

2004-05
12th
Annual Report

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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
HDFC Bank Limited

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SOM DATT FINANCE CORPORATION LIMITED '04-'05

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of Som Datt Finance Corporation Ltd. will be held at The Saturday Club, 7, Wood Street, Kolkata 700 016 on Friday, 30th September, 2005 at 11.30 a.m., Kolkata to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2005, Balance sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Kawaljit Singh, 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.

SPECIAL BUSINESS

5. To consider, and if thought, fit to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT subject to the provisions of Section 198, 269, 309 and applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if required, Mrs. Latika Datt Abbott be and is hereby re-appointed as Managing Director of the Company in terms of provisions contained in Schedule XIII Annexed to the Companies Act, 1956 on the following terms and conditions:

1. Period of re-appointment: 5 Years from 15.06.2005
2. Salary:
Within the scale of Rs.20,000/- to Rs.70,000/- p.m. The Board of Directors will determine the amount of increments payable every year depending upon the performance of the managerial personnel, the size of operation, profitability and other relevant factors.
3. Perquisites:
Within the overall ceiling of 75% of the annual salary, she would be entitled to the following perquisites in such form and manner as the Board of Directors of the Company may decide:-
 - a) Furnished accommodation with expenditure on gas, electricity, water and maintenance and repair thereof
OR
House-rent allowance and house maintenance allowance with expenditure on gas, electricity and water.
 - b) Medical Expenses and medical insurance for self and family.
 - c) Leave travel concession for self and family.
 - d) Chauffeur driven car facility.
 - e) Club Membership
 - f) Provident fund, superannuation or annuity fund
 - g) Gratuity and such other perquisites and allowances as may be agreed by the Board of Directors. The perquisites shall be evaluated as per the Income Tax Rules wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost.

Company's contribution to provident fund and superannuation or annuity fund to the extent these either singly or together are not taxable under the Income Tax Act, gratuity and encashment of leave at the end of the tenure shall not be included in the computation of limit for remuneration or perquisites as aforesaid.

Note: Family for this purpose shall mean the spouse, dependent children and the dependent parents.



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4. Commission:

Such remuneration by way of commission, in addition to salary and perquisites, calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

5. Minimum remuneration:

Notwithstanding anything contained hereinabove, the Company in case of no profits or inadequate profits in any financial year during the tenure of the Managing Director, be entitled to pay the remuneration and perquisites within the limits specified in the Schedule XIII of the Act.

6. Determination of the Contract:

The term of contract between the Managing Director and the Company can be terminated by either party by giving three months' notice in writing.

By Order of the Board

Place : New Delhi
Date : 30.07.2005

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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business is enclosed.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 16th September 2005 to Friday, 30th September 2005 (both days inclusive).
6. The members are requested to send the dividend mandate to the Company's Share Transfer Agent, RCMC Limited.
7. The Company provides Electronic Clearing Service (ECS) to its members free for directly crediting their account with the dividend proceeds. Member holding shares in physical form may avail this service by forwarding the ECS mandate as per the format enclosed in the Annual Report to the Company's Transfer Agent, RCMC Limited and Members holding shares in demat mode are requested to send their request to their respective Depository Participants (DP).
8. The members are requested to intimate the change of address immediately to the Company's Share Transfer Agent, RCMC Ltd.
9. Member/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
10. 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 '04-'05

EXPLANATORY STATEMENT PURSUANT TO SECTION OF THE COMPANIES ACT, 1956

Mrs. Latika Datt Abbott, Managing Director of the Company, has been associated with the Company since the inception of the Company. She is 39 years old and a graduate from Delhi University. She was elevated to the post of the Managing Director, w.e.f., 15.06.2005 and has successfully completed the Second five year tenure on 15.06.2005. Under her stewardship, the Company has successfully faced the market competition in the Non-Banking Finance Sector and emerge as a strong entity. She was authorized to manage the affairs of the Company subject to superintendence and control of the Board of Directors. The abstract of the terms of appointment of the Managing Director and the Memorandum of Interest Pursuant to Section 302 of the Companies Act, 1956 is circulated to the Members.

None of the Directors except Dr. Som Datt, Mrs. Usha Datt and Mrs. Latika Datt Abbott is interested in the Resolution.

