

11th

Annual Report

2003-2004

Report  junction.com



**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



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 '03-'04

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of Som Datt Finance Corporation Ltd. will be held at 11.30 A.M on Monday, 27th September, 2004 at Circular Court, 8, Acharya Jagdish Chandra Bose Road, Calcutta - 700017 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2004, Balance sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. L R Munjal who retires by rotation and being eligible, offers himself for re-appointment.
3. 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

Place : New Delhi

Date : 31.05.2004

D P Rawal

Director



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 was transferred to the Investor Protection and Education Fund on 24.01.2004.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 16th September 2004 to Friday, 24th September, 2004 (both days inclusive).
5. The members are requested to intimate the change of address immediately to the Company's Registrar, RCMC Ltd.
6. Member/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
7. Members are requested to forward their queries on Annual Accounts at least one week before the date of the Annual General Meeting.



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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in submitting the 11th Annual Report together with the annual accounts for the year ended 31st March, 2004.

	(Rs. in Lacs)	
	Year Ended	Year Ended
FINANCIAL RESULTS	31.03.2004	31.03.2003
Gross Income	134.67	104.32
Profit before, Depreciation & Tax	69.83	42.16
Less : Depreciation	3.63	3.72
Add : Prov. for D/debts W/back	43.34	55.24
Profit before tax	109.54	93.68
Less : Tax	18.10	6.82
Net Profit/ (Loss)before extra ordinary item	91.44	86.86
Add/ (Less) : Prov. for Deferred Tax	(10.05)	5.58
Net Profit/ (Loss)	81.39	92.45
Profit/ (Loss)brought forward	5.82	(86.63)
Surplus/ (Deficit) carried to Balance Sheet	87.21	5.82

OPERATION

During the year under review, the gross income of the Company has increased to Rs. 134.67 lacs as compared to the income of corresponding previous year amounting to Rs. 104.32 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. 55.92 lacs and funds so recovered were deployed in the markets.

During the year under review, the Company has registered a net profit of Rs.81.39 lacs. As a result the Company by accumulating previous balance of profit and loss account of Rs.5.82 lacs has shown net surplus of Rs.87.21 lacs.

Company's growth has now taken off, the likely recovery of doubtful debts already written off in the past years aggregating Rs.100 lakhs shall add to the net profit in subsequent years.

Since the Company is back to growth path, your directors have decided to plough back the profits earned during the year so as to presently enhance the financial strength of the Company.

MANAGEMENT DISCUSSIONS & ANALYSIS

Fund based activity i.e., consumer loans, hire purchase/lease activity is still not feasible as large banking/other institution have jumped into the fray with cheap lending rates.

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



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

INVESTMENT

Our directors are pleased to inform you that during the year under review, the Company has invested a sum of Rs.51 lacs in the Capital of M/s. Som Datt Infosoft Pvt. Ltd., acquired for the purpose of becoming the member of National Commodity and Derivatives Exchange (NCDEX). Your Company's stake in the said company is to the tune of Rs.99.9%. The said company has made an application to NCDEX and their application is under process.

CONSOLIDATED FINANCIALS

The consolidated financial results of the Company along with its subsidiary M/s. Som Datt Infosoft Pvt. Ltd., are forming part of this report and are given as per Annexure "A"

FIXED DEPOSITS

Our Directors 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. L R Munjal is retiring by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance 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, 2004 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, 2004 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.



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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 (2004-2005), Delhi (2001-2002) Calcutta Stock Exchange (1999-2000), Madras & Jaipur Stock Exchanges (1997-1998).

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

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

Place : New Delhi
Dated : 25.05.2004



D P Rawal
Director

L R Munjal
Director

ADDENDUM TO THE DIRECTORS' REPORT

According to note 4 (iv) 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 1.8 (II) (i) (b) & (c) in Schedule 13. The same accounting policy is being consistently followed.

As per note 4 (vi) of the Auditors' Report, accounting of certain income and expenditure are accounted for on receipt / payment basis as disclosed in Schedule 13. 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

Place : New Delhi
Dated : 31.05.2004

D P Rawal
Director

L R Munjal
Director



SOM DATT FINANCE CORPORATION LIMITED '03-'04

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2003-04

(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, 2004.

These were held on:

- 30.04.2003
- 31.07.2003
- 31.10.2003
- 24.11.2003
- 31.01.2004

ii) The attendance record of the Directors at the Board Meetings held during the year ended on 31st March, 2004 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	5	-	8	-	1

2.3 Re-appointment of Directors

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



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a. Brief resume of the Director

Mr. L R Munjal is 76 years old and is a M A (Eco). He was the ex-president of DSE. He was re-appointed as Director on 30.09.2000.

b. Nature of Experience

Mr L R Munjal, Director of the Company has ample experience in the field of Financing, Share Trading and Investment.

c. Directorship

He is director in the companies viz.,

Munjal Leasing Ltd., Munjal Financial Consultants (P) Ltd., and (L R Securities Ltd.)

3. AUDIT COMMITTEE:

i) The Audit Committee was constituted on 31.07.2001 and comprises of three members, namely:

Mr. 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, 2004. 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.

Thirteen meetings of the Committee were held during the year ended on 31st March, 2004. 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	13
2.	Mr. L R Munjal	13
3.	Mr. Kawaljit Singh	13
4.	Mr. D P Rawal	13

Mr. D P Rawal is the Compliance Officer. 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, 2004. Also, there are no share transfers pending for registration as on the said date.



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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. Eight meetings of the Investment & Remuneration Committee were held, which were chaired by Mr. D P Rawal and was attended by all the members.

S No.	Name of the Director	No of Meetings Attended
1.	Mr. D P Rawal	8
2.	Mr. L R Munjal	8
3.	Mr. Kawaljit Singh	8

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:

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	2,82,240/-	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.

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
2002-2003	Monday, 29.12.2003 & 11.30 a.m.	Circular Court, 8 AJC Bose Road, Kolkata 700 017
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

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



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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.

8. MEANS OF COMMUNICATION :

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are also published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board in which they are considered, generally in "Pioneer" English Daily and "Ganashakti" Bengali Daily, since the Registered Office of the Company is located in Kolkatta.

9. GENERAL SHAREHOLDERS INFORMATION :

Annual General Meeting:

Date : 27-09-04

Time : 11:30 AM

Venue : Circular Court, 8, AJC Bose Road, Calcutta-700 017

Book Closure: 16th Sept. 2004 to 24th September 2004 (Both days inclusive)

Listing of Securities:

The equity shares of your Company are listed on the following Stock Exchanges:

The Delhi Stock Exchange Association Ltd.

The Stock Exchange, Bombay

The Calcutta Stock Exchange Association Ltd.

The Madras Stock Exchange Ltd.

The Jaipur Stock Exchange Ltd.

Stock Code:

DSE (19416), CSE (29145), BSE (11571)

ISIN No. for Dematerialisation of shares:

INE754C01010

Market Price Data:

The details of High & Low market price of the shares at the Stock Exchange Bombay are as under:

Month (2003-04)

Qtn.at Bombay Stock Exchange

	High (Rs.)	Low (Rs.)
April	1.40	1.05
May	1.80	1.80
June	2.16	1.56
July	2.16	1.30
Aug	3.45	1.90
Sep	3.50	1.81
Oct	3.30	2.10
Nov	2.90	2.01
Dec	4.49	2.50
Jan	4.84	2.82
Feb	4.15	2.70
Mar	6.69	2.27