ANNEXURE – "D"

PREM SOMANI FINANCIAL SERVICES LIMITED

Registered Office: Flat No. 408, Second Floor, Anand Chamber,
Baba Harishchandra Marg, Raisar Plaza, Indira Bazar, Jaipur-302001
Contact No. 9322666532, Email Id: iimitedpsfs@gmail.com
CIN: L72100RJ1991PLC006220
Website: www.psfs.co.in

(5)

REPORT OF THE AUDIT COMMITTTEE OF PREM SOMANI FINANCIAL SERVICES LIMITED RECOMMENDING THE DRAFT SCHEME OF THE REDUCTION OF CAPITAL DATED OCTOBER 30, 2021.

This report of Audit committee is issued in terms of SEBI circular CFD/DIL3/CIR/2017/21 dated March 10, 2017 (**the "SEBI Circular"**). The requirements of the said SEBI circulars, interalia make it mandatory for the Audit Committee to recommend the draft Scheme of Reduction of Share Capital.

A meeting of the Audit Committee was held on October 30, 2021 interalia to consider and has recommended the Reduction of Share Capital and the Draft Scheme of Reduction of Share Capital of Prem Somani Financial Services Limited.

The aforesaid Audit committee meeting was attended by the following committee members: -

1. Mr. Hemant Bohra - Chairman
2. Mr. Dinesh Kumar Bohra - Member
3. Mr. Nagendra Nagraj Nallu - Member

Ms. Priya Gupta, Company Secretary and Compliance Officer was also present as Secretary to the Audit Committee.

BACKGROUND: -

The Audit committee of the Company discussed that the present issued, subscribed and paid-up share capital of the Company is Rs. 3, 30, 34,000/- (Three Crore Thirty Lakh and Thirty-Four Thousand Only) However, due to continual losses in the Company in the last few years. The value represented by the Share Capital of the Company has been substantially wiped off. As on March 31, 2021 the total accumulated losses in the Company are at Rs. 30, 24, 567 /- (Thirty Lakh Twenty-Four Thousand Five Hundred Sixty-Seven Only).

The Committee further discussed that the present financial position has given rise to the need for re-adjustment of Capital in its books of accounts. In order to fairly reflect the assets and Liabilities of the Company in its books of accounts; and for better presentation of the financial position of the Company, the Company should consider to write off the accumulated losses against reduction in the Paid-up Share capital of the Company in accordance with section 66 of the Companies, Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016 and other applicable provisions. The Reduction of Share Capital would enable the company to rationalise its capital structure and present a true and fair financial position of the Company in a better manner, which commensurate with its business and assets.

Prem Somani Financial Services Ltd. JAIPUR

For Prem Somani Financial Services Ltd.

Director

PREM SOMANI FINANCIAL SERVICES LIMITED

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PROPOSED CAPITAL REDUCTION: -

The Committee discussed in detail the proposed draft terms and conditions of the reduction of capital including the followings: -

1. The paid-up Share Capital of the company will be reduced by 74% on proportionate basis. Accordingly, the total value of Equity Share of the Company will be reduced from Rs. 3,30,34,000/- (Rupees Three Crore Thirty Lakhs Thirty Four Thousand Only) divided into 33,03,400 (Thirty Three Lakhs Three Thousand Four Hundred) Equity Shares of Rs. 10/- each to Rs. 85, 88, 840/- (Eighty-Five Lakh Eighty-Eight Thousand Eight Hundred Forty only) divided into 8, 58, 884 (Eight Lakh Fifty-Eight Thousand Eight Hundred Eighty-Four) Equity Shares of Rs. 10/- (Rupees ten only) Each/-.

2. Upon coming into effect, the scheme of reduction of Share Capital, the total paid up equity share capital of the company shall be reduced from 3,30,34,000 (Rupees Three Crore Thirty Lakhs Thirty-Four Thousand only) divided into 33,03,400 (Rupees Thirty-Three Lakh Three Thousand Four Hundred) Equity Shares of Rs. 10/- (Rupees ten only) each, fully paid up to Rs. 85, 88, 840 (Eighty-Five Lakh Eighty-Eight Thousand Eight Hundred Forty only) divided into 8, 58, 884 (Eight Lakh Fifty-Eight Thousand Eight Hundred Eighty-Four) Equity Shares of Rs. 10/- (Rupees ten only) each, fully paid up.

3. The reduction of Capital shall be on proportionate basis and there shall be not any change in percentage shareholding of any shareholder of the Company, except adjustment due to fractional entitlement.

4. The pre and post Reduction shareholding pattern of the Company (as per shareholding pattern of the Company filed to Stock Exchange as on dated September 30, 2021) is as follows: -

S. No.	**Category**	**Pre-Scheme (Equity Shares of Rs. 10 each)**		**Post-Scheme (Equity Shares of Rs. 10 each)**	
		No. of Shares	**% Of Shareholdings**	**No. of Shares**	**% Of Shareholdings**
1	Promoter	9,20,600	27.87	**2, 39, 356**	**27.87**
2	Non-Promoter (Public)	23,82, 800	72.13	**6, 19, 528**	**72.13**
	Total	**33,03,400**	**100.00**	**8, 58, 884**	**100.00**

For Prem Somani Financial Services Ltd.

Director

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The following documents were considered by the Audit committee Meeting: -

a) Draft Scheme of reduction of Share Capital of the Company;

b) Valuation report from Registered Valuer, as applicable, as per Para (A)(4) of Part I of SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 ["SEBI Master Circular"] issued by Mr. Abhinav Rajvanshi, Chartered Accountant, Registered Valuer.

c) Draft Fairness opinion by Saffron Capital Advisors Private Limited a SEBI Registered merchant banker on valuation of assets / shares done by the valuer for the listed entity.

d) Auditor Certificate dated October 30, 2021 for the non- applicability of Para 9 under Para (I)(A)(9)(a) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 in respect of Reduction of Share Capital.

e) Audited financial Statement of the Company for the financial year ended March 31, 2021 and quarter/half year ended September 30, 2021 along with Limited Review Report thereon.

f) Draft certificate issued by Statutory Auditor of the Company certifying that the accounting treatment is in compliance with all the Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013 read with the rules framed thereunder or the Accounting Standards issued by ICAI, as applicable, and other generally accepted accounting principles.

g) Pre and post reduction of Capital and Shareholding Pattern of the Company.

h) Other annexures for the draft scheme of Reduction of Capital.

The Audit Committee considered and reviewed the aforesaid documents.

RATIONALE OF THE SCHEME: -

The Audit Committee noted the rationale and benefits of the Scheme, which inter alia are as follows: -

The capital reduction will be for the benefit of the company and its shareholders, creditors and all concerned as a whole.

The capital reduction does not involve any cash outflow and therefore, would not affect the liability or liquidity of the company to meet its obligations/commitments in the normal course of business.

Prem Somani Financial Services Ltd. JAIPUR

For Prem Somani Financial Services Ltd.

Director

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RECOMMENDATION OF THE AUDIT COMMITTEE: -

After detailed deliberations and consideration, the Audit committee unanimously approved and recommended for reduction of Share Capital of the Company, as per the Draft Scheme of Reduction of Share Capital of Prem Somani Financial Services Limited.

The Committee also unanimously approved the Draft Scheme of Reduction of Share Capital of Prem Somani Financial Services Limited and recommended the same for favourable consideration by the Board of Directors of the Company, The Stock Exchange, SEBI and other competent authorities.

By order of the audit committee of Prem Somani Financial Services Limited

For Prem Somani Financial Services Ltd.

Director

Chairman
(Audit Committee)

Dated: October 30, 2021
Place: Jaipur