



# CS LAKSHMINARAYAN KRISHNAMOORTHY

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## **Secretarial Compliance Report of Pro Fin Capital Services Limited for the financial year ended 31<sup>st</sup> March 2023 (for the period from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023)**

I, Lakshminarayan Krishnamoorthy, Practising Company Secretary, have conducted the review of the compliance practices by Pro Fin Capital Services Limited (hereinafter referred to as 'the listed entity') having its registered office at 503, Western Edge II, Western Express High Way, Borivali, Mumbai 400066. The Secretarial Review was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion there on.

2 Based on our verification of the listed entity's book, papers, minute books, forms and returns filed and other records maintained by the listed entity and also the information provided by the listed entity, its officers, agents and authorized representatives during the conduct of secretarial review, I hereby report that in my opinion, the listed entity has, during the review period covering the financial year ended 31<sup>st</sup> March 2023, complied with the statutory provisions listed hereunder and also that the listed entity has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereunder:

3 I have examined:

- (a) All the documents and records made available to me and explanation provided by the listed entity;
- (b) The filings/submissions made by the listed entity to the stock exchanges;
- (c) Web site of the listed entity;
- (d) Any other document/filing as may be relevant which has been relied upon to make this certification

For the financial year ended 31<sup>st</sup> March 2023 (1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023) in respect of compliance with the provisions of:

- (i) The Securities and Exchange Board of India Act 1992 and the Regulations, circulars, guidelines issued thereunder; and
- (ii) The Securities Contracts (Regulation) Act 1956 (SCRA), rules made thereunder and the regulations, circulars, guidelines issued thereunder by the Securities And Exchange Board of India (SEBI).

The specific regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:

- (a) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015
- (b) SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018



- (c) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011
- (d) SEBI (Buyback of Securities) Regulations 2018
- (e) SEBI (Share based Employee Benefits and Sweat Equity) Regulations 2021
- (f) SEBI (Issue and Listing of Debt Securities) Regulations 2008
- (g) SEBI (Issue and Listing of Non-convertible Securities) Regulations 2021
- (h) SEBI (Prohibition of Insider Trading ) Regulations 2015

I hereby report that during the review period, the compliance status of the listed entity is given below subject to what is stated in para 4 hereunder:

Sr. No	Particulars	Compliance Status (Yes/No/NA)	Observations/remarks by PCS
1	<b>Secretarial Standards:</b>  The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SSI) issued by the Institute of Company Secretaries of India (ICSI) as notified by the Central Government under section 118(10) of the Companies Act 2013 and mandatorily applicable	Yes	None
2	<b>Adoption and timely updation of the policies:</b> <ul style="list-style-type: none"><li>• All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li><li>• All the policies are in conformity with SEBI Regulations and have been reviewed and updated on time, as per the regulations /guidelines issued by SEBI</li></ul>	Yes  Yes	None  None
3	<b>Maintenance and disclosures on Website:</b> <ul style="list-style-type: none"><li>• The listed entity is maintaining a functional website</li><li>• Timely dissemination of the documents/information under a separate section on the website</li></ul>	Yes  Yes	None  None



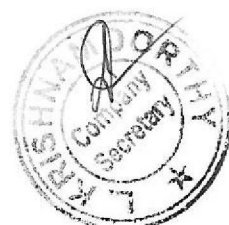
	<ul style="list-style-type: none"> <li>Web links provided in annual corporate governance reports under regulation 27(2) are accurate and specific which redirects to the relevant document(s)/section of the website</li> </ul>	Will be provided in the annual report for the year ended 31 <sup>st</sup> March 2023.	Regulation 27 became applicable to the listed entity during the financial year ended 31 <sup>st</sup> March 2023
4	<p><b>Disqualification of director:</b></p> <p>None of the Directors of the listed entity is disqualified under section 164 of the Companies Act 2013 as confirmed by the listed entity</p>	Yes	None
5	<p>Details related to subsidiaries of listed entities have been examined with reference to:</p> <p>(a) Identification of material subsidiary</p> <p>(b) Disclosure requirement of material as well as other subsidiaries</p>	<p>Not applicable</p> <p>Not applicable</p>	The listed entity has no subsidiary.
6	<p><b>Preservation of documents:</b></p> <p>The Listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per policy of preservation of documents and archival policy prescribed under SEBI LODR 2015</p>	Yes	None
7	<p><b>Performance evaluation :</b></p> <p>The listed entity has conducted performance evaluation of the board, independent directors and the committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations</p>	Yes	None



