

ARMS & ASSOCIATES LLP

Practicing Company Secretaries

24 Ka 1, Jyoti Nagar, Jaipur Rajasthan, India-302004
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Form MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

To,
The Members
Prem Somani Financial Services Limited
42, Jai Jawan Colony Scheme No.3
Durgapura Jaipur RJ 302018 IN

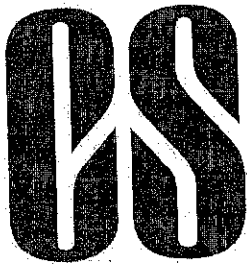
We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Prem Somani Financial Services Limited (CIN:L67120RJ1991PLC006220)** (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the Corporate Conducts/ Statutory Compliances and expressing our opinion thereon.

Based on our verification of the **Prem Somani Financial Services Limited** books, papers; minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company, has during the audit period covering the financial year ended on **31st March, 2018**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Prem Somani Financial Services Limited** ("The Company") for the financial year ended on **31st March, 2018**, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder





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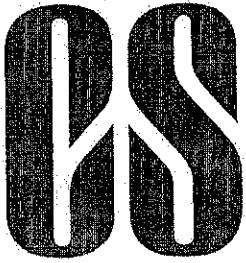
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- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder – **Not Applicable to the Company during the Audit Period.**
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings –
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable to the Company during the Audit Period.**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable to the Company during the Audit Period.**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable to the Company during the Audit Period.**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; **Not Applicable to the Company during the Audit Period.**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable to the Company during the Audit Period.**
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable to the Company during the Audit Period.**
- vi. Other specific laws applicable to the Company are
 - a. **The Reserve Bank of India Act, 1934, and the rules made and notifications issued thereunder;**

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange.
- iii. The SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.





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During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above subject to the following observations:

- a. *Secretarial records , Minutes books etc. have not been examined as the same has been reported to been lost in the fire incident happened at the residence of director on 26.03.2018.*
- b. *Whereas in terms of the provisions of Section 128(1) of the Companies Act 2013 Company has not filed AOC-5 with the Registrar of Companies.*
- c. *After the scrutiny of Balance Sheets done by ROC, show cause notices were issued and thereafter penalties were imposed on the company for violation of section 203 & 206 of the Companies Act, 2013 for which Company has filed application for Compounding of offence with the regulatory authorities.*
- d. *That the net owned fund of the company has reduced to below Rs.200 Lacs being the minimum NOF required for NBFC as per the RBI Guidelines, for which RBI has also issued show cause notice.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors has took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. *Not been able to verify due to unavailability of records.*

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. *Not been able to verify due to unavailability of records.*

We further report that there are *not* adequate systems and processes in the Company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



We further report that during the audit period it was found that Net Owned Fund of the Company has been reduced to less than Rs.200 Lacs and notice in this regard is being issued by RBI to the company, this may lead to cancellation of NBFC licenses issued to the Company..

For ARMS and Associates LLP
Company Secretaries
ICSI Unique Registration No. P2011RJ023700

Place: Jaipur
Date: 13/08/2018



Sandeep Kumar Jain
(Sandeep Kumar Jain)
FCS 5398 C.P.No.4151

This report is to be read with our letter of even date which is annexed as 'Annexure -A' and form an integral part of this report.

ANNEXURE – A

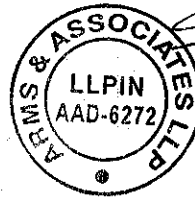
To,
The Members
Prem Somani Financial Services Limited
42, Jai Jawan Colony Scheme No.3
Durgapura RJ 302018 IN

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the Provisions of Corporate and other applicable Laws, Rules, Regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For ARMS and Associates LLP
Company Secretaries
ICSI Unique Registration No. P2011RJ023700

Place: Jaipur
Date: 13/08/2018



Sandeep
(Sandeep Kumar Jain)
FCS 5398 C.P.No.4151