note 4 of the accompanying Statement, the Company



had fully impaired the value of investments in these associates in the earlier years and the Company does not have further obligation over and above the cost of investment and therefore, in view of the management, there is no impact on the unaudited consolidated financial results for the quarter ended 30th June, 2024.

Our conclusion on the Statement is not modified in respect of above matter.

For LODHA & CO LLP
Chartered Accountants
Firm's Registration No. 301051E/E300284


(Gaurav Lodha)

Partner

Membership No. 507462

UDIN: 24507462BJZYWU5959

Place: New Delhi

Date: 30/07/2024

