

10th *Annual Report* 2002 - 2003

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**SOM DATT FINANCE
CORPORATION LIMITED**

BOARD OF DIRECTORS

Dr. Som Datt (Chairman)
Kawaljit Singh
Lekh Raj Munjal
Usha Datt
D.P. Rawal
Latika Datt Abbott (Managing Director)

AUDITORS

A.S. Gupta & Co.
Chartered Accountants,
10, Old Post Office Street,
Kolkatta-700001

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REGISTERED OFFICE

Flat No. 24-25, 10, Old Post Office Street,
Kolkatta-700001

ADMINISTRATIVE OFFICE

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

SHARE TRANSFER AGENTS

RCMC Share Registry (P) Ltd.
1515, (1st Floor), Bhisham
Pitamah Marg,
Kotla Mubarakpur
(New Delhi-110 003)

BANKERS

Bank of Baroda
Syndicate Bank
Standard Chartered Bank
HDFC Bank Limited

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SOM DATT FINANCE CORPORATION LIMITED

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of Som Datt Finance Corporation Ltd. will be held at 11.30A.M on Monday 29th December, 2003 at "Circular Court", 8, Acharya Jagadish Chandra Bose Road, Kolkata -700017 to transact the following business :

Ordinary Business

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2003, Balance sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D.P. Rawal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s A.S. Gupta & Co., Chartered Accountants, Kolkata, the retiring Auditors, as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider, and if though fit, to pass, with or without modification (s), the following resolution as Special Resolution:
RESOLVED as a Special Resolution that pursuant to SEBI (Delisting of Securities) Guidelines 2003 and other applicable provisions, the Company be and is hereby permitted to seek voluntary delisting of its securities from the Stock Exchanges, viz., Delhi, Kolkata, Madras and Jaipur Stock Exchanges.
FURTHER RESOLVED THAT the shareholders of the region where the above Stock Exchanges, from where de-listing is sought, are situated be not given any exit opportunity as the securities of the company are listed on the Mumbai Stock Exchange having nationwide trading terminals.
FURTHER RESOLVED THAT the Board of Directors be and are hereby permitted to make necessary application and comply with the necessary procedure in this respect.
5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as special Resolution:
RESOLVED as a Special Resolution that pursuant to Section 149 (2A) and other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby given to commence the new business as specified under clause 6 of the Other Object clause of Memorandum of Association either by itself or in collaboration or partnership with any individual, firm or company.

By Other of the Board
Latik Datt Abbott
Managing Director

Place : New Delhi

Date : 28-11-2003

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. The dividend for the financial year ending 31.03.1995 has been transferred to the General Revenue Account of the Central Government. The members who have not claimed the dividend may claim the same from the Registrar of companies, West Bengal. The unclaimed dividend for the financial year ending 31.03.1996 has to be transferred to the investor protection and education fund on 9-1-2004. The share holders who have not encashed the dividend warrants should approach the head office of the company for revalidation/issue of duplicate dividend warrants.
4. The register of members and share transfer books of the company will remain closed from Tuesday 16 Decembr 2003 to Wednesday 31st December 2003. (Both days inclusive).
5. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is enclosed.
6. The members are requested to intimate the change of address immediately to the Company's Registrar, RCMC Ltd.
7. Member/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
8. 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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 4 : VOLUNTARY DELISTING OF SECURITIES

The Members of the Company are aware that the securities of the Company are listed on the Stock Exchanges, viz., Delhi, Kolkata, Mumbai, Jaipur and Madras Stock Exchange since its maiden public issue in the year 1994. The securities of the Company are not traded on the above Stock Exchanges except Mumbai Stock Exchange. Pursuant to SEBI (Delisting of Securities Guidelines, 2003, the Companies whose securities are listed on a Stock Exchange having Nationwide Trading Terminals, i.e., NSE or BSE are permitted to seek voluntary delisting of its securities from other Stock Exchange without giving an opportunity to those shareholders of the region where the Stock Exchange, from where delisting is required is situated.

ITEM NO. 5 : COMMENCEMENT OF NEW BUSINESS

It is to inform the members that National Commodity and Derivatives Exchange Ltd. (NCDEX) is set up in April 2003 to trade in wide range of commodities in which futures trading allowed. Likewise, forward markets commission has accorded in principle approval for setting up the national level multi commodity exchanges, viz, National board of trade and multi-commodity exchange of India, in the country apart from NCDEX, offering future contracts in commodities.

