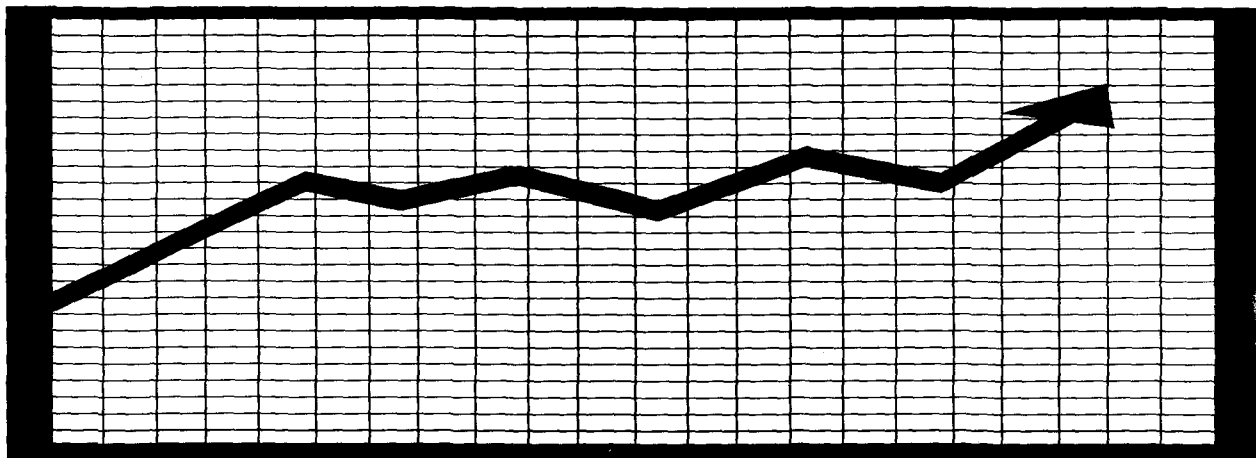


PREM SOMANI
FINANCIAL SERVICES LIMITED

20th ANNUAL REPORT



2010-2011

PREM SOMANI

FINANCIAL SERVICES LIMITED

Board Of Directors

SHRI NAWNEET SOMANI
SHRI V.K. MUNDRA
SHRI VIRENDRA KRISHNIA
SHRI VIKAS KHATOR
SMT. PREM LATA SOMANI

Auditors

S.MISRA & ASSOCIATES
Chartered Accountants
3C, IIIrd Floor
Tilak Bhawan, Tilak Marg,
Jaipur -302 005
Telefax (0141) 5104381/5104382

Bankers

HDFC Bank Ltd.
Andhra Bank Limited
The Federal Bank Limited

Registered Office

5A, Tilak Bhawan, 5th Floor,
Tilak Marg, C-scheme,
Jaipur-302005

NOTICE

NOTICE is hereby given that the 20th ANNUAL GENERAL MEETING of M/s PREM SOMANI FINANCIAL SERVICES LIMITED will be held on Wednesday, 21st September, 2011 at 11.30 A.M. at 42, JAI JAIWAN COLONY, SCHEME NO. 3, 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 **31st March 2011**, 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, he retires by rotation and being eligible offers himself for re-appointment.

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

“RESOLVED THAT pursuant to the provisions of Section 256 and other applicable provisions, if any, of the Companies Act, 1956, Shri Virendra Krishna, Director, who retires by rotation, be and is hereby re-appointed as a Director, liable to retire by rotation.”

3. To re-appoint a director in place of Shri Vikas Khator, who retires by rotation and being eligible offers himself for re-appointment.

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

“RESOLVED THAT pursuant to the provisions of Section 256 and other applicable provisions, if any, of the Companies Act, 1956, Shri Vikas Khator, Director, he retires by rotation, be and is hereby re-appointed as a Director, liable to retire by rotation.”

4. To re-appoint M/s S.Misra & Associates., 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 modifications the following resolution as an ordinary resolution

“RESOLVED THAT M/s S.Misra & Associates, 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


(Nawneet Somani)
Director

(Prem Lata Somani)
Director

Place: Jaipur
Dated: August 19, 2011

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY UNDER THE COMPANIES ACT, 1956. PROXIES IN ORDER TO BE VALID MUST BE DEPOSITED 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 Thursday 15th September 2011 to Wednesday 21st September 2011 (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


Nawneet Somani
Director

Prem Lata Somani
Director

Place: Jaipur
Dated: August 19, 2011

DIRECTORS REPORT

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

Dear Shareholders,

Your directors are pleased to present their 20th Annual Report on the Business and operations of Your Company and its working Results for the year ending 31st March 2011.