8	<p><b>Related party transactions:</b></p> <p>(a) The listed entity has obtained prior approval for all related party transactions</p> <p>(b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained</p>	<p>Yes</p> <p>Not applicable</p>	<p>The Regulation 23 along with other regulations mentioned in Regulation 15(2), became applicable to the listed entity during the financial year 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023. Prior approvals were obtained in respect of transactions which were entered into after the date from which regulation 23 became applicable.</p>
9	<p><b>Disclosure of events or information:</b></p> <p>The listed entity has provided all the required disclosures under Regulation 30 read along with Schedule III of SEBI LODR 2015 within the time limits prescribed thereunder.</p>	<p>No</p>	<p>The listed entity received notice of application filed by one of its creditors with NCLT, Mumbai, under section 7 of IBC, towards the fag end of the financial year ended 31<sup>st</sup> Mach 2023. The management represented that as per legal advice, the application is not maintainable against the listed entity, as the listed entity is an NBFC registered with RBI and there is express provision in IBC that section 7 application can not be filed against an NBFC. Hence the section 7 application is void ab initio and necessary reply will be</p>



			filed with NCLT in this regard.
10	<b>Prohibition of Insider trading:</b>  The listed entity is in compliance with Regulation 3(5) and 3(6) of SEBI (Prohibition of Insider Trading ) Regulations , 2015	Yes	None
11	<b>Actions taken by SEBI or Stock Exchange(s), if any:</b>		Please see the separate paragraph provided herein.
12	<b>Additional Non-compliances, if any:</b>	Yes	The listed entity issued warrants on preferential basis, whose holders were entitled to apply for shares, in accordance with SEBI (ICDR). However, under regln. 28 (1) of SEBI LODR, it did not apply for in principle approval for the issue warrants. The Management represented that as per legal advice, and as per past precedent, the warrants are not "Securities" within the meaning of SCRA 1956. Without prejudice to the above stand, the listed entity did apply to the BSE for pre listing approval which was rejected. The listed entity requested SEBI to condone the delay, which request was rejected by SEBI. The shares which were issued and allotted on 6 <sup>th</sup> May 2022, to the warrant holders could not be listed due to the



		<p>above reasons, The Board of directors of the listed entity at its meeting held on 14<sup>th</sup> February 2023 decided to revoke the allotment made on 6<sup>th</sup> May 2022 as the shares could not be listed and hence not able to be traded ; and utilize the moneys received for further future issue. Necessary disclosure in this regard was made to BSE on 14<sup>th</sup> February 2023.</p>
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Compliances related to resignation of statutory auditors from listed entities and their material subsidiaries as per SEBI Circular CIR/CFD/CMD1/114/2019 dated 18<sup>th</sup> October 2019.

Sr No.	Particulars	Compliance status (yes/no/NA)	Observations /Remarks by PCS
1	<p><b>Compliance with the following conditions while appointing/re-appointing an auditor:</b></p> <p>I If the auditor has resigned within 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review/audit report for such quarter.</p>	No	<p>The auditor resigned due to his preoccupation in other projects and other assignments. This was the reason stated by the auditor in his resignation letter as well as in the Annexure A to the SEBI circular dated 18<sup>th</sup> October 2019. The resignation of the auditor was noted by the audit committee and taken on record by the board of directors at the meeting held on 31<sup>st</sup> January 2023. Necessary disclosure was given to BSE as per Clause A in Part A of Schedule III to</p>