It is proposed by the Board of Directors to take up the objects as specified under clause No. 6 of the other objects contained in III C of the object. Clause. Under Section 149 (2A) of the Companies Act, 1956, the members of the Company are required to approve by special resolution the commencement of new business by the Company.

The Board of Directors considers that the diversification of the activities of the Company into the proposed field will prove to be useful and beneficial to the Company.

The Memorandum of Association of the Company is open for inspection at the Registered Office of the Company during usual business hours on any working day and also at the meeting.

None of the Director of the Company is concerned or interested in the proposed resolution

By order of the Board

Place : New Delhi

Date : 28-11-2003

Latika Datt Abbott

Managing Director



SOM DATT FINANCE CORPORATION LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in submitting the 10th Annual Report together with the annual accounts for the year ended 31st March, 2003.

	(Rs. in Lacs)	
	Year Ended <u>31.03.2003</u>	Year Ended <u>31.03.2002</u>
FINANCIAL RESULTS		
Gross Income	104.32	93.05
Profit before Interest, Depreciation & Tax	42.16	40.23
Less Interest	Nil	1.67
Less Depreciation	3.72	3.69
Less Tax	6.82	4.10
Net Profit/(Loss) before extra-ordinary item	31.62	30.77
Add Prov. for D/debts W/back	55.25	-
Add Prov. for Deferred Tax	5.58	-
Net Profit/(Loss)	92.45	30.77
Profit/(Loss) brought forward	(86.63)	(117.40)
Surplus/(Deficit) carried to Balance Sheet	5.82	(86.63)

OPERATION

During the year under review, the gross income of the Company has increased to Rs. 104.32 lacs as compared to the income of corresponding previous year amounting to Rs. 93.05 lacs. Increase in income has been owing to two reasons i.e. (a) market return on hedged fund increased (b) the Company could recover doubtful debts to the extent of Rs.68.00 lacs and funds so recovered were deployed in the markets.

During the year under review, the Company has registered a net profit of Rs.92.45 lacs out of which past losses amounting to Rs.86.63 lacs have been set off. As a result the company has turned around by showing net surplus of Rs.5.82 lacs.

Having wiped out the past losses, the Company has once again geared up itself for exploring the profitable business avenues so as to enhance the shareholders interest.

In order to build up reserves and surplus, your directors have not recommended dividend for this year.

MANAGEMENT DISCUSSIONS & ANALYSIS

Fund based activity i.e., consumer loans, hire purchase/lease activity is no more attractive ever since the large banking/other institutions have jumped into the fray with cheap lending rates. Moreover debt recovery assistance available to banks is not available to NBFC's. Under the circumstances lending business is no more safe and attractive for NBFC's.

Considering the constraints in lending business, your directors have decided to continue capital market operations, which are hedged and offer low but steady return.

The Company has also devised effective internal control system which is commensurate to the size of the business and is considered to be adequate.



SOM DATT FINANCE CORPORATION LIMITED

FIXED DEPOSITS

Your Directors are pleased to confirm that the Company has paid all the public deposits on maturity to its fixed deposit holders. There is no unpaid / unclaimed public deposit holder as on date.

DIRECTORS

Mr. D P Rawal is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts for the year ended 31st March, 2003 the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) That the Directors had 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 at the end of the year and of the profit or loss of the Company for the year under review;
- iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors had prepared the accounts for year ended 31st March, 2003 on a 'going concern' basis.

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.

PARTICULARS 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 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.

LISTING

The shares of the Company are listed on the Calcutta, Bombay, Delhi, Jaipur and Madras Stock Exchanges. The annual listing fees have been paid to the stock exchanges, viz., Bombay Stock Exchanges (2003-2004), Delhi (2001-2002) Calcutta Stock Exchange (1999-2000), Madras & Jaipur Stock Exchanges (1997-1998).

The Company has decided to voluntary delist its securities from all the Stock Exchanges except Mumbai Stock Exchange of having nationwide terminals, subject to approval of the shareholders as the securities are not traded on these Stock Exchanges for quite a long time.



SOM DATT FINANCE CORPORATION LIMITED

CORPORATE GOVERNANCE

The report on Corporate Governance together with the Auditor's Certificate on compliance of mandatory requirements of Corporate Governance are given in the annexure to this report.

