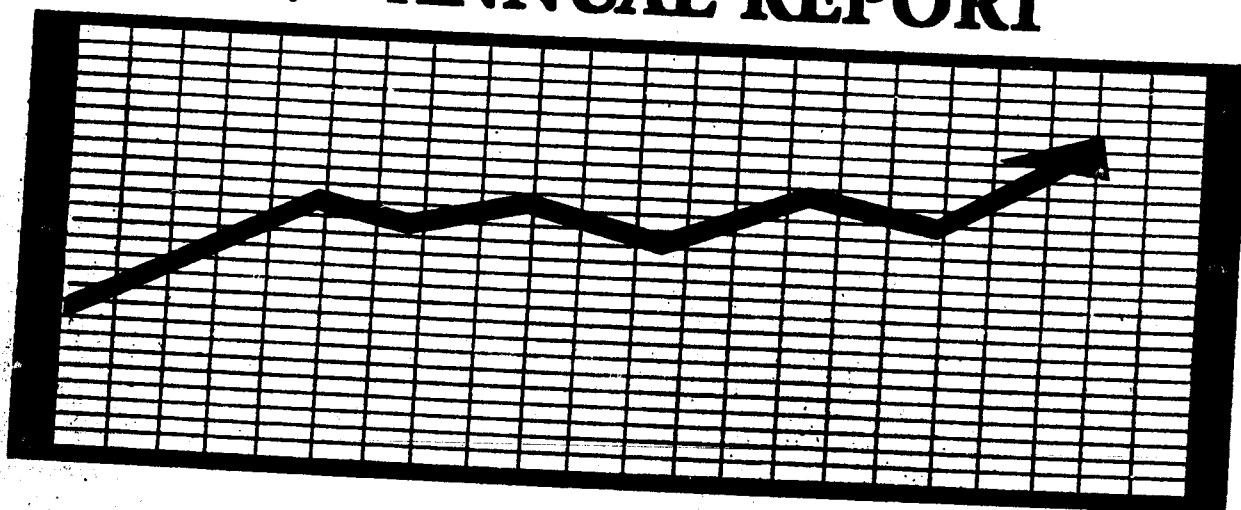


**PREM SOMANI**  
**FINANCIAL SERVICES LIMITED**

**17<sup>th</sup> ANNUAL REPORT**



**2007-2008**

# **PREM SOMANI**

## **FINANCIAL SERVICES LIMITED**

**Board of Directors :** Mr. Nawneet Somani

Mr. V. K. Mundra

Mrs. Prem Lata Somani

Mr. Virendra Krishnia

Mr. Vikas Khator

**Registered Office** . 5A, Tilak Bhawan, 5th Floor, Tilak Marg,  
C-Scheme, Jaipur - 302 005

**Bankers**

The Federal Bank Limited

Andhra Bank Limited

HDFC Bank Ltd.

**Auditors**

V. Bangar & Co.

Chartered Accountants

Jaipur

**NOTICE**

NOTICE is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Members **M/s PREM SOMANI FINANCIAL SERVICES LIMITED** will be held on Friday, 26<sup>th</sup> September, 2008 at 11:30 A.M. at 42, Jai Jawan Colony, J.L.N. Marg, Jaipur to transact, with or without modifications, as may be permissible, the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31<sup>st</sup> March 2008, Profit & Loss Account for the financial year ended on that date together with the Reports of Directors and Auditors thereon.
2. To re-appoint a director in place of Shri V. K. Mundra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Smt. Prem Lata Somani, who retires by rotation and being eligible offers herself for re-appointment.
4. To re-appoint M/s V. Bangar & Co., Chartered Accountants, Jaipur as Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise Board of Directors to fix their remuneration.

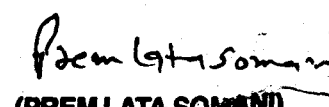
To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution

**"RESOLVED THAT M/s V. Bangar & Co., Chartered Accountants be and are hereby appointed as statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the Company."**

BY ORDER OF THE BOARD OF DIRECTORS  
For **PREM SOMANI FINANCIAL SERVICES LIMITED**

PLACE : JAIPUR  
DATED : Aug 22, 2008

  
(NAWNEET SOMANI)  
Director

  
(PREM LATA SOMANI)  
Director

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of member and share transfer books of the company will remain closed from Saturday 20<sup>th</sup> September 2008 to Friday 26<sup>th</sup> September 2008(both day inclusive)
3. Members/proxies are requested to bring their copy of annual report and duly-filled Attendance slips sent herewith to attend the meeting.
4. The register of directors shareholding, maintained u/s 307 of the companies act, 1956, will be available for inspection by the members at the AGM.
5. Members desiring any information as regards to accounts are requested to write to the Company at an early Date so as to enable the management to keep the Information ready.
6. The Proxy form and Attendance Slip are given at the end of this Notice.

BY ORDER OF THE BOARD OF DIRECTORS  
For PREM SOMANI FINANCIAL SERVICES LIMITED

PLACE : JAIPUR  
DATED : August 22, 2008

  
(NAWNEET SOMANI)  
Director

  
(PREM LATA SOMANI)  
Director

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting  
(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	: Nawneet Somani	Prem Lata Somani
Date of Birth	: 05-12-1961	27-10-1959
Date of Appointment	: 14-12-1994	25-09-1991
Expertise in Specific Functional areas	: Experience 16 Years	Experience 14 Years
Qualifications	: M.Com	B.A.
Shareholding in the Company	: 25,000 Shares	766100 Shares
Directorship in other Companies	: 1. Nawneet Somani Securities P. Ltd. 2. Somani Securities Ltd. 3. Rajasthan Buildtech Services P. Ltd. 4. Prem Somani Share Brokers P. Ltd.	Prem Somani Share Brokers (P.) Ltd.
Membership in Committees in other Public Ltd. Companies	: Nil	Nil

**DIRECTORS REPORT**

To,

The Members,  
**PREM SOMANI FINANCIAL SERVICES LIMITED**  
 JAIPUR.

Dear Shareholders,

Your directors are pleased to present their 17<sup>TH</sup> Annual Report on the Business and operations of Your Company and its working Results for the year ending 31<sup>st</sup> March 2008.

