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## **SOM DATT FINANCE CORPORATION LIMITED**

Report  junction.com

# **Annual Report 1996-97**



## Som Datt Finance Corporation Limited

### BOARD OF DIRECTORS

Dr. Som Datt, *Chairman*  
Kawaljit Singh  
Lekh Raj Munjal  
Usha Datt  
Gen. (Retd.) O.P. Malhotra  
Ved Prakash Marwah  
Sukhdev Raj Mehta  
Latika Datt Abbott, *Managing Director*

### CHIEF EXECUTIVE

D. P. Rawal

### COMPANY SECRETARY

A.C. Sharma

### AUDITORS

A.S. Gupta & Co.  
Chartered Accountants,  
10, Old Post Office Street,  
Calcutta-700 001

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#### REGISTERED OFFICE

Flat No. 24-25, 10, Old Post Office Street,  
Calcutta-700 001

#### ADMINISTRATIVE OFFICE

56-58, Community Centre,  
East of Kailash,  
New Delhi-110 065

#### SHARE TRANSFER AGENTS

Western India Securities Ltd.  
B-6/7, DDA Commercial Complex,  
Safdarjung Enclave,  
New Delhi-110 029

#### BANKERS

Punjab & Sind Bank  
Bank of Baroda  
Syndicate Bank  
State Bank of India  
Standard Chartered Bank



## Som Datt Finance Corporation Limited

### NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the Members of **Som Datt Finance Corporation Ltd.** will be held at 11:30 a.m. on Friday, 26th September, 1997 at Bengal National Chamber of Commerce and Industry, 23, R.N. Mukherjee Road, Calcutta-700 001 to transact the following business:

#### ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 1997 and the Balance Sheet as at that date and together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ved Prakash Marwah, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sukhdev Raj Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s A.S. Gupta & Co., Chartered Accountants, Calcutta, the retiring Auditors, as Auditors of the Company and to fix their remuneration.

By Order of the Board of Directors

Place : New Delhi

Dated : 03.07.1997

A.C. Sharma

Company Secretary

#### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and proxy need not be a member of the Company.
2. The instrument appointing proxy must reach the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. Register of Members of the Company and Share Transfer Books will remain closed from 26th September, 1997 (Friday) to 30th September, 1997 (Tuesday) (both days inclusive).
4. The members are requested to intimate the change of address immediately to the Company.
5. Member/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. Members are requested to forward their queries on Annual Accounts at least one week before the date of the Annual General Meeting.



## Som Datt Finance Corporation Limited

### DIRECTORS' REPORT

#### TO THE MEMBERS,

Your Directors have pleasure in submitting the 4th Annual Report together with the audited accounts for the year ended 31st March, 1997.

#### Financial Results

(Rs. in Lacs)

	Year Ended 31.03.97	Year Ended 31.03.96
Gross Income	497.75	501.32
Profit before Interest, Depreciation & Tax	400.64	344.07
Less Interest	170.12	98.55
Less Depreciation	185.59	181.35
Less Tax	—	0.06
Net Profit after Tax	44.93	64.11
Profit brought forward	22.36	58.33
Profit available for appropriation	67.29	122.44
Proposed Dividend (Pro-rata) subject to tax	—	100.08
Transfer to Reserve Fund	8.99	—
Transfer to General Reserve	3.59	—
Surplus carried to Balance Sheet	54.71	22.36

#### OPERATION

During the year under review, the functioning of the Non-Banking Finance Companies (NBFCs) remained affected on account of higher cost of deposits, meagre capital growth and virtual loss of non-fund based business in the market. Looking to such a grim scenario, your Company decided to consolidate its overall working by resorting to expenditure cut, reduction of cost of deposits and its volume and bringing improvement in its recoveries. However, the overall working remained satisfactory although there is a marginal decline of gross income booked over the last year figure of Rs. 501.32 lacs to Rs. 497.75 lacs during the current year. Likewise, the profit after tax remained low during the year at Rs. 44.93 lacs as against the last year figure of Rs. 64.11 lacs.

#### DIVIDEND

In order to build up resources, the Directors do not recommend payment of dividend.

#### FUTURE PROSPECTS

The RBI has made it imperative for all Non-Banking Finance Companies to get themselves registered and the same will result in elimination of unhealthy competition prevailing amongst the Non-Banking Finance Companies. The decline in rate of interest introduced by RBI will result in lowering the cost of funds as such the market in general will likely to improve in future. Your Company would like to expand its leasing and hire-purchase business activities in the coming year.



## Som Datt Finance Corporation Limited

### DIRECTORS' REPORT (Contd...)

#### FIXED DEPOSITS

Your Directors are glad to inform you that in spite of low level operation, your Company was able to honour its commitments towards fixed deposit holders. Their money was repaid in time. It is further to confirm that no amount remained unclaimed and unpaid as at the close of financial year of the Company.