ACKNOWLEDGMENTS

Your Directors take this opportunity to thank its bankers and shareholders for their continued support to the Company. 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

D.P. Rawal
Director

Place : New Delhi
Dated : 24-11-03

Latika Datt Abbott
Managing Director

ADDENDUM TO THE DIRECTORS' REPORT

According to note 2 (d) of the Auditors' Report, the provision for gratuity and leave encashment of employees has not been made and the same are accounted on payment basis as disclosed under note 1.7 (II) (i) (b) & (c) in Schedule 12. The same accounting policy is being consistently followed.

As per note 2 (f) of the Auditors' Report, depreciation and accounting of certain income and expenditure are accounted for on receipt / payment basis as disclosed in Schedule 12. The same accounting policy is being consistently followed.

The other observation of the Auditors are self explanatory.

For and on behalf of the Board of Directors

D.P. Rawal
Director

Place : New Delhi
Dated : 28-11-03

Latika Datt Abbott
Managing Director



SOM DATT FINANCE CORPORATION LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2002-03

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY:

Your Company believes that Corporate Governance should be observed not only as per the letter but more important in spirit so as to become a way of life. The Company's respect for law and strict compliance thereof, emphasis on product quality and a caring spirit. Its policies and practices are based on the highest standards of ethics and transparency in regard to its dealings and disclosures.

2. BOARD OF DIRECTORS:

2.1 Composition

The Board of Directors comprises of six directors. The Chairman is the non-executive Chairman. More than one-third of the Board consists of independent directors. The composition is as under:

Name of the Director	Position
Dr. Som Datt	Chairman
Mrs. Usha Datt	Director
Mr. Kawaljit Singh	Director
Mr. L R Munjal	Director
Mr. D P Rawal	Director
Mrs. Latika Datt Abbott	Managing Director

2.2 Meetings and attendance record of each Director

i) 5 Meetings of the Board of Directors were held during the year ended 31st March, 2003.

These were held on:

1. 29.04.2002
2. 30.07.2002
3. 02.09.2002
4. 31.10.2002
5. 31.01.2003

ii) The attendance record of the Directors at the Board Meetings held during the year ended on 31st March, 2003 and the last Annual General Meeting (AGM) and the details of other Directorships and Committee Chairmanships and Memberships held by the Directors of the Company are given below:

Name of the Director	Attendance Particulars		No of Directorships and Committee Member / Chairmanship		
	Board Meetings	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Dr. Som Datt	5	-	6	-	-
Mrs. Usha Datt	5	-	3	-	-
Mr. Kawaljit Singh	5	-	3	5	-
Mr. L R Munjal	5	-	3	3	-
Mr. D P Rawal	5	1	1	1	2
Mrs. Latika Datt Abbott	4	-	8	-	1

2.3 Re-appointment of Directors

The brief particulars of Mr. D P Rawal, the Director of the Company proposed to be re-appointed at the ensuing Annual General Meeting are as under:

a. Brief resume of the Director

Mr. D P Rawal is 54 years old and is a Chartered Accountant. He was re-appointed as Director on 20-04-2001

b. Nature of Experience

Mr D P Rawal, Director of the Company has ample experience in the field of Financing, Share Trading and Investment.

c. Directorship

He is the whole time Director in
Som Datt Overseas Ltd. (member of CSE & DSE)



SOM DATT FINANCE CORPORATION LIMITED

3. AUDIT COMMITTEE:

- i) The Audit Committee was constituted on 31.07.2001 and comprises of three members, namely: D P Rawal, Mr. L R Munjal and Mr. Kawaljit Singh. All the members of the Audit Committee are independent Directors. They possess adequate knowledge of Accounts, Audit, Finance, etc. The meetings of the Audit Committee are usually chaired by Mr. D P Rawal.
- ii) The Audit Committee had 5 meetings during the year ended on 31st March, 2003. The attendance of each Committee member is as under:

S No.	Name of the Director	No. of Meetings Attended
1.	Mr. D P Rawal	5
2.	Mr. L R Munjal	5
3.	Mr. Kawaljit Singh	5

- iii) The role and powers of the Audit Committee are as laid down under the relevant clause of the Listing Agreement and Section 292(A) of the Companies Act, 1956.

4. SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE:

The Share Transfer Committee had been constituted immediately after the Public Issue in 1994. The said Committee will also look into Investors' Grievance. The name was changed from Share Transfer Committee to Share Transfer and Investor Grievance Committee with effect from 31.07.2001. The terms of reference of the 'said committee' are as follows:

- 1) To approve the Share Transfer/Transmission/Transposition etc.,
- 2) To look into the status of investor complaints and grievances, if any.
- 3) To report the Board about serious or complicated cases, if any.

Fourteen meetings of the Committee were held during the year ended on 31st March, 2003. The meetings are generally chaired by Mrs. Latika Datt Abbott. The composition of the Committee and the number of meetings attended by each of the members is as under

S No.	Name of the Director	No of Meetings Attended
1.	Mrs. Latika Datt Abbott	14
2.	Mr. L R Munjal	14
3.	Mr. Kawaljit Singh	14
4.	Mr. D P Rawal	14

Mr. D P Rawal is the Compliance Officer w.e.f. 14.09.2001. During the year, the Company received 6 Demat enquiry, 8 requests for change of address and 3 other queries. All these complaints have been replied to and there is no pending complaint pertaining to the period ending 31st March, 2003. Also, there are no share transfers pending for registration as on the said date.

5. INVESTMENT AND REMUNERATION COMMITTEE:

The Remuneration Committee was constituted on 31.07.2002 and was clubbed with Investment Committee. It was renamed as Investment & Remuneration Committee. The Committee comprises of three members, namely;

1. Mr. D P Rawal
2. Mr. Kawaljit Singh
3. Mr. L R Munjal

All the members of the Investment & Remuneration Committee are independent and non-executive Directors. Six meetings of the Investment & Remuneration Committee were held, which were chaired by Mr. D P Rawal and was attended by all the members.



SOM DATT FINANCE CORPORATION LIMITED

S No.	Name of the Director	No of Meetings Attended
1.	Mr. D P Rawal	6
2.	Mr. L R Munjal	6
3.	Mr. Kawaljit Singh	6

The terms of reference of the 'said committee' are as follows:

1. To determine on behalf of the Board and on behalf of the Shareholders the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.
2. To approve the payment of remuneration to managerial Personnel as per the Policy laid down by the Committee.
3. To approve the investment of long-term nature.

Remuneration Policy:

Subject to the approval of the Board and of the company in General Meeting and such other approvals as may be necessary, the Managing Director is paid remuneration as per the terms approved by the General Meeting. The present remuneration package to Managing Directors includes salary, perks etc.

Remuneration of Directors:

The remuneration of Mrs. Latika Datt Abbott has been increased by Rs.5000/- per month in the Investment and Remuneration Committee meeting held on 02.09.2002. This disclosure to be made on remuneration of Managing Director of the Company is given below:

Name of the Director	Salary (Rs.)	Present Period of Agreement	Notice Period
Mrs. Latika Datt Abbott	2,68,240/-	5 Years w.e.f., 15.06.2000	3 Months

Note: • Salary includes basic salary, house rent allowance, bonus, leave encashment, holiday travel benefits, use of company's car, furniture and equipment and company's contribution to provident fund and perquisites, the monetary value of which has been calculated in accordance with the provisions of the Income Tax Act, 1961 and Rules made thereunder but does not include company's contribution to gratuity fund.

- The Non-executive Directors do not draw any remuneration from the Company.
- Sitting fees to Non-executive independent Directors is presently being paid at the rate of Rs.2000/- for each meeting of the Board attended by them. The sitting fees has been increased from Rs.1000/- to Rs.2000/- per sitting.

6. GENERAL BODY MEETINGS:

The details of Annual General Meeting held in last 3 years are as under:

Annual General Meeting	Day, Date and Time	Venue
2001-2002	Monday, 30.09.2002 & 11.30 a.m.	Circular Court, 8 AJC Bose Road, Kolkata 700 017
2000-2001	Saturday, 29.09.2001 & 11.30 a.m.	Circular Court, 8 AJC Bose Road, Kolkata 700 017
1999-2000	Saturday, 30.09.2000 & 11.30 a.m.	Saturday Club, 7 Wood Street, Kolkata 700 016

No Special Resolutions have been put through by postal ballot so far by the Company.

7. DISCLOSURES:

- (i) There are no materially significant related party, transactions i.e., transaction of the Company of material nature with its Promoters, Directors or the Management, their Subsidiaries or relatives etc., that would have potential conflict with the interests of the Company at large.
- (ii) No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter during the period under review.