1. **OPERATIONS**

The Summarised financial highlights are as under:

PARTICULARS	As At 31.03.2008	As At 31.03.2007
Sales/Income from Operation	523285.94	146598.11
Rent Received	110000.00	58000.00
Other Income/Excess prov. W/ back	0.00	1520362.00
	<b>633285.94</b>	<b>1724960.11</b>
Total Expenditure	546629.90	915193.25
Operating Profit/(Loss)	86656.04	809766.86
Depreciation	68753.65	81683.76
Profit/(Loss) before Tax	17902.39	728083.10
Provision for Taxation	0.00	0.00
Provision for FBT	531.00	404.00
Deferred Tax Assets Created/W/Back	587373.00	117690.00
Profit/(Loss) after tax	570001.61	609989.10
Balance Carried Forward from last Year	(11079739.04)	(11567730.32)
Balance Carried to Balance Sheet	(11649740.65)	(11079739.04)

\* Deferred tax assets has been created to comply with AS-22 issued by the institute of Chartered Accountants of India

2. **DIVIDEND**

In absence of profit, your directors are unable to declare any dividend for the year.

3. **CAPITAL**

During the Year the Authorised Issued, Subscribed and Paid- up Capital remain unchanged at Rs. 7,00,00,000/- and Rs. 3,30,34,000/- respectively.

4. **DEPOSITS**

In terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975, The Company has not accepted any fixed deposit during the year under review.

5. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND POLLUTION CONTROL AND**

**FOREIGN AND OUTGO**

The Company has no activity relating to conservation of energy and technology absorption. There were no foreign exchange earnings and outgo during the year.

**6. AUDITORS**

M/s V. Bangar & Co., Chartered Accountants Statutory Auditors, retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s V. Bangar & Co., to the effect that their appointment, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956. The Directors recommend their reappointment for approval of the members.

**7. DIRECTORS**

In accordance with the Articles of Association of the Company, Shri V. K. Mundra and Smt. Prem Lata Somani will retire by rotation and being eligible, offers themselves for reappointment at the ensuing Annual General Meeting.

**8. AUDIT COMMITTEE**

Audit Committee consists of following directors,

Mr. Virendra Krishna,  
Mr. Vikas Khator,  
Mr. Nawneet Somani

Chairman  
Member  
Member

Meeting of the committee was held during the financial year in accordance with section 202A of the Companies Act, 1956.

**9. CORPORATE GOVERNANCE**

In pursuance of Clause 49 of the Listing Agreement entered into with the recognised Stock Exchanges, a separate section on Corporate Governance has been incorporated in the Annual Report for the information of Shareholders.

Certificate of the Auditors regarding compliance with the conditions of Corporate Governance as stipulated in clause 49 of the Listing agreement is also annexed with this annual report.

**10. AUDITOR'S REPORT**

The notes to the Accounts referred to in the Auditor's Report are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

**11. DIRECTOR'S RESPONSIBILITY STATEMENT**

In term of Section 217 (2AA) of the Companies Act, 1956, the directors would like to State that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affair of the Company at the end of the financial year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The directors have prepared the annual accounts on a going concern basis.

12. **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A Detailed Management Discussion & Analysis report as required under clause 49 (IV) (F) on the Financial Condition and Result of operations of the Company is included in this Annual Report.

13. **PERSONNEL**

There were no employees whose remuneration was in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 as per the latest amendment.

14. **ACKNOWLEDGMENT**

The Board takes this opportunity to express its sense of gratitude to all the Shareholders, Government Departments, Bankers and other Business Consultants of the Company.

BY ORDER OF THE BOARD  
For **PREM SOMANI FINANCIAL SERVICES LIMITED**

PLACE : JAIPUR  
DATED : August 22, 2008

  
(**NAWNEET SOMANI**)  
Director

  
(**PREM LATA SOMANI**)  
Director

**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is the combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long-term shareholder value and enhance interest of other stockholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation keeping in mind the interest of the shareholders, stockholders and the society.

**2. BOARD OF DIRECTORS**

The constitution of the Board is given below :

Directors	Executive/ Non-Executive Independent	No. of other Directorship in Public Co.	Membership in other Public Company
Smt. Prem Lata Somani	Non Executive	0	0
Shri Nawneet Somani	Non Executive	1	0
Shri V.K. Mundra	Non Executive	0	0
Shri Virendra Krishnia	Non Executive	0	0
Shri Vikas Khator	Non Executive	0	0

Attendance of Directors at Board Meeting and last Annual General Meeting. :

The Board of Company met Five times during the year 01.04.2007 to 31.03.2008, on the following dates : 28.04.2007, 30.07.2007, 27.09.2007, 27.10.2007, 29.01.2008.

The company place before the Board the annual operating plans, budgets, performance of the Company and various other information, including those specified in the Listing Agreement, from time to time.

The attendance at the Board Meetings and the last Annual General Meeting were as under :

**ATTENDANCE**

<b><u>NAME OF DIRECTOR</u></b>	<b><u>BOARD MEETING</u></b>	<b><u>AGM</u></b>
Smt. Prem Lata Somani	5	Yes
Shri Nawneet Somani	5	Yes
Shri Vishnu K. Mundra	5	Yes
Shri Virendra Krishnia*	5	Yes
Shri Vikas Khator*	5	Yes



**3. AUDIT COMMITTEE**

The Audit Committee is one of the mandatory Committee as per clause 49 of the listing agreement with the stock exchanges. The Audit Committee met four times on 28th April 2007, 30th July 2007, 27th Oct. 2007 and 29th Jan, 2008 during the financial year 2007-2008.

The Committee consists of following Directors and the attendance of each member of the Committee is given below. :

Name	Designation	Committee Meetings attended
Mr. Virendra Krishnia	Chairman	2
Mr. Vikas Khator	Member	2
Mr. Nawneet Somani	Member	4
Smt. Prem Lata Somani	Member	3
Mr. Vishnu Kant Mundra	Member	3

All the meetings of the Audit Committee were attended by the representatives of the statutory auditors of the Company.

**Terms of reference of the Audit Committee include the following :**

- To oversee the Company's financial information disclosure, review the adequacy of internal control systems.
- To hold periodic discussions with the Statutory Auditors or the Company concerning the accounts of the Company, internal control systems and observations of the auditors.
- To review the un-audited financial statements before submission to the Board.
- To investigate into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the company and also seek external professional advice, if necessary.
- To have full access to information contained in the records of the company.
- The recommendations of the Audit Committee on any matter relating to financial management including the audit report shall be binding on the Board.
- To make recommendations to the Board on any matter relating to the financial management of the Company including the Audit Report.