1. OPERATIONS

The Summarised financial highlights are as under:

Sr. No	Particular	As at 31.03.2011	As at 31.03.2010
1	Sales/ Income	8,49,878.46	7,81,915.51
2	Rent Received	93,500.00	-
3	Other Income/Excess Prov. W/ back	-	13,04,584.14
	Total Income	9,43,378.46	20,86,499.65
4	Total Expenditure	6,18,781.98	3,91,126.00
5	Operating Profit/(Loss)	3,24,596.48	16,95,373.65
6	Depreciation	50,601.57	55,539.00
7	Profit /(Loss) before Tax	2,73,994.91	16,39,834.65
8	Provision for Taxation	22047.00	-
9	Deferred Tax Assets Created/W/Back*	(10,880.44)	1,05,646.00
10	Profit/(Loss) after tax	2,62,828.35	15,34,188.65
11	Balance Carried Forward from last Year	(1,11,90,469.24)	(1,24,17,657.89)
12	Balance Carried to Balance Sheet	(1,09,50,206.56)	(1,11,90,469.24)

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

2. DIVIDEND

In view of the Carried forward losses and inadequate profit during the year, 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 EARNINGS 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 S Misra and Associates, Chartered Accountants have been reappointed by the Board of Directors to hold office till the conclusion of ensuing Annual General Meeting.

7. **AUDIT COMMITTEE:-**

Audit Committee consists following directors,

Mr. Virendra Krishna,

Chairman,

Mr. Vikas Khator,

Member,

Mr. Nawneet Somani

Member,

Meeting of the committee was held during the financial year in accordance with section 292A of the Companies Act, 1956

8. **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.

9. **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.

10. **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 affairs of the Company as 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.

11. **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.

12. **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.

13. **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 19, 2011


(NAWNEET SOMANI)
Director

(PREMLATA 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 DIRECTOS

The constitution of the Board is given below :

Directors	Executive/ Non-Execuive 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 Eight times during the year 01.04.2010 to 31.03.2011 on the following dates : 29.04.2010, 30.07.2010, 22.09.2010, 02.10.2010, 30.10.2010, 10.11.2010, 29.01.2011, 10.02.2011.

The company placed 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

Name of Director	Board Meeting	AGM
Smt. Prem Lata Somani	8	Yes
Shri Nawneet Somani	8	Yes
Shri Vishnu K. Mundra	8	Yes
Shri Virendra Krishnia*	8	Yes
Shri Vikas Khator*	8	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 29th April 2010, 30th July 2010, 30th Oct. 2010 and 29th Jan, 2011 during the financial year 2010-2011.

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

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

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 :

- a) To oversee the Company's financial information disclosure, review the adequacy of internal control systems.
- b) To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems and observation of the auditors.
- c) To review the un-audited financial statements before submission to the Board.
- d) 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.
- e) To have full access to information contained in the records of the company.
- f) The recommendations of the Audit Committee on any matter relating to financial management including the audit report shall be binding on the Board.
- g) 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 and 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
2007-2008	26.09.2008	11.30am	42, Jai Jawan Colony, JLN Marg, Jaipur
2008-2009	25.09.2009	11.30am	42, Jai Jawan Colony, JLN Marg, Jaipur
2009-2010	22.09.2008	11.30am	42, Jai Jawan Colony, JLN 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 : Wednesday, 21st Sept. 2011
 Venue : 42, Jai Jawan Colony, J.L.N. Marg, Jaipur

b) Financial Calendar

Financial reporting for Following Months
 Quarter ending June 30, 2011..... July, 2011
 Half Year ending Sept. 30, 2011 October, 2011
 Quarter ending December 31, 2011 January 2012
 For the year ending March, 2012 April 2012
 Annual General Meeting for the year ending March, 2012..... Sept. 2012

c) Date of Closure

15.09.2011 to 21.09.2011 (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 Date

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, 2009

Slab of Shareholding	Shareholders	%	Amount in Rs.	%
0-5000	2076	70.540	5399000/-	16.344
5001-10000	482	16.378	3895000/-	11.791
10001-20000	206	7.000	3085000/-	9.339
20001-100000	156	5.300	6349000/-	19.220
above-100000	23	0.782	14306000/-	43.306
	2943	100	33034000/-	100

Categories of shareholders as on 31st March 2009

Categories	No. of Shares	Amount of 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
	3303400	33034000	100

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 31.03.2011.

ON BEHALF OF THE BOARD

For **PREM SOMANI FINANCIAL SERVICES LIMITED**

PLACE : JAIPUR
DATED : August 19, 2011


(**NAGNEET 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 statements and the cash flow statement for the year and that to the best of their knowledge and belief :
 - (i) These statements 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.

