

2005 - 06
13th
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
V.P. Marwah
Latika Datt Abbott (Managing Director)

AUDITORS

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

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Registered Office

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

Administrative Office

56-58, Community Centre
East of Kailash
New Delhi-110065

Share Transfer Agents

RCMC Share Registry (P) Ltd.
1515, (1st Floor), Bhisham Pitamah Marg
Kotla Mubarakpur
New Delhi-110003

Bankers

Bank of Baroda
HDFC Bank Limited

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SOM DATT FINANCE '05-'06 CORPORATION LIMITED

NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of Som Datt Finance Corporation Ltd. will be held at The Saturday Club, 7, Wood Street, Kolkata-700016 at 11.30 a.m. on Saturday, the 30th September, 2006 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2006, 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 Mrs. Usha Datt, who retires by rotation and being eligible, offers herself 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 an **ORDINARY RESOLUTION**:

RESOLVED as an Ordinary Resolution that Mr. Ved Prakash Marwah, an Additional Director of the Company, whose term of office expires at the Annual General Meeting, be and is hereby appointed as a Director liable to retire by rotation.

6. To consider, and if thought, fit to pass, with or without modification(s), the following resolution as a **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 Bombay Stock Exchange Ltd., 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.

By Order of the Board

DP Rawal
Director

Place: New Delhi
Date: 29.05.2006



SOM DATT FINANCE CORPORATION LIMITED '05-'06

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 unpaid dividend for the financial year ending 31.03.2005 is lying in a separate account. Those members who have failed to encash the dividend warrant the same may send a request for re-validation of dividend warrant.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 16th September, 2006 to Saturday 30th September, 2006 (both days inclusive).
7. The members are requested to send the dividend mandate to the Company's Share Transfer Agent, RCMC Limited.
8. 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).
9. The members are requested to intimate the change of address immediately to the Company's Share Transfer Agent, RCMC Ltd.
10. Member/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
11. Members are requested to forward their queries on Annual Accounts at least one week before the date of the Annual General Meeting.

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

Item No.5 Appointment of Director

It is to inform the Members that Mr. Ved Prakash Marwah was appointed as an Additional Director of the Company with effect from 28.12.2005. He is MA, Retired IPS, and is having 50 years of experience in the field of Law and Administration. The Company has received a letter from the member proposing his candidature as a Director of the Company.

The Members are requested to consider and approve the same.

None of the Directors of the Company except Mr. Ved Prakash Marwah is interested in his appointment.



SOM DATT FINANCE CORPORATION LIMITED '05-'06

Item No.6 Delisting of Shares

It is to inform the members that the shares of the Company are listed on the Calcutta, Bombay, Delhi, Jaipur and Madras Stock Exchanges at the time of public issue of the Company in 1994. It is observed that there is no trading in shares on the Jaipur, Kolkata, Delhi and the Madras Stock Exchange. It is, therefore, proposed to get the shares delisted on these Stock Exchanges. Since the shares of the Company will continue to be listed on Bombay Stock Exchange Ltd., having nationwide trading terminals, the Board is of the opinion that the shareholders do not find any difficulty in dealing with the shares even after delisting of shares on other stock exchanges. The consent of the shareholders is needed by way of Special Resolution.

None of the Directors is interested in this resolution.

By Order of the Board

Place: New Delhi
Date: 29.05.2006



**DP Rawal
Director**



SOM DATT FINANCE CORPORATION LIMITED '05-'06

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in submitting the 13th Annual Report together with the Audited Annual Accounts for the year ended 31st March 2006:

Financial Results

	(Rs. in Lacs)	
	Year Ended <u>31.03.2006</u>	Year Ended <u>31.03.2005</u>
Gross Income	268.67	125.11
Profit before, Depreciation & Tax	150.50	97.37
Less Depreciation	9.21	3.98
Add Prov. for D/debts W/back	5.86	0.07
Profit before tax	147.15	93.46
Less Prov. for income tax	12.50	30.00
Less Prov. for income tax earlier years	1.16	-
Net Profit/(Loss) before extra-ordinary item	133.49	63.46
Add/(Less) Prov. for Deferred Tax	5.21	(0.68)
Less Prov. for F.B.T	1.03	-
Net Profit/(Loss)	127.25	62.78
Profit/(Loss) brought forward	34.29	87.21
Profit carried to P&L appropn.a/c	161.55	149.99
Less transfer to general reserve fund	3.21	1.58
Proposed dividend	100.07	100.08
Dividend tax u/s 115	14.04	14.04
Surplus/(Deficit) carried to Balance Sheet	44.23	34.29

BUSINESS OPERATIONS

During the year under review, the gross income of the Company stood at Rs.268.67 lacs as compared to the income of corresponding previous year amounting to Rs.125.11 lacs. Increase in Income is on account of Capital Market Operation registered at Rs.161.66 lacs as against Rs.82.38 lacs for corresponding previous year. The Company also recovered a substantial amount of bad debts earlier written off amounting to of Rs.77.5 lacs.