**4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

The Board of the Company has constituted a Shareholders'/Investors' Grievance Committee comprising of Shri Nawneet Somani, Chairman with Shri Virendra Krishnia and Shri Vikas Khator as member. Terms of reference for the investor Grievance Committee are as below :-

- (a) investors relations and redressal of Shareholders' grievance in general and relating to non-receipt of dividend's, interest, non-receipt of balance sheet etc. and
- (b) Such other matters as may be from time to time be required by any statutory, Contractual or other regulatory requirements to be attended to by such committee.

**5. CODE OF CONDUCT**

The Board of Directors has adopted the code of conduct for Director & Senior Management. The said code has been confirmed.

**6. MANAGEMENT DISCUSSION AND ANALYSIS**

As required by clause 49 of the Listing Agreement, the Management Discussion and Analysis is provided elsewhere in the Annual Report.

**7. CEO/CFO CERTIFICATION**

As required by clause 49 of listing agreement, the CEO/CFO Certification is provided elsewhere in the Annual Report.

**8. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

As required' by clause 49 of the listing agreement, the auditor's certificate is obtained and provided in the Annual Report.

**9. GENERAL BODY MEETINGS**

The location and time of the Annual General Meeting held during the last 3 years are as follows :

Fin. Year	Date	Time	Venue
2004-05	02.09.2005	11.30 am	42, Jai Jawan Colony, J.L.N. Marg, JAIPUR
2005-06	27.09.2006	11.30 am	42, Jai Jawan Colony, J.L.N. Marg, JAIPUR
2006-07	27.09.2007	11.30 am	42, Jai Jawan Colony, J.L.N. Marg, JAIPUR

**10. DISCLOSURES**

Related party disclosures as required by AS-18 issued by the institute of Chartered Accountants of India, are given in the notes of accounts forming part of this annual report.

**11. MEANS OF COMMUNICATION**

The annual, half-yearly and quarterly results are regularly submitted to the Stock Exchange and published in newspaper in accordance with the listing Agreement.

**12. GENERAL SHAREHOLDER INFORMATION****a) Annual General Meeting**

Day & Date : Friday, 26th Sep. 2008

Venue : 42, Jai Jawan Colony, J.L.N. Marg, JAIPUR

**b) Financial Calendar**

Financial reporting for ..... Following Months

Quarter ending June 30, 2008 ..... July, 2008

Half Year ending Sept. 30, 2008 ..... October, 2008

Quarter ending December 31, 2008 ..... January 2009

For the year ending March, 2009 ..... April 2009

Annual General Meeting for the year ending March, 2009 ..... Sept. 2009

c) **Date of Closure**

20.09.2008 to 26.09.2008 (both days inactive)

d) **Dividend Payment Date**

Not Applicable

e) **Registered Office**

5A, Tilak Bhawan, 5th Floor, Tilak Marg, C-Scheme, Jaipur-302 005

f) **Listing of Stock Exchange**

The Stock Exchange, Mumbai Code (530669)

g) **Stock Market Data**

There was no trading of Company's shares at the exchange during the year.

h) **Registrar and Transfer Agent**

In house transfer

i) **Distribution of Shareholding as on 31st March, 2008**

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
0-5000	2078	70.393	5492000/-	16.625
5001-10000	486	16.463	3927000/-	11.888
10001-20000	209	7.080	3124000/-	9.457
20001-100000	157	5.319	6371000/-	19.286
above-100000	22	0.745	14120000/-	42.744
	<u>2952</u>	<u>100</u>	<u>33034000/-</u>	<u>100</u>

Categories of shareholders as on 31st March 2008

Categories	No. of Shares	Amount in Rs.	%
1. Promoter	996700	9967000/-	30.1719
2. Body Corporate	136300	1363000/-	4.1261
3. Mutual funds	150000	1500000/-	4.5408
4. Public-Indian	1996900	19969000/-	60.4498
5. Non Resident Indian	23500	235000/-	0.7114
	<u>3303400</u>	<u>33034000</u>	<u>100</u>

j) **Dematerialisation of Shares**

As per the notification issued by the Securities and Exchange Board of India (SEBI), Company's shares are under compulsory demat category. For this purpose the Company has started its efforts and will comply with shortly.

k) **Share Transfer System**

Company has an In-house share transfer system and all the Share Certificates lodged with the Company are duly treated in accordance with the provisions of the Companies Act, 1956.

l) **Outstanding GDRs/ADRs/Warrants or any convertible Instruments :**

NIL

m) **Investor Correspondence**

Mr. Bajrang Sharma acts as the compliance officer of the company, address for investors correspondence is 5A, Tilak Bhawan, 5th Floor, Tilak Marg, C-Scheme, Jaipur-302 005.

**DECLARATION BY CEO**

As provided in clause 49 of the Listing Agreement with Stock Exchange the directors and Senior Management personnel have confirmed continuous compliance with code of conduct for the year ended 31.03.2008.

**ON BEHALF OF THE BOARD**  
**For PREM SOMANI FINANCIAL SERVICES LIMITED**

**PLACE : JAIPUR**  
**DATED : August 22, 2008**

  
**(NAWNEET SOMANI)**  
Director

  
**(PREM LATA SOMANI)**  
Director

**CERTIFICATE UNDER CLAUSE 49 (V)**

We, Nawneet Somani and Prem Lata Somani, Director of Prem Somani Financial Services Limited, to the best of our knowledge and belief, certify that :

- (a) We have reviewed financial statement and the cash flow statement for the year and that to the best of their knowledge and belief :
  - (i) These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
- (d) We further certify that :
  - (i) There was no significant change in internal control system during the year;
  - (ii) There was no significant change in accounting policies during the year; and
  - (iii) There was no instance of significant fraud during the year.

ON BEHALF OF THE BOARD  
For **PREM SOMANI FINANCIAL SERVICES LIMITED**

PLACE : JAIPUR  
DATED : August 22, 2008

  
(**NAWNEET SOMANI**)  
Director

  
(**PREM LATA SOMANI**)  
Director

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The management of Prem Somani Financial Services Limited is pleased to present its report analyzing the Company's operations. The report contains expectations of the Company's business based on the current market trends.

### **BUSINESS ORGANIZATION**

The Company is into the field of Financial Services, Investments etc.