#### PROJECTION VS. PERFORMANCE

The variation in the actual performance as compared to the projection was on account of consistent depressed market condition and tight liquidity.

#### DIRECTORS

Mr. S.R. Mehta and Mr. Ved Parkash Marwah are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

#### AUDITORS

M/s A.S Gupta & Co., Chartered Accountants, Calcutta, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

Observation of the Auditors are self-explanatory.

#### PARITICULARS OF EMPLOYEES

None of the employees is covered under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

#### PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information, required under Rule 2 of the Companies (Disclosure of Particular in the Report of Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption, is not given as the Company is not engaged in manufacturing activity.

During the year, there is no earning and outgo of the foreign exchange.

#### ACKNOWLEDGMENTS

Your Directors would like to thank the valued clients, bankers, deposit holders and shareholders. The Directors would also like to place on record their appreciation for the services rendered by the employees of the Company.

For and on behalf of the Board of Directors

Place : New Delhi  
Dated : 03.07.1997

L.R. Munjal  
Director

S.R. Mehta  
Director



## Som Datt Finance Corporation Limited

### AUDITORS' REPORT

#### TO THE MEMBERS OF SOM DATT FINANCE CORPORATION LIMITED

We have audited the attached Balance Sheet of Som Datt Finance Corporation Limited as at 31st March, 1997 and the related Profit and Loss Account for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Sections 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the annexure a statement of the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the annexure referred in paragraph 1 above :
  - 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 account as required by law have been kept by the Company so far as appears from our examination of the books.
  - c) the Balance Sheet and Profit and Loss Account dealt with, by this report, are in agreement with the said books of accounts.
  - d) in our opinion and to the best of our information and according to the explanation given to us, the accounts read with the accounting policies and notes given in Schedule 15, subject to Note No.1.2 regarding depreciation and Note No. 1.6 regarding accounting of certain income and expenditure on receipt basis, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i) in the case of the Balance Sheet, of the **STATE OF AFFAIRS** of the Company as at 31st March, 1997; and
    - ii) in the case of the Profit and Loss Account, of the **PROFIT** of the Company for the year ended on that date.

For A.S. Gupta & Co.  
Chartered Accountants

Place : New Delhi  
Dated : 03.07.1997

(A.S. Chanda)  
Partner



## Som Datt Finance Corporation Limited

### ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF SOM DATT FINANCE CORPORATION LIMITED

(Referred to in Paragraph 1 for Our Report of Even Date)

1. The Company has maintained adequate records to show full particulars, including quantitative details and situation of its fixed assets. The fixed assets of the Company, including leased assets, are being physically verified by the Management in terms of a phased programme. No discrepancies were noticed on verifications carried out.
2. None of the Fixed Assets of the Company has been revalued during the year.
3. The Stock-in-Trade has been physically verified by the Management at reasonable intervals and no discrepancies have been noticed on such verification. The procedures followed by the Management for the physical verification are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business. In our opinion, the valuation of such stocks is fair and proper and in accordance with the normally accepted accounting principles.
4. The Company has not taken any loans, secured or unsecured, from, or given any loans to, Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956 or covered by the definition of Companies under the same management under Section 370 (1B) of the Companies Act, 1956.
5. In respect of loans and advances in the nature of loans given by the Company, the parties are generally regular in repaying the principal amount and interest as per stipulation excepting for non-performing assets determined by the Management as per prudential norms of RBI.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of the shares including components, plant & machinery, equipments and other assets, and for the sale of shares.
7. The Company has not purchased during the year any assets from, firms or Companies or other parties, if any, listed in the Register maintained under Section 301 of the Companies Act, 1956.
8. The Company has accepted public deposits and has complied with the provisions of Section 58A of the Companies Act, 1956 and the Rules made thereunder and with the Non-Banking Financial Companies (Reserve Bank) Directions, 1977 with regard to such deposits.
9. In our opinion, the Company has a system of internal audit which commensurate with the size and the nature of its business.
10. According to the records of the Company, Provident Fund & Employees State Insurance dues have generally been regularly deposited during the year with the appropriate authorities. There are no overdue amounts outstanding at the year end.
11. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
12. The Company has a policy of authorising expenditure based on reasonable checks and balances. The policy is intended to ensure that expenses are authorised on the basis of contractual obligations or accepted business practices having regard to the Company's business needs and exigencies. In terms of these observations, we have not come across any expenses charged to Revenue Account which, in our opinion and judgement; and to the best of our knowledge and belief, could be regarded as personal expenses, nor have any such expenses been reported to us.
13. The Company is not a sick industrial company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
14. The Company has maintained proper records of its dealings in shares and securities. The investments are held in the name of the Company.
15. Items 4 (A) xii, xiv, xvi, 4 (D) iii of the aforesaid order are, in our opinion, not applicable in the case of this company.

For A.S. Gupta & Co.  
Chartered Accountants

Place : New Delhi  
Dated : 03.07.1997

(A.S. Chanda)  
Partner