	<p>li If the auditor has resigned after 45 days from the end of a quarter of a financial year, the auditor before such resignation, has issued the limited review /audit report for such quarter as well as the next quarter; or</p> <p>lii If the auditor has signed the limited review /audit report for the first three quarters of a financial year, the auditor before such resignation , has issued the limited review /audit report for the last quarter of such financial year as well as the audit report for such financial year</p>	<p>Not applicable</p> <p>Not applicable</p>	<p>the SEBI LODR within the time prescribed. The limited review report for the quarter ended 31<sup>st</sup> December 2022 was given by the new auditor who was appointed in place of the auditor who resigned. The auditor who resigned gave the limited review report for the quarter ended 30<sup>th</sup> June 2022 and 30<sup>th</sup> September 2022.</p>
<p>2</p>	<p><b>Other conditions relating to resignation by statutory auditor:</b></p> <p>i Reporting of concerns by auditor with respect to the listed entity/its material subsidiary to the Audit Committee</p> <p>a In case of any concern with the management of the listed entity/material subsidiary such as non-availability of information/non-cooperation by the management which has hampered the audit process, the auditor has approached the Chairman of the audit committee of the listed entity and the audit committee shall receive such concern directly and immediately without specifically waiting for the quarterly audit committee meetings.</p>	<p>Not applicable</p> <p>Not applicable</p>	



	<p>b In case the auditor proposes to resign, all concerns with respects to the proposed resignation, along with relevant documents has been brought to the notice of the Audit Committee . In cases where the proposed resignation is due to non receipt of information/explanation from the company, the auditor has informed the audit committee the details of information/explanation sought and not provided by the management, as applicable.</p>	Not applicable	
	<p>li Disclaimer in case of non-receipt of information: The auditor has provided an appropriate disclaimer in its audit report which is in accordance with the Standards of Auditing as specified by ICAI/NEFRA, in case where the listed entity/its material subsidiary has not provided information as required by the auditor</p>	Not applicable	It is seen from the resignation letter from the auditor as well as the annexure A received from the auditor that the resignation is not due to events listed in 2 i a and b and ii mentioned above.
3	<p>The listed entity/its material subsidiary has obtained information from the auditor upon resignation in the format as specified in Annexure A in SEBI Circular CIR/CFD/CMD1/114/2019 dated 18<sup>th</sup> October 2019</p>	Yes	

**4 Action taken by the stock exchanges:**

BSE where the shares are listed, imposed fines as per SOP, as detailed below for the financial year ended 31<sup>st</sup> March 2023.

Applicable SEBI LODR	Particulars of non compliance	Amount of fine ( in rupees)
23(9)	Non compliance with disclosure of related party transactions on consolidated basis	1,59,300 (inclusive of GST)
17(1)	Non compliance with the requirement of	5,42,800 (inclusive of GST)





	composition of the board of directors for the quarter ended 31 <sup>st</sup> December 2022	
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**5 Observations in the previous report along with the action taken by the listed entity on those observations:**

As stated above, the Regulation 24(A) of SEBI LODR became applicable only during the financial year ended 31<sup>st</sup> March 2023 (1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023) . Hence not applicable.

**6 Assumptions & Limitation of scope and review:**

- 1 Compliance of the applicable laws and ensuring the authenticity of documents and information furnished are the responsibilities of the management of the listed entity.
- 2 My responsibility is to certify based upon my examination of relevant documents and information. This is neither an audit nor an expression of opinion.
- 3 I have not verified the correctness and appropriateness of financial records and books of accounts of the listed entity.
- 4 The report is solely for the intended purpose of compliance in terms of Regulation 24A(2) of SEBI LODR2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Place: Mumbai

Date : 24<sup>th</sup> May 2023



Lakshminarayan Krishnamoorthy

FCS 2352, COP 6885

UDIN:F002358E000369307



Peer Review Unique Identification Number: I2005MH514200