### **INDUSTRY STRUCTURE AND DEVELOPMENT IN THE INDUSTRY**

Although Financial Services Industry is amongst the oldest industries in India but it is not growing very rapidly. It is an industry, which has evolved into a highly competitive and innovative driven industry, characterized by the presence of various sizes of players varying from solo-operators to small-to-medium sized niche players as well as established big players operating in different spaces in the entire spectrum of services.

### **OPPORTUNITIES AND THREATS**

Revival of stock markets and bullish sentiments appears to be opportunity for the company. Tough competition, slow economic growth and depressed stock markets seems to be the biggest threats to the industry.

### **PERFORMANCE OF THE COMPANY**

During the year under review, Company's performance was not upto the mark. However, The Board of Directors of the Company is determined to show a better performance in the years to come.

### **OUTLOOK**

Looking at good market sentiments steep rise is expected in near future. As a result, stock market will boost up and the Company is expected to show a better performance in the years to come.

### **RISK & CONCERNS**

Tough competition, slow economic growth, rapid changing statutes and regulatory framework, etc. are the major risk areas in the Company's business. By using our experience we hope to perform better in the year to come in spite of these risks.

### **INTERNAL CONTROL SYSTEM & THEIR ADEQUACY**

The Company had adequate internal control system commensurate with its size and nature of business.

### **FINANCIAL & OPERATIONAL PERFORMANCE**

During the Financial Year 2007-2008, Company suffered net Loss of Rs. 570001.61 as compared to Net Profit of Rs. 609989.10 in the Previous financial year. However it should be noted that Loss for current year includes 587373.00 on account of Provision for Deferred Tax assets written back and provision for FBT Rs. 521.00/-.

### **DEVELOPMENT IN HUMAN RESOURCES**

The company has formulated a personnel policy.

**AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE**

To,

The Members of

**PREM SOMANI FINANCIAL SERVICES LIMITED  
JAIPUR**

We have reviewed the records concerning the Company's compliance conditions of Corporate governance as stipulated in clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2008.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review, in our opinion, the company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For V. BANJAR & CO.**  
Chartered Accountants

**(SUSHIL KUMAR JALAN)**  
Partner  
Membership No. 73170

**PLACE : JAIPUR  
DATED : August 22, 2008**

**AUDITOR'S REPORT**  
**TO THE MEMBERS OF PREM SOMANI FINANCIAL SERVICES LTD.**

1. We have audited the attached Balance Sheet of **PREM SOMANI FINANCIAL SERVICES LTD.** as at **31<sup>st</sup> March 2008** and also the related Profit & Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As per the provisions of the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 we enclose in the annexure a statement on the matters specified in paragraph 4 & 5 of the said order.  
**Further we report that :**
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
  - (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.
  - (c) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account:
  - (d) In our opinion, The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3c) of the Companies act, 1956;
  - (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2008 and taken on record by the Board of Directors. We report that none of the Directors is disqualified as on 31<sup>st</sup> March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our Opinion and to the best of our information and according to the explanations given to us, the said account give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principals generally accepted in India :
    - (i) In the case of Balance Sheet, of the state of affairs of the Company as at **31<sup>st</sup> March, 2008**;
    - (ii) In the case of Profit & Loss Account, of the **Profit** for the period ended on that date.
    - (iii) In the case of Cash flow statement, of the cash flows for the year ended on that date.

For **V. BANGAR & CO.**  
Chartered Accountants

**(SUSHIL KUMAR JALAN)**  
Partner  
Membership No. 73170

PLACE : JAIPUR  
DATED : August 22, 2008



**ANNEXURE**

Referred to in paragraph 3 of the Auditors Report of M/s. PREM SOMANI FINANCIAL SERVICES LIMITED, JAIPUR, on the accounts for the year ended on 31<sup>st</sup> March 2008.

1. a. The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.  
b. The assets have been physically verified by the Management in accordance with a phased programmed of verification, which in our opinion, is reasonable, considering the size and the nature of the business. The frequency of verification is reasonable and no discrepancies were noticed on such physical verification.  
c. In our opinion the company has not disposed off a substantial part of its fixed assets during the year and the going concern assumption of the Company is not affected.
2. Since the company has no inventory there was no requirement for physical verification of inventory.
3. The company has neither taken nor granted any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained U/s 301 of the Act.
4. There are adequate internal control systems commensurate with the size of the Company and the nature of its business. Further during the course of our audit, we have not observed any major weaknesses in internal control.
5. The Transactions that needs to be entered into register in pursuance of section 301 of the Act have been so entered.
6. The Company has not accepted deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the company.
9. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, and any other statutory dues with the appropriate authorities. As on 31<sup>st</sup> March, 2008, there were no arrears of undisputed outstanding statutory dues for a period of the more than six months from the date they became payable.
10. Accumulated losses at the end of financial year are not more than 50% of net worth of the company. The company has incurred cash loss in the financial year as well as in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. In our opinion, the Company is not a chit fund or a Nidhi/mutual benefit fund/society. Therefore, the provisions of clause (XIII) of paragraphs 4 of the aforesaid Order are not applicable to the Company.
13. Proper records have been maintained and timely entries have been made regarding dealing in or trading in shares, securities, debentures and other investments. All the shares, securities, debentures and other investments are held in the name of the company itself or lying with NSE/BSE Broker or margin or otherwise.
14. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
15. There were no terms loans taken by the company during the financial year.
16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long- term investments or vice-versa.
17. The company has not raised any money by issue of share during the year therefore; the provisions of clause (XVIII) of paragraph 4 of the aforesaid order are not applicable to the company.
18. The company has not issued any debentures during the year under audit; accordingly, the provisions of clause (XIX) of paragraph 4 of the aforesaid Order are not applicable to the company.
19. The company has not raised any money by way of public issue during the year, Therefore, the provisions of clause (XX) of paragraph 4 of the aforesaid Order are not applicable to the company.
20. During the course of our examination of the books of account carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the company, nor has the Management informed us of any such case.