During the year under review, the Company has registered a net profit after tax at Rs.127.25 lacs, thereby with the addition of previous surplus of Rs.34.29 lacs, resulting into total surplus of Rs.161.55 lacs.

DIVIDEND

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



SOM DATT FINANCE '05-'06 CORPORATION LIMITED

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 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., has obtained membership of MCX and NCDEX.

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

Mrs. Usha Datt is retiring by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

Mr. Ved Prakash Marwah has been inducted as an Independent Director. Mr. L R Munjal has resigned from the Directorship, as he was unable to perform his duties due to illness. Your Directors welcome the appointment of Mr. Ved Prakash Marwah and passed a vote of thanks to the services rendered by Mr. L R Munjal, during the tenure of his Directorship with the Company.

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 2006 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 2006 on a 'going concern' basis.



SOM DATT FINANCE CORPORATION LIMITED '05-'06

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.

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 these Stock exchanges.

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 : 26.05.2006

DP Rawal
Director

Latika Datt Abbott
Managing Director



SOM DATT FINANCE CORPORATION LIMITED '05-'06

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2005-06

(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/Promoter
Mrs. Usha Datt	Director/Promoter
Mr. Kawaljit Singh	Director/Independent Non-Executive
Mr. L R Munjal*	Director/Independent Non-Executive
Mr. D P Rawal	Director/Independent Non-Executive
Mr. Ved Prakash Marwah	Director/Independent Non-Executive
Mrs. Latika Datt Abbott	Managing Director/Promoter

* Mr. L R Munjal has resigned w.e.f., 2nd May, 2006 as Director of the Company owing to his indifferent health.

2.2 Meetings and attendance record of each Director

i) 4 Meetings of the Board of Directors were held during the year ended 31st March, 2006.

These were held on:

1. 28.06.2005
2. 30.07.2005
3. 29.10.2005
4. 27.01.2006

ii) The attendance record of the Directors at the Board Meetings held during the year ended on 31st March, 2006 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	2	-	7	-	-
Mrs. Usha Datt	2	-	5	-	-
Mr. Kawaljit Singh	4	-	4	1	3
Mr. L R Munjal	-	-	-	-	-
Mr. D P Rawal	4	1	3	1	1
Mrs. Latika Datt Abbott	4	-	9	1	-

2.3 Re-appointment of Directors

The Brief particulars of Mrs. Usha Datt, and Mr. Ved Prakash Marwah, the Directors of the Company proposed to be re-appointed at the ensuing Annual General Meeting are as under:



SOM DATT FINANCE CORPORATION LIMITED '05-'06

Particulars of Mrs. Usha Datt – Director

a. Brief resume of the Director

Mrs. Usha Datt is 73 years old and is Graduate. She was re-appointed as Director on 30.09.2002.

b. Nature of Experience

Mrs. Usha Datt, Director of the Company has ample experience in the field of Financing, Share Trading and Investment.

c. Directorship

She is director in the companies viz.,

Som Datt Securities Ltd., Som Datt Overseas Ltd., Som Datt Enterprises Ltd., Som Datt Capital Development Ltd., Som Datt Estate Pvt. Ltd.

Particulars of Mr. Ved Prakash Marwah - Addl. Director

a. Brief resume of the Director

Mr. Ved Prakash Marwah is 73 years old and is MA, Retired IPS. He was appointed as an Addl. Director on 28.12.2005.

b. Nature of Experience

Mr. Ved Prakash Marwah, Director of the Company has ample experience in the field of Law and Administration. He is retired IPS and Ex-Governor of Manipal, Mizoram and Jharkand & Bihar.

c. Directorship

He is not a Director in any other company.

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 4 meetings during the year ended on 31st March, 2006. 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	0
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. 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. Two meetings of the Investment & Remuneration Committee were held, which were chaired by Mr. D P Rawal.

S No.	Name of the Director	No of Meetings Attended
1.	Mr. D P Rawal	2
2.	Mr. L R Munjal	0
3.	Mr. Kawaljit Singh	2