For PREM SOMANI FINANCIAL SERVICES LIMITED


(Nawneet Somani)
Director

(Prem Lata Somani)
Director

Place : Jaipur
Dated : August, 19, 2011

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 statues 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 2010-2011, Company earned net Profit of Rs. 262,828.35 as compared to Net Profit of Rs. 1534188.65 in the Previous financial year. However it should be noted that Loss for current year includes 10880.44 on account of Provision for Deferred Tax assets.

DEVELOPMENT IN HUMAN RESOURCES

The company has formulated a personnel policy.

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To,

The Members of

PREM SOMANI FINANCIAL SERVICES LIMITED
JAIPUR

We have examined the records with respect to the compliance of Corporate Governance by PREM SOMANI FINANCIAL SERVICES LIMITED ("the Company"), for the financial year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the 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.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement. As per the records of the Company, there were no pending Investor grievances remaining unattended for a period exceeding one month against the Company.

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 S.MISRA & ASSOCIATES
Chartered Accountants
(FRN No. 004972C)

PLACE : JAIPUR
DATED : August 19, 2011

C.A. SACHINDRA MISRA
Partner
Membership No. 073776

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 LIMITED, as on March 31, 2011, Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the management of the company. 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 the test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statements on the matters specified in the paragraph 4 & 5 of the said order.
4. We further report that:-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
 - (b) In our opinion, proper Books of Accounts as required by law have been kept by the Company, so far as appears from our examination of such books.
 - (c) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the Books of Accounts.
 - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of Sec. 211 of the Companies Act, 1956.
 - (e) On the basis of written representation received from the director of the Company as at March 31, 2011 and taken on record by the board of directors, we report that no director disqualified from being as a director of the Company under clause (g) of sub section (1) of the 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 Balance Sheet read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view:
 - a. in so far as it relates to the Balance Sheet, of the state of affairs of the Company as on March 31, 2011; and
 - b. in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date;
 - c. in case of cash flow statement of the cash flows for the year ended on that date.

FOR S. MISRA & ASSOCIATES

Chartered Accountants
FRN-004972C

Place: Jaipur

Dated: August 19, 2011

CA. SACHINDRA MISRA

Partner
M.No.: 073776

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Prem Somani Financial Services Limited on the financial statements for the year ended 31st March, 2011]

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we further report that:

1. In respect of Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - (b) As explained to us, the company's management physically verified the major assets on a sample basis during the year and in our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such verification.
 - (c) There has been no substantial disposal of fixed assets during the year, which affects the going concern assumption.
2. Since the company has no inventory there was no requirement for physical verification of inventory.
3. In our opinion and according to the information and explanations given to us and on the basis of examination in respect of Loans :
 - (a) According to the information and explanation given to us, the company has granted an unsecured loan to one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the year was Rs. 57,44,688.74 (outstanding balance as on March 31, 2011 is Rs. 57,06,206.74). The interest charged by the company on such loan is Rs. 3,84,815/-. The terms and conditions of the unsecured loans so granted are not prima facie prejudicial to the interest of the company. There is no irregularity in the repayment of principal which is as per mutual stipulations.
 - (b) According to the information and explanation given to us, the company has not taken any unsecured loan from the party covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company.
5. In our opinion and according to the information and explanations given to us, during the financial year, there were no contracts or arrangements referred to in section 301 of the Act, which needs to be entered in the register maintained under that section.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. As the Company has not accepted any public deposit, obtaining any order from the authorities mentioned in the clause is not required.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business. However, in our opinion, the system should be strengthened further so as to match up with the growth of the Company.
8. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, for any of the activities of the Company.

9. According to the information and explanations given to us in respect of Statutory Dues :
- a) The company is generally regular in depositing undisputed statutory dues, including dues pertaining to Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income tax, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year.
 - b) According to the information and explanations given to us, there are no undisputed dues which have remained outstanding as at the end of the financial year, for a period of more than six months from the date they became payable.
10. The Company has accumulated loss of Rs. 1,09,80,206.56 as at the end of the financial year, which are less than 50% of its net worth (before adjustment of accumulated losses). The company has not incurred any cash loss in the current financial year and in the immediately preceding financial year.
11. According to the information and explanations given to us and based on the documents and records produced before us, the company has not secured any funds from debenture holders; therefore, clause 11 would not be applicable to the company.
12. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the Company do not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
14. According to the information and explanations given to us, in respect of dealing in shares, securities, and other investments dealt or traded by the company, proper records have been maintained in respect of the transactions and contracts and generally timely entries have been made therein. All the investments are held by the company in its own name.
15. According to the information and explanations given to us, the company has not given any counter guarantee.
16. No term loan has been availed by the Company.
17. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that prima facie the fund raised on short-term basis have not been used for long-term purposes or vice versa.
18. During the year under review, the Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. No debentures have been issued during the year under review.
20. The Company has not raised any money through a public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us by the management, no fraud on, or by the company has been noticed or reported during the year.