For **V. BANGAR & CO.**  
Chartered Accountants

**PLACE : JAIPUR**  
**DATED : August 22, 2008**

**(SUSHIL KUMAR JALAN)**  
Partner  
Membership No. 73170

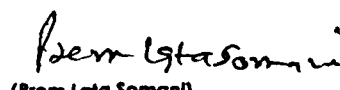
## BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCH.		AS AT 31.03.2008		AS AT 31.03.2007
<b>SOURCES OF FUNDS</b>					
<b>Shareholder's Funds</b>					
(a) Share Capital	I	33034000.00		33034000.00	
(b) Reserves & Surplus	II	871997.82		871997.82	
			33905997.82		33905997.82
<b>Loan Funds</b>					
(a) Secured Loans		0.00		0.00	
(b) Unsecured Loans		0.00	0.00	0.00	0.00
Total Funds Employed			33905997.82		33905997.82
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>	III				
Gross Block		1315148.80		1280648.80	
Less: Depreciation		757387.21		688633.56	
Net Block			557761.59		592015.24
Investments	IV		14168388.55		14168388.55
Deferred Tax Assets Created			210877.00		798250.00
<b>Current Assets, Loans &amp; Advances</b>					
(a) Current Assets	V	584739.40		215948.40	
(b) Loan & Advances	VI	11557842.63		11727344.69	
		12142582.03		11943293.09	
<b>Less: Current Liabilities and Provisions</b>					
Current Liabilities	VII	16650.00		36650.00	
Provisions	VIII	4806702.00		4639038.10	
		4823352.00		4675688.10	
Net Current Assets			7319230.03		7267604.99
Miscellaneous Expenditure (to the extent not written off or adjusted)			0.00		0.00
Profit & Loss Account			11649740.65		11079739.04
Significant Accounting Policies & Notes on Accounts	XI				
			33905997.82		33905997.82

For and on behalf of the Board of Directors  
For PREM SOMANI FINANCIAL SERVICES LIMITED

As per our attached Report of even date  
For V. BANGAR & CO.  
Chartered Accountants

  
(Nawneer Somani)  
Director

  
(Prem Lata Somani)  
Director

(Sushil Kumar Jalan)  
Partner  
Membership No. 73170

Place : Jaipur  
Dated : August 22, 2008

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

PARTICULARS	SCH.		AS AT 31.03.2008	AS AT 31.03.2007
<b>INCOME</b>				
Income from Operation	IX	523285.94		146598.11
Prov. For Diminution in Investment		0.00		1520362.00
Rent Received		110000.00	633285.94	58000.00
Total			633285.94	1724960.11
<b>EXPENDITURE</b>				
Administrative and Other Expenses	X	379093.00		376855.25
Prov. For Sub-Stand. Assets & Loss Assets		5087.00		538338.00
Prov. For Diminution in Investment		162449.90		0.00
Depreciation		68753.65		81683.76
			615383.55	996877.01
Profit/(Loss) before Tax			17902.39	728083.10
Provision for Taxation			0.00	0.00
Provision for FBT			531.00	404.00
Deferred Tax Assets W/Back			587373.00	117690.00
Profit after Tax			-570001.61	609989.10
Transfer to Special Reserve			0.00	121997.82
Balance Brought forward from last year			-11079739.04	-11567730.32
Profit available for Appropriation			-11649740.65	-11079739.04
Appropriation			0.00	0.00
Balance Carried to the Balance Sheet			-11649740.65	-11079739.04
Basic/ Diluted Earning Per Share			-0.17	0.18
Significant Accounting Policies & Notes on Accounts	XI			

For and on behalf of the Board of Directors  
For PREM SOMANI FINANCIAL SERVICES LIMITED

As per our attached Report of even date  
For V. BANGAR & CO.  
Chartered Accountants

(Nawin Somanl)  
Director

(Prem Lata Somanl)  
Director

(Susil Kumar Jalan)  
Partner  
Membership No. 73170

Place : Jaipur  
Dated : August 22, 2008

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2008

	PARTICULARS	As at 31.03.2008 (Rs. in 000)	As at 31.03.2008 (Rs. in 000)	As at 31.03.2007 (Rs. in 000)	As at 31.03.2007 (Rs. in 000)
		Sub Items	Main Items	Sub Items	Main Items
A.	<b>Cash Flow From Operating Activities</b>				
	Net Profit (Loss) before Tax & extra ordinary Items		17902.39		728083.10
	Adjustments for				
	Depreciation	68753.65		81683.76	0.00
	Loss on Sales of Assets			1335.00	
	Misc. Expenses / W/off				
	Prov. For Dimunition of Investments	162449.90		(1520362.00)	0.00
	Prov. For Subsstandard Assets, loss Assets W/back				
	Prov. For Subsstandard Assets, loss Assets	5087.00		538338.00	
	FBT Paid	(404.00)			
	Operating Profit before Working Capital Charges		253788.94		(170922.14)
	(Increase) Decrease in Loans and Advances		169502.06		(945192.00)
	(Increase) Decrease in Other Current Assets		(105114.00)		39507.00
	Increase (Decrease) in Current Liabilities		(20000.00)		26340.00
	Net Cash From Operating Activities		298177.00		(1050267.14)
B.	<b>Cash Flow from Investing Activities</b>				
	Purchase/ Sale of Investments				806482.00
	Purchase/ Sale of Fixed Assets		(34500.00)		2900.00
	Net Cash used in Investing Activities		(34500.00)		809382.00
C.	<b>Cash Flow from Financing Activities</b>				
	Net Cash Flow from Financing Activities		0.00		0.00
D.	<b>Net Increase (Decrease) In</b>				
	Cash & Cash Equivalents (A+B+C)		263677.00		(240885.14)
	Cash & Cash Equi. At the beginning of the Year		43996.40		284881.54
	Cash & Cash Equi. At the Closing of the Year		307673.40		43996.40

## AUDITORS CERTIFICATE

We have verified the above Cash Flow Statement of PREM SOMANI FINANCIAL SERVICES LIMITED, derived from the audited financial statements for the year ended March 31st, 2008 and found the same to be drawn in accordance therewith and also with the requirements of clause 32 of the listing agreement with the Stock Exchange.