By Order of the Board

Place : New Delhi
Date : 30.07.2005

D P Rawal
Director

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SOM DATT FINANCE CORPORATION LIMITED '04-'05

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in submitting the 12th Annual Report together with the Audited Annual Accounts for the year ended 31st March 2005:

	(Rs. in Lacs)	
	Year Ended 31.03.2005	Year Ended 31.03.2004
<u>FINANCIAL RESULTS</u>		
Gross Income	125.11	134.67
Profit before, Depreciation & Tax	97.37	69.83
Less Depreciation	3.98	3.63
Add Prov. for D/debts W/back	0.07	43.34
Profit before tax	93.46	109.54
Less Prov. for income tax	30.00	18.10
Net Profit/(Loss) before extra-ordinary item	63.46	91.44
Add/(Less) Prov. for Deferred Tax	(0.68)	(10.05)
Net Profit/(Loss)	62.78	81.39
Profit/(Loss) brought forward	87.21	5.82
Profit carried to P&L appropn.a/c	149.99	-
Less transfer to general reserve fund	1.57	-
Proposed dividend	100.08	-
Dividend tax u/s 115	14.04	-
Surplus/(Deficit) carried to Balance Sheet	34.30	87.21

OPERATION

During the year under review, the gross income of the Company has stood at Rs.125.11 lacs as compared to the income of corresponding previous year amounting to Rs.134.67 lacs. Marginal decreased income has been owing to imposition of Transaction Tax on Transactions at stock exchanges.

During the year under review, the Company has registered a net profit after tax at Rs.62.78 lacs. As a result the company by accumulating previous balance of profit and loss account of Rs.87.21 lacs has shown net surplus of Rs.149.99 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 are likely to be recovered in view of the favourable progress in litigation against creditors.

DIVIDEND

Keeping in mind the over all performance of your company and also considering the positive outlook of future company growth, the Board of Directors recommends a dividend of 10% on 10007970 equity shares of Rs.10/- each subject to approval by the Shreholders at the ensuing Annual General Meeting.

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.



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

SUBSIDIARY COMPANY

Your directors are pleased to inform you that its subsidiary company M/s. Som Datt Infosoft Pvt. Ltd., would be shortly commencing the business activities on the Commodity Stock Exchange.

CONSOLIDATED FINANCIALS

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

FIXED DEPOSITS

Your 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. Kawaljit Singh 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 2005 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 2005 on a 'going concern' basis.

AUDITORS

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

Mr. A S Gupta, the Senior Partner of M/s. A S Gupta & Co., Chartered Accountant, Kolkata has expired during the year. The Board of Directors appreciates the services rendered by him as auditor of the Company and pray almighty God to give strength to his family to bear the irreparable loss.

The Auditors Comments are self-explanatory.

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.



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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 Exchange (2004-2005), Delhi (2001-2002) Calcutta Stock Exchange (1999-2000), Jaipur Stock Exchanges (1997-1998) and Madras Stock Exchange upto 31st January 2005.

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.

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For and on behalf of the Board of Directors

Place: New Delhi
Dated: 30.06.2005

D P Rawal
Director

Latika Datt Abbott
Managing Director



SOM DATT FINANCE CORPORATION LIMITED '04-'05

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2004-05

(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, 2005.
These were held on:

1. 25.05.2004
2. 31.05.2004
3. 31.07.2004
4. 21.10.2004
5. 28.01.2005

ii) The attendance record of the Directors at the Board Meetings held during the year ended on 31st March, 2005 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	4	-	6	-	-
Mrs. Usha Datt	4	-	3	-	-
Mr. Kawaljit Singh	3	-	3	5	-
Mr. L R Munjal	5	-	3	3	-
Mr. D P Rawal	5	1	1	1	2
Mrs. Latika Datt Abbott	2	-	8	-	1

2.3 Re-appointment of Directors

The brief particulars of Kawaljit Singh, 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. Kawaljit Singh is 74 years old and is B.Sc (Hon.), BL, IRS, retired Commissioner of Income Tax and he is a Business Executive at present. He was re-appointed as Director on 29.09.2001.

b. Nature of Experience

Mr. Kawaljit Singh, 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.,

Allianz Securities Ltd., Eshaan Holdings Pvt. Ltd., Builtech Engineers and Consultants Ltd and Ekant Holdings Pvt. 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, 2005. The attendance of each Committee member is as under:

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

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.

Twenty two meetings of the Committee were held during the year ended on 31st March, 2005. 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	22
2.	Mr. L R Munjal	19
3.	Mr. Kawaljit Singh	22
4.	Mr. D P Rawal	22

Mr. D P Rawal is the Compliance Officer. During the year, the Company received 5 Demat enquiry, 6 requests for change of address, 2 deletion of name, 1 indemnity Bond/ Affidavit, 2 loss of securities, 29 return mail (securities documents), 3 Transfer enquiries, 1 transmission of securities. All these complaints have been replied to except 1 case pertaining to transmission of shares for want of information during the period ending 31st March 2005. Also, there are no share transfers pending for registration as on the said date.