FOR S. MISRA & ASSOCIATES

Chartered Accountants

FRN-004972C

Place: Jaipur

Dated: August 19, 2011

CA. SACHINDRA MISRA

Partner

M.No.: 073776


BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCH.		AS AT 31.03.2011		AS AT 31.03.2010
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	I	33,034,000.00		33,034,000.00	
Reserves & Surplus	II	1,231,563.49		1,178,997.82	
			34,265,563.49		34,212,997.82
Deferred Tax Liabilities			89,426.56		100,307.00
			34,354,990.05		34,313,304.82
APPLICATION OF FUNDS					
Fixed Assets	III				
Gross Block		1,329,346.80		1,323,146.80	
Less: Depreciation		926,647.20		876,045.63	
Net Block			402,699.60		447,101.17
Investments	IV		12,522,384.20		14,148,413.05
Current Assets, Loans & Advances					
Cash & Bank Balance	V	759,766.81		426,631.87	
Other Current Assets	VI	153,263.00		185,076.00	
Loans & Advances	VII	12,027,167.49		11,916,755.34	
		12,940,197.30		12,528,463.21	
Less: Current Liabilities and Provisions					
Current Liabilities	VIII	42,803.00		16,500.00	
Provisions	IX	2,447,694.61		3,984,641.85	
		2,490,497.61		4,001,141.85	
Net Current Assets			10,449,699.69		8,527,321.36
Profit & Loss Account (Debit Balance)	X		10,980,206.56		11,190,469.24
			34,354,990.05		34,313,304.82

Significant Accounting Policies & Notes on Accounts : Schedule XIII

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

As per our attached Report of even date
FOR S. MISRA & ASSOCIATES
Chartered Accountants
FRN-004792C


(Nawneet Somani)
Director

(Prem Lata Somani)
Director

CA. Sachindra Misra
Partner
Membership No. 073776

Place: Jaipur
Date: August 19, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCH.		AS AT 31.03.2011		AS AT 31.03.2010
<u>INCOME</u>					
Income	XI	849,878.46		781,915.51	
Rent Received		93,500.00		-	
Prov. For Sub-Stand. Assets & Loss Assets W/back		-		121,973.00	
Total			943,378.46		903,888.51
<u>EXPENDITURE</u>					
Administrative and Other Expenses	XII	444,407.90		391,126.00	
Investments Written Off		20,500.00		-	
Prov. For Diminution in Investment		153,874.08		(1,182,611.14)	
Depreciation		50,601.57		55,539.00	
			669,383.55		(735,946.14)
Profit/(Loss) before Tax			273,994.91		1,639,834.65
Provision for Income Tax			22,047.00		-
Deferred Tax Assets W/Back(Liabilities)			(10,880.44)		105,646.00
Profit/Loss after Tax			262,828.35		1,534,188.65
Balance Brought forward from last year			(11,190,469.24)		(12,417,657.89)
Less: Transferred to Special Reserve			52,565.67		307,000.00
Balance Carried to the Balance Sheet			(10,980,206.56)		(11,190,469.24)
Basic/ Diluted Earning Per Share			0.08		0.46
Significant Accounting Policies & Notes on Accounts	XIII				

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

As per our attached Report of even date
FOR S. MISRA & ASSOCIATES
 Chartered Accountants
 FRN-004792C


(Nawneet Somani)
 Director

(Prem Lata Somani)
 Director

CA. Sachindra Misra
 Partner
 Membership No. 073776

Place: Jaipur
 Date: August 19, 2011

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2011

PARTICULARS	As at	As at	As at	As at
	31.03.2011	31.03.2011	31.03.2010	31.03.2010
A. Cash Flow From Operating Activities				
Net Profit before Tax & extra ordinary Items		273,994.91		1,645,955.14
<u>Adjustments for</u>				
Profit on Sale of Investments	(83,264.46)			
Depreciation	50,601.57		55,539.00	
Prov. For Dimunition of Investments	153,874.08		(1,182,611.14)	
Prov. For Sub-satndard Assets. loss Aseets Created/ Wback	-		(121,973.00)	
Investments Written Off	20,500.00		-	
Operating Profit before Working Capital Charges		415,706.10		396,910.00
(Increase) Decrease in Loans and Advances		(110,412.15)		(252,027.60)
(Increase) Decrease in Other Current Assets		31,813.00		121,937.00
Increase (Decrease) in Current Liabilities		(220,865.00)		(16,800.00)
Increase (Decrease) in Provisions		-		-
Net Cash From Operating Activities		116,241.95		250,019.40
B. Cash Flow from Investing Activities				
Purchase/ Sale of Investments		223,092.99		13,328.01
Purchase/ Sale of Fixed Assets		(6,200.00)		(7,998.00)
Net Cash used in Investing Activities		216,892.99		5,330.01
C. Cash Flow from Financing Activities				
Net Cash Flow from Financing Activities		-		-
D. Net Increase (Decrease) In				
Cash & Cash Equivalents (A+B+C)		333,134.94		255,349.41
Cash & Cash Equi. At the beginning of the Year		426,631.87		171,282.46
Cash & Cash Equi. At the Closing of the Year		759,766.81		426,631.87

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, 2011 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.

