

2007 - 08

15th

Annual Report

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SOM DATT FINANCE CORPORATION LIMITED

BOARD OF DIRECTORS

Dr. Som Datt (Chairman)

Kawaljit Singh

Usha Datt

D.P. Rawal

V.P. Marwah

Latika Datt Abbott (Managing Director)

COMPANY SECRETARY

Manish