For V. BANGAR & CO.  
Chartered Accountant

PLACE : JAIPUR  
DATED : August 22, 2008

(SUSHIL KUMAR JALAN)  
Partner  
Membership No. 73170

## SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 08

PARTICULARS	As At 31.03.2008 Amount in Rs	As At 31.03.2007 Amount in Rs
<b><u>SCHEDULE- I</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>AUTORISED</u></b>		
7000000 Eq. Shares of Rs. 10/- each	70000000.00	70000000.00
<b><u>Issued Subscribed and Paid-Up</u></b>		
3303400 Equity Shares of Rs. 10/- each fully paid up	33034000.00	33034000.00
	<b>33034000.00</b>	<b>33034000.00</b>
<b><u>SCHEDULE- II</u></b>		
<b><u>RESERVE &amp; SURPLUS</u></b>		
Security Premium	750000.00	750000.00
Special Reserve	121997.82	121997.82
	<b>871997.82</b>	<b>871997.82</b>
<b><u>SCHEDULE- V</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash Balance in Hand	103181.16	2714.16
Balance with Scheduled Bank in current a/c	204492.24	41282.24
Security Deposit	7500.00	7500.00
TDS Receivable (A.Y.2005-06)	56453.00	56453.00
TDS (A.Y. 2008-09)	97986.00	0.00
TDS Receivable (A.Y.2007-08)	107449.00	107499.00
FBT Refundable (A.Y.2007-08)	96.00	500.00
Securities Transaction Tax Paid	7582.00	0.00
	<b>584739.40</b>	<b>215948.40</b>
<b><u>SCHEDULE-VI</u></b>		
<b><u>LOANS &amp; ADVANCES</u></b>		
Advances recoverable in cash or in kind or for value to be received		
A.L. Lalporiya	824180.00	551075.00
Arthant Vehicles Pvt. Ltd.	624928.00	565768.00
Arvind Tanwar	113677.00	701677.00
Kailash Chand Yadav	1086781.00	1136781.00
Kamal Kumar Kabra	0.00	400000.00
Kishan Kabra & Associates	0.00	200000.00
Meena Yadav	104692.00	104692.00
Marudhar Hospital	100000.00	0.00
Nitin	272168.00	272168.00

PARTICULARS	As At 31.03.2008 Amount in Rs	As At 31.03.2007 Amount in Rs
Om Shanker Dhamani	50792.00	50792.00
OTCI	450000.00	450000.00
Pramod Somani	351789.00	420002.00
Prem Somani Share Brokers Pvt. Ltd.	5847026.63	6054194.69
Radha Govind	210710.00	0.00
Ranjana Somani	457742.00	417742.00
Uma Laxmi International	958774.00	897870.00
Vinod Yadav	104583.00	104583.00
	<b>11557842.63</b>	<b>11727344.69</b>
<b><u>SCHEDULE- VII</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Audit Fees Payable	10000.00	10000.00
Corp. Governance Certification Fees Payable	1650.00	1650.00
Advance Rent	0.00	20000.00
Other liabilities	5000.00	5000.00
	<b>16650.00</b>	<b>36650.00</b>

**SCHEDULE OF FIXED ASSETS AS AT 31.03.08 AND DEPRECIATION FOR THE YEAR 31.03.08 AS PER SCHEDULE XIV TO THE COMPANIES ACT, 1956**

**SCHEDULE - III**

PARTICULARS	Rate of Dep.	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As On 01.04.07	Addition	Deduction	As On 31.03.08	As on 31.03.07	during the year	Adjustment	As at 31.03.08	As On 31.03.08	As On 31.03.07
A.C.	13.91	80554.00	34500.00	0.00	115054.00	66390.47	2338.29	0.00	68728.76	46325.24	14163.53
Building	10.00	900000.00	0.00	0.00	900000.00	368560.80	53143.92	0.00	421704.72	478295.28	531439.20
Computer	40.00	108810.00	0.00	0.00	108810.00	85257.00	9421.20	0.00	94678.20	14131.80	23553.00
Fax Machine	13.91	48460.00	0.00	0.00	48460.00	41602.93	953.80	0.00	42556.73	5903.27	6857.07
Furniture & Fixtures	18.10	142824.80	0.00	0.00	142824.80	126822.36	2896.44	0.00	129718.80	13106.00	16002.44
<b>TOTAL</b>		<b>1280648.80</b>	<b>34500.00</b>	<b>0.00</b>	<b>1315148.80</b>	<b>688633.56</b>	<b>68753.65</b>	<b>0.00</b>	<b>757387.21</b>	<b>557761.59</b>	<b>592015.24</b>
<b>PREVIOUS YEAR FIGURES</b>		<b>1399386.80</b>	<b>0.00</b>	<b>118738.00</b>	<b>1280648.80</b>	<b>721452.80</b>	<b>81683.76</b>	<b>114503.00</b>	<b>688633.56</b>	<b>592015.24</b>	<b>677934.00</b>



## Detail of Investment - Shares &amp; Debentures 2007-2008

## SCHEDULE-IV

## A. QUOTED, EQUITY, LONG TERM, TRADE

S. No.	Name of Script	Face Value	QTY 31.03.2008	Amount 31.03.2008	QTY 31.03.2007	Amount 31.03.2007
1	Bhuvan Tripura Ltd.	1.00	117000.00	162393.75	117000.00	162393.75
2	BMB Music & Magnetics Ltd.	10.00	31000.00	1206019.23	31000.00	1206019.23
3	Dabur India Ltd.	1.00	1000.00	54161.01	1000.00	54161.01
4	Electroflame Ltd.	10.00	4500.00	18750.00	4500.00	18750.00
5	Emkay Aromatics Ltd.	10.00	16400.00	164000.00	16400.00	164000.00
6	Fisherman Inorganic Ltd.	10.00	33700.00	168500.00	33700.00	168500.00
7	Gateway Fin. Corp. Ltd.	10.00	5600.00	50400.00	5600.00	50400.00
8	Global Finance Ltd.	10.00	67811.00	1432168.32	67811.00	1432168.32
9	Indergiri Finance Ltd.	10.00	121000.00	1208518.00	121000.00	1208518.00
10	Informatic. Tech Ltd.	10.00	1495.00	14242.19	1495.00	14242.19
11	KJ International Ltd.	10.00	15400.00	192500.00	15400.00	192500.00
12	Mafatlal Finance Ltd.	10.00	2500.00	163087.02	2500.00	163087.02
13	Malvika Steel Ltd.	10.00	14500.00	145000.00	14500.00	145000.00
14	NEPC Agro Food Ltd.	10.00	2023.00	3956.70	2023.00	3956.70
15	NEPC Textiles Ltd.	10.00	4880.00	13802.82	4880.00	13802.82
16	Padmini Tech. Ltd.	10.00	5000.00	20250.00	5000.00	20250.00
17	Prakash Solvents Ltd.	10.00	12000.00	80040.00	12000.00	80040.00
18	Pretto Leather Ltd.	10.00	5000.00	50000.00	5000.00	50000.00
19	Solarsons Industries Ltd.	10.00	1500.00	33661.83	1500.00	33661.83
20	Supreme Conductors Ltd.	10.00	42400.00	598323.53	42400.00	598323.53
21	Tai Chang Bang Textiles Ltd.	10.00	10000.00	86749.74	10000.00	86749.74
22	UNI Legwear Ltd.	10.00	58800.00	329332.41	58800.00	329332.41
23	Union Bearing Ltd.	10.00	89500.00	447500.00	89500.00	447500.00
24	Vita Biotech Ltd.	10.00	7000.00	35282.00	7000.00	35282.00
				6678638.55		6678638.55

## B. LONG TERM INVESTMENT (OTHER THAN TRADE)

1	KBC International Pvt. Ltd.	10.00	50000.00	500000.00	50000.00	500000.00
2	Prem Somani Share Brokers Pvt. Ltd.	10.00	509000.00	5090000.00	509000.00	5090000.00
3	Rajasthan Buildtech Services Pvt. Ltd.	10.00	50000.00	500000.00	50000.00	500000.00
4	Somani Securities Ltd.	10.00	139975.00	1399750.00	139975.00	1399750.00
				7489750.00		7489750.00
	Total A+B			14168388.55		14168388.55

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 08		
PARTICULARS	As At 31.03.2008 Amount in Rs.	As At 31.03.2007 Amount in Rs.
<b><u>SCHEDULE- VIII</u></b>		
<b><u>PROVISION</u></b>		
Provision for Diminution in Investment	4211954.00	4049504.10
Provision for Sub- Standard, Doubtful & Loss Assets	594217.00	589130.00
Provision for Income Tax (MAT)	0.00	0.00
Provision for FBT	531.00	404.00
	<b>4806702.00</b>	<b>4639038.10</b>
<b><u>SCHEDULE- IX</u></b>		
<b><u>INCOME FROM OPERATIONS</u></b>		
Interest (Including TDS Rs. 97986/- P.Y. Rs. 107499/-)	742126.00	675634.00
Profit/(Loss) in dealing in Shares & Securities	(218840.06)	(529035.89)
Dividend Received	0.00	0.00
	<b>523285.94</b>	<b>146598.11</b>
<b><u>SCHEDULE- X</u></b>		
<b><u>ADMINISTRATION AND OTHER EXPENSES</u></b>		
Advertisement Exp.	1500.00	2416.00
AGM Exp.	8700.00	6940.00
Audit Fees	10000.00	10000.00
Bank Charges	492.00	631.25
Courier & Postage Exp.	28407.00	27662.00
Demat Charges	800.00	0.00
Electricity Exp.	5568.00	6453.00
Filing Fees	0.00	3500.00
Internal Audit Fees	5000.00	5000.00
Legal & Professional Expenses	1650.00	16996.00
Listing Fees	10000.00	20000.00
Loss on Sale of Assets	0.00	1335.00
Office Exp.	8277.00	8658.00
Payments and Provision for employees	221500.00	214000.00
Printing and Stationery	47500.00	22892.00
Refrehment Expenses	4499.00	0.00
Rent	18000.00	18000.00
Staff Welfare Exp.	0.00	6372.00
Travelling & Conveyance	7200.00	6000.00
	<b>379093.00</b>	<b>376855.25</b>
<b><u>BANK ACCOUNT</u></b>		
Andhra Bank	7166.24	7346.24
Federal Bank	91626.31	17456.31
Hdfc Bank	105699.69	16479.69
	<b>204492.24</b>	<b>41282.24</b>

REGD. OFFICE : 3A, TILAK BHAWAN, 5TH FLOOR, TILAK MARG, C-SCHEME, JAIPUR-302 005

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

#### **A. SIGNIFICANT ACCOUNTING POLICIES:**

##### **1. Basis of Preparation of Financial statement:**

The accounting Financial Statements are prepared in accordance with generally Accepted Accounting Principles (GAAP) In India under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards issued by the institute of chartered accountants of India (ICAI) and the provision of Companies Act 1956. These accounting policies have been consistently applied, except where newly issued accounting standards are initially adopted by the company. Management evaluates the effect of accounting standard issued on an on-going basis and ensures they are as mandatory by the ICAI.

##### **2. Revenue recognition**

The company follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

##### **3. Fixed assets and Depreciation**

- a) Fixed Assets are recorded at cost of acquisition inclusive of all relevant levies and other incidental expenses less depreciation.
- b) Depreciation of Fixed Assets has been provided on Written Down Method as prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on Addition during the year has been provided on pro-rata basis for the period of usage.

##### **4. Investments**

All investments held by the Company are treated as long term investments and provision is made in the case of permanent diminution in the market value of Investments. Investments are generally valued at Cost.

##### **5. Income in respect of Non Performing Assets:**

Income is not recognized in respect of non-performing Assets as per the guidelines on prudential norms prescribed by the RBI. The Company has made provision against NPA as per the guidelines on prudential norms prescribed by RBI.

##### **6. Earning per Share**

In determining earning per share, the company considers the net profit after tax. The number of shares used in computing earning per share is the weighted average number of shares outstanding during the period.

	31.03.2008	31.03.2007
a) Numerator: Profit after Tax Rs.	(570001.61)	609989.10
b) Denominator: No. Of Equity Shares	3303400	3303400
c) Basic/Diluted Earning per Share	(0.17)	0.18

##### **7. Cash Flow Statement**

Cash flow are reported using the indirect method, thereby profit before tax is adjusted for the effects of transactions of a non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating financing and investing activities of the company are segregated.

**8. Impairment of Assets**

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

During the year under consideration, there was no indication, either internal or external as to the impairment of any of the assets.

9. Previous year figures have been regrouped and rearranged wherever necessary.

10. Auditors remuneration is paid on account of following:

	31.03.2008	31.03.2007
Statutory Audit Fees	10000.00	10000.00
For Other Services	1650.00	1650.00

11. There were no employee whose remuneration was in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956.

12. Balances of Sundry debtors, creditors and loans & advance are subject to confirmation.

13. Loans & Advances includes Rs. 5847026.63 Due from Prem Somani Share Brokers Pvt. Ltd., Company in which directors are interested.

14. In opinion of the Board of Directors the aggregate value of current assets, loans & advances on realisation in ordinary course of business shall not be less than the amount at which these are stated in the Balance Sheet.

15. Segment Reporting as defined in AS-17, is not applicable to the company as the company has determined only one business segment i.e. Financial Services and only one geographic segment i.e. India. However, for the current year the Company had Rental Income on Building.

16. Current year's tax is determined as the amount of tax payable in respect of taxable income for the current year in accordance with provisions of Income Tax Act, 1961. Deferred Tax, as required in AS-22 issued by ICAI is recognized subject to consideration of prudence in respect of deferred tax assets, on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are calculated as under:

S.No.	PARTICULARS	AMOUNT
1	<b>Deferred Tax Liabilities</b>	137618.00
	Due to difference in rate of Depreciation	
	<b>Total (A)</b>	<b>137618.00</b>
2	<b>Deferred Tax Assets</b>	
	i) Due to carried forwarded of losses as per the Income Tax Act, 1961	257303.00
	ii) Due to unabsorbed Depreciation as per the Income Tax Act, 1961	91192.00
	<b>Total (B)</b>	<b>348495.00</b>
3	<b>Net Deferred Tax (Liability)/ Asset [(A) – (B)]</b>	<b>210877.00</b>
4	Opening Deferred Tax (Liability)/ Asset	798250.00
	Add: Amount of Deferred Tax Assets W/back in current year	587373.00
	<b>Net Deferred Tax Liability as on 31.03.2008 (as per Balance Sheet)</b>	<b>210877.00</b>

**PREM SOMANI FINANCIAL SERVICES LIMITED ANNUAL REPORT**

17. Related Party Disclosures as required by AS-18 are as under:

**(A) List of Related Parties :**

- |    |                                     |   |                       |
|----|-------------------------------------|---|-----------------------|
| 1. | Prem Somani & Associates            | - | Director's Prop. Firm |
| 2. | Prem Somani Share Brokers Pvt. Ltd. | - | Associate Company     |
| 3. | Somani Securities Ltd.              | - | Associate Company     |
| 4. | Rajasthan Sec. Ser. Pvt. Ltd.       | - | Associate Company     |

**(B) Transaction with related parties:**

Name of the Related Party	Name of Transaction during the year/year end Balance	Volume of Transaction	O/s as on 31.03.2008
Prem Somani & Associates	Rent Paid	18000.00	00.00
Prem Somani Share Brokers Pvt. Ltd.	Unsecured Loan Recoverable	207168.06	5847026.63
Prem Somani Share Brokers Pvt. Ltd.	Intt. Recd.	244652.00	00.00

19. On the basis of information available, there are no outstanding dues to SSI undertakings.
20. There was no employee of the company during the year drawing remuneration @ Rs. 2400000/- P.A. or more if employed for whole of the year of Rs. 200000/- P.M. more if employed for part of the year.
21. Foreign Exchange Earning : Nil  
Foreign Exchange Outgo : Nil  
(incurred for Foreign Travel)

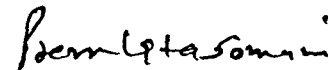
For Prem Somani Financial Services Ltd.

In terms of our audit report of even date attached  
For V. BANGAR & CO.  
Chartered Accountants



(NAWNEET SOMANI)

Director



(PREM LATA SOMANI)

Director

(SUSHIL KUMAR JALAN)

Partner

Membership No. 73170

PLACE : JAIPUR

DATED : August 22, 2008

**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**

**i. Registration Details**

State Code	17		
Registration No.	:	006220	
Balance Sheet Date	:	31	03 2008
		Date	Month Year

**ii Capital raised during the year (Amount in Rs. Thousands)**

Private Placement (Promoters Contribution)

**iii Position of Mobilisation and Deployment of funds**

(Amount in Rs. Thousand)

**Total Liabilities**

38729.349

**Sources of funds**

Paid up Capital

33034.000

Secured Loans

Nil

**Application of Funds**

Net Fixed Assets

557.762

Net Current Assets

7319.230

Accumulated Losses

11649.740

**Total Assets**

38729.349

Reserve & Surplus

871.998

Unsecured Loans

Nil

Investment

14168.389

Misc. Expenditure

Nil

**iv Performance of Company (Amount in Rs. Thousands)**

Turnover/ Other Income

633.286

Profit before tax

17.902

Earning per share in Rs.

(0.17)

Total Expenditure

615.384

Profit after tax

(570.002)

Dividend rate %

—

**v Generic Names of three Principal Products/ Services of Company (As Per monetary terms)**

ITC Code No.:

ON BEHALF OF THE BOARD  
For PREM SOMANI FINANCIAL SERVICES LIMITED

PLACE : JAIPUR  
DATED : August 22, 2008

  
(NAWNEET SOMANI)  
Director

  
(PREM LATA SOMANI)  
Director

**Prem Somani Financial Services Limited**

Registered Office : 5A, Tilak Bhawan, 5th Floor, Tilak Marg, C-scheme, Jaipur - 302 005

Regd. Folio No.

No. of Shares held

**FORM OF PROXY**

I/We .....  
 of ..... a member/members of the above named  
 Company here by appoint .....  
 of ..... or, failing him/her .....  
 of ..... as my/our Proxy to attend and vote for me/us and on my/our  
 behalf to the 17th Annual General Meeting of the Company to be held on Friday the 26th Sep. 2008.  
 at 11:30 a.m. and at any adjournment thereof.  
 signed this.....day of..... 2008.

(Please  
 affix revenue  
 stamp)

**Signature**

Notes : The form in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

----- (tear here) -----

**Prem Somani Financial Services Limited**

Registered Office : 5A, Tilak Bhawan, 5th Floor, Tilak Marg, C-scheme, Jaipur - 302 005

Regd. Folio No.

No. of Shares held

**ATTENDANCE SLIP**

I Certify that I am registered shareholder / proxy for the registered shareholder of the Company.  
 I hereby record my presence at the 17th Annual General Meeting of the Company at 42, Jai Jawan Colony,  
 Scheme No. 3, J.L.N. Marg, Jaipur, on Friday, 26th Sep. 2008 at 11:30 am.

Members / Proxy name in BLOCK LettersSignature of the Proxy

Notes : 1. Please fill up this attendance slip and hand this over at the entrance of the meeting hall.  
 2. Members are requested to bring their copies of the Annual Report to the meeting.