As per our attached Report of even date
FOR S. MISRA & ASSOCIATES
Chartered Accountants
FRN-004792C

CA. Sachindra Misra
Partner
Membership No. 073776

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 11

	As At 31.03.2011 Amount in Rs	As At 31.03.2010 Amount in Rs
SCHEDULE- I		
SHARE CAPITAL		
AUTORISED		
1000000 Eq. Shares of Rs. 10/- each	70,000,000.00	70,000,000.00
Issued Subscribed and Paid-Up		
33,03,400 Equity Shares of Rs. 10/- each fully paid up	33,034,000.00	33,034,000.00
	33,034,000.00	33,034,000.00
SCHEDULE- II		
RESERVE & SURPLUS		
A. Securities Premium Account		
Opening Balance	750,000.00	750,000.00
Add: Premium on issue of shares	-	-
Less: Utilisation	-	-
Total (A)	750,000.00	750,000.00
B. Special Reserve		
Opening Balance	428,997.82	121,997.82
Add: Transfer from Profit & Loss Account	52,565.67	307,000.00
Less: Utilisation	-	-
Total (B)	481,563.49	428,997.82
Grand Total (A+B)	1,231,563.49	1,178,997.82
SCHEDULE- IV		
INVESTMENTS		
Quoted Investments (Equity Shares, Fully Paid-up)	5,032,634.20	6,658,663.05
Unquoted Investments (Equity Shares, Fully Paid-up)	7,489,750.00	7,489,750.00
	12,522,384.20	14,148,413.05
SCHEDULE- V		
CASH & BANK BALANCE		
Cash Balance in Hand	7,503.16	78,711.16
Balance with Scheduled Bank in Current A/c	752,263.65	347,920.71
	759,766.81	426,631.87
SCHEDULE- VI		
OTHER CURRENT ASSETS		
Security Deposit	7,500.00	7,500.00
TDS Receivable	145,763.00	177,576.00
	153,263.00	185,076.00
SCHEDULE-VII		
LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received		
A. L. Lalporiya	752,566.00	726,220.00
Alok Soni	522,465.00	-
Arihant Vehicles Pvt. Ltd.	484,532.00	626,376.00
Kailash Chand Yadav	1,131,781.00	1,181,781.00
Meena Yadav	84,692.00	104,692.00
Marudhar Hospital	500,000.00	501,871.00
Naveen Udyog (HYD)	250,000.00	-
Nitin	-	247,168.00
Om Shanker Dhamani	15,592.00	15,592.00
OTCI	450,000.00	450,000.00
Pramod Somani	20,169.00	164,891.00
Prem Somani Share Brokers Pvt. Ltd.	5,706,206.74	5,644,873.74
Radha Govind Briks Udyog	270,637.75	258,930.60
Ranjana Somani	175,694.00	291,528.00
Shreeji Distributors	550,000.00	550,000.00
Uma Laxmi International	1,028,249.00	1,048,249.00
Vinod Yadav	84,583.00	104,583.00
	12,027,167.49	11,916,755.34

**SCHEDULES ANNEXED TO AND FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH, 2011**

	As At 31.03.2011 Amount in Rs	As At 31.03.2010 Amount in Rs
<u>SCHEDULE- VIII</u>		
<u>CURRENT LIABILITIES</u>		
Internal Audit fees Payable	5,000.00	-
Statutory Audit fees Payable	19,303.00	10,000.00
Corp. Governance Certification Fees Payable	1,500.00	1,500.00
Advance Rent Received	17,000.00	-
Other liabilities	-	5,000.00
	42,803.00	16,500.00
<u>SCHEDULE- IX</u>		
<u>PROVISION</u>		
Provision for Diminution in Investment	2,410,055.61	3,721,881.85
Provision for Sub- Standard, Doubtful & Loss Assets	15,592.00	262,760.00
Provision for Tax	22,047.00	-
	2,447,694.61	3,984,641.85
<u>SCHEDULE- X</u>		
<u>PROFIT & LOSS ACCOUNT</u>		
Opening Balance	(11,190,469.24)	(12,417,657.89)
Add : Profit for the year	210,262.68	1,227,188.65
Closing Balance of Reserves	(10,980,206.56)	(11,190,469.24)
<u>SCHEDULE- XI</u>		
<u>INCOME</u>		
Interest	766,614.00	788,563.00
Profit/(Loss) in dealing in Shares & Securities	83,264.46	(6,647.49)
	849,878.46	781,915.51
<u>SCHEDULE- XII</u>		
<u>ADMINISTRATION AND OTHER EXPENSES</u>		
Advertisement Expenses	1,190.00	5,608.00
AGM Expenses	15,779.00	13,535.00
Bank Charges	272.90	-
Courier & Postage Expenses	41,640.00	26,528.00
Demat Charges	1,207.00	1,722.00
Electricity Expenses	6,000.00	7,683.00
Internal Audit Fees	5,000.00	5,000.00
Legal & Professional Expenses	11,920.00	7,000.00
Listing Fees	11,000.00	12,114.00
Office Expenses	14,026.00	17,061.00
Payments and Provision for employees	234,000.00	228,000.00
Printing and Stationery	57,870.00	31,675.00
Rent	18,000.00	18,000.00
Statutory Audit fees	19,303.00	10,000.00
Traveling & Conveyance	7,200.00	7,200.00
	444,407.90	391,126.00

	As At 31.03.2011 Amount in Rs	As At 31.03.2010 Amount in Rs
<u>BANK ACCOUNT</u>		
Andhra Bank	7,056.24	7,078.24
Federal Bank	123,519.37	216,402.37
Hdfc Bank	621,688.04	124,440.00
	752,263.65	347,920.61
<u>TDS RECEIVABLE</u>		
TDS Receivable (A.Y.2005-06)	-	56,453.00
FBT Refundable (A.Y.2007-08)	-	96.00
TDS Receivable (A.Y.2009-10)	-	57,865.00
TDS Receivable (A.Y.2010-11)	63,160.00	63,162.00
TDS Receivable (A.Y.2011-12)	82,603.00	-
	145,763.00	177,576.00

**SCHEDULE OF FIXED ASSETS AS AT 31.03.11 AND DEPRECIATION
FOR THE YEAR 31.03.11 AS PER SCHEDULE XIV OF THE COMPANIES ACT,1956**

SCHEDULE - III

PARTICULARS	Rate of Dep.	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		As On 01.04.10	Addition	Deduction	As On 31.03.11	As On 31.03.10	During the year	Adjustment	As at 31.03.11	As On 31.03.11	As On 31.03.10
A.C.	13.91	115054.00	0.00	0.00	115054.00	80720.60	4776.00	0.00	85496.60	29557.40	34333.40
Building	10.00	900000.00	0.00	0.00	900000.00	512582.25	38743.00	0.00	551325.25	348674.75	387417.75
Computer	40.00	108810.00	6200.00	0.00	115010.00	103722.92	3597.57	0.00	107320.49	7689.51	5087.08
Fax Machine	13.91	48460.00	0.00	0.00	48460.00	44085.87	609.00	0.00	44694.87	3765.13	4374.13
Furniture & Fixtures	18.10	150822.80	0.00	0.00	150822.80	134933.99	2876.00	0.00	137809.99	13012.81	15888.81
TOTAL		1323146.80	6200.00	0.00	1329346.80	876045.63	50601.57	0.00	926647.20	402699.60	447101.17
PREVIOUS YEAR FIGURES		1315148.80	7998.00	0.00	1323146.80	820506.63	55539.00	0.00	876045.63	447101.17	494642.17

Details of Investments - Shares & Debentures 2010-11

SCHEDULE - IV

A. QUOTED, EQUITY, LONG TERM, TRADE

S. No.	Name of Script	Face Value	Market Price 31.03.2011	QTY 31.03.2011	Amount 31.03.2011	QTY 31.03.2010	Amount 31.03.2010
1	Bhuvan Tripura Ltd.	1.00	0.15	117000.00	162393.75	117000.00	162393.75
2	BMB Music & Magnetics Ltd.	10.00	14.80	31000.00	1206019.23	31000.00	1206019.23
3	Dabur India Ltd.	1.00	96.10	1000.00	54161.01	1000.00	54161.01
4	Electroflame Ltd.	10.00	-	-	-	4500.00	18750.00
5	Emkay Aromatics Ltd.	10.00	7.60	16400.00	164000.00	16400.00	164000.00
6	Fisher Chemical Ltd.	10.00	8.60	33700.00	168500.00	33700.00	168500.00
7	Gateway Fin. Corp. Ltd.	10.00	1.00	5600.00	50400.00	5600.00	50400.00
8	Global Finance Ltd.	10.00	-	-	-	67811.00	1432168.32
9	Indergiri Finance Ltd.	10.00	13.40	105000.00	1048713.97	119000.00	1188542.50
10	Information Tech Ltd.	10.00	4.05	1495.00	14242.19	1495.00	14242.19
11	KJ International Ltd.	10.00	1.00	15400.00	192500.00	15400.00	192500.00
12	Mafatlal Finance Ltd.	10.00	0.95	2500.00	163087.02	2500.00	163087.02
13	Malvika Steel Ltd.	10.00	1.25	14500.00	145000.00	14500.00	145000.00
14	NEPC Agro Food Ltd.	10.00	1.15	2023.00	3956.70	2023.00	3956.70
15	NEPC Textiles Ltd.	10.00	1.00	4880.00	13802.82	4880.00	13802.82
16	Padmini Tech. Ltd.	10.00	4.05	5000.00	20250.00	5000.00	20250.00
17	Prakash Solvents Ltd.	10.00	4.00	12000.00	80040.00	12000.00	80040.00
18	Pretto Leather Ltd.	10.00	10.00	5000.00	50000.00	5000.00	50000.00
19	Solarsons Industries Ltd.	10.00	2.30	1500.00	33661.83	1500.00	33661.83
20	Supreme Conductors Ltd.	10.00	2.00	42400.00	598323.53	42400.00	598323.53
21	Tai Chang Bang Textiles Ltd.	10.00	1.54	10000.00	86749.74	10000.00	86749.74
22	HIGH STREET FILATEX LTD.(UNILEG)	10.00	56.75	5920.00	329332.41	58800.00	329332.41
23	Union Bearing Ltd.	10.00	2.00	89500.00	447500.00	89500.00	447500.00
24	Vita Biotech Ltd.	10.00	-	-	-	7000.00	35282.00
Total A				521818.00	5032634.20	668009.00	6658663.05

B. LONG TERM INVESTMENTS (OTHER THAN TRADE)

1	KBC International Pvt. Ltd.	10.00	10.00	50000.00	500000.00	50000.00	500000.00
2	Prem Somani Share Brokers Pvt. Ltd.	10.00	10.00	509000.00	5090000.00	509000.00	5090000.00
3	Rajasthan Buildtech Services Pvt. Ltd.	10.00	10.00	50000.00	500000.00	50000.00	500000.00
4	Somani Securities Ltd.	10.00	10.00	139975.00	1399750.00	139975.00	1399750.00
Total B				748975.00	7489750.00	748975.00	7489750.00
Total A+B				1270793.00	12522384.20	1416984.00	14148413.05

PREM SOMANI FINANCIAL SERVICES LIMITED

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

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

1. Prem Somani Financial Services Limited (the Company) was incorporated as the Public limited company on 25 September 1991. The company is registered as a Non-Banking Finance Company with the Reserve Bank of India.

2. **SIGNIFICANT ACCOUNTING POLICIES**

- 2.1 **Basis of Preparation of Financial statement:**

The Financial Statements are consistently prepared under the historical cost convention, on the accrual basis of accounting and comply with the accounting standard issued by the Institute of Chartered Accountants of India (to the extent applicable) and in accordance with the generally accepted accounting principles, the accounting standard specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government and other provision of the Companies Act, 1956.

- 2.2 Use of Estimates:

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known/ materialized.

- 2.3 **Revenue recognition:**

- a) Interest income is recognized on accrual basis
- b) Dividend income is recognized when the right to receive the payment is established.

- 2.4 **Fixed assets and Depreciation:**

Fixed Assets are stated at cost less accumulated depreciation thereon. The cost of fixed assets comprises cost of acquisition and any attributable cost of bringing the asset to its working condition for its intended use. The company provides pro-rata depreciation from the date on which assets is acquired / put to use. In respect of assets sold, pro-rata depreciation is provided upto the date on which assets is sold.

On all assets except below depreciation has been provided on Written down Method as prescribed in Schedule XIV to the Companies Act, 1956.

- a) Assets costing Rs. 5000/- or less are fully depreciated in the year of purchase
- b) Improvements to leased assets are depreciated over the period of lease.

- 2.5 **Investments:**

The investments are made to enhance the company business interest. All investments held by the Company are classified as short term or long term, based on management intention at the time of purchase.

Long-term investments are carried on the cost and provision is made in the case of diminution in the market value of Investments and further in case where the companies have been wound up, the value of their shares have been fully written off. In case of suspended companies the value of investments have been taken at the last traded price.

Current investments are valued at cost or market/fair value, which ever is lower.

2.6 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.

2.7 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.

2.8 Taxation:

Income Tax expenses comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period) and fringe benefit tax.

Current Tax:

Provision for current tax is made on the basis of estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.

Deferred Taxation:

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.

2.9 Provision for Contingencies:

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset, and related income are recognized in the period in which the change occurs.

2.10 Earning per share:

The company reports earning per share in accordance with Accounting Standard AS-20 issued by The Institute of Chartered Accountants of India (ICAI). It has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year.

2.11 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.

3. NOTES TO ACCOUNTS**3.1 Auditor's Remuneration:-**

PARTICULARS	2010-11	2009-10
Audit Fees	19,303.00	11,500.00

3.2 Earning Per Share:-

Particulars	31.03.2011	31.03.2010
Net Profit/(Loss) attributable to equity Shareholders (A) Rs.	2,62,828.35	15,34,188.65
No. of Equity Shares	33,03,400	33,03,400
Basic earning per share	0.08	0.46

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

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

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

3.6 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.

3.7 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 .

3.8 Deferred Tax Assets/ (Liability) for the year comprise timing differences on account of:

S.No.	PARTICULARS	AMOUNT
1	Deferred Tax Liabilities Due to difference in rate of Depreciation	1,00,307.00
	Total (A)	1,00,307.00
2	Deferred Tax Assets i) Due to unabsorbed Depreciation as per the Income Tax Act, 1961	10,880.44
	Total (B)	10,880.44
3	Net Deferred Tax Liability/ (Asset) [(A) – (B)]	89,426.56
4	Opening Deferred Tax Liability/ (Asset) Less: Amount of Deferred Tax Assets W/back and DTL created	1,00,307.00 10,880.44
	Net Deferred Tax Liabilities as on 31.03.2011 (as per Balance Sheet)	89,426.56

3.9 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 Buildtech Services 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 31.03.2011
Prem Somani & Associates	Rent Paid	18,000.00	0.00
Prem Somani Share Brokers Pvt. Ltd.	Unsecured Loan Recoverable	0.00	57,06,206.74
Prem Somani Share Brokers Pvt. Ltd.	Interest Recd.	3,84,815.00	57,06,206.74

3.10 On the basis of information available, there are no outstanding dues to SSI undertakings.

3.11 There was no employee of the company during the year drawing remuneration at the rate of Rs. 24,00,000/- p. a. or more if employed for whole of the year of Rs. 2,00,000 p.m. or more if employed for part of the year.

3.12 Foreign Exchange Earning : Nil
 Foreign Exchange Outgo : Nil
 (incurred for Foreign Travel)

In terms of our audit
 Report of even date attached

FOR PREM SOMANI FINANCIAL SERVICES LIMITED


 Nawneet Somani
 Director

Prem Lata Somani
 Director

Place: Jaipur
 Dated: August 19, 2011

FOR S. MISRA & ASSOCIATES
 Chartered Accountants,
 FRN. 004972C

SACHINDRAMISRA
 Partner
 M. No. 073776

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE
(In terms of Part IV of Schedule VI of Companies Act, 1956)

REGISTRATION DETAILS

Registration Number	006220
State Code	17
Balance Sheet Date	31.03.2011

CAPITAL RAISED DURING THE YEAR

(Rs. In '000)

Public Issue	-
Right Issue	-
Bonus Issue	-
Private Placement	-

MOBILIZATION AND DEPLOYMENT OF FUNDS

Total Liabilities	34,354.99
Total Assets	34,354.99

SOURCES OF FUNDS

Paid-up Capital	33,034.00
Reserves and Surplus	1,231.56
Secured Loan	-
Unsecured Loan	-

APPLICATION OF FUNDS

Net Fixed Assets	402.70
investments	12,522.38
Net Current Assets	10,449.70
Miscellaneous Expenditure	10,980.21

PERFORMANCE OF THE COMPANY

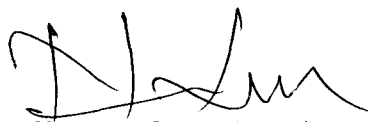
Turnover/ Income	943.38
Total Expenditure	669.38
Profit Before Tax	273.99
Profit After Tax	262.83
Earnings Per Share	0.08
Dividend %	-

GENERIC NAME OF PRINCIPAL PRODUCTS/SERVICES

Item Code (ITC Code)
Product Description

As per our attached Report of even date
FOR S. MISRA & ASSOCIATES
Chartered Accountants
FRN-004792C

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



(Nawneet Somani)
Director

(Prem Lata Somani)
Director

CA. Sachindra Misra
Partner
Membership No. 073776

Place: Jaipur
Date: August 19, 2011

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 20th Annual General Meeting of the Company to be held on Wednesday the 21st Sep. 2011.
at 11:30 a.m. and at any adjournment thereof.

signed this day of 2011

(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 20th Annual General Meeting of the Company at 42,
Jai Jawan Colony, Scheme No. 3, J.L.N. Marg, Jaipur, on Wednesday, 21st Sep. 2011 at 11:30 a.m.

Members / Proxy name in BLOCK Letters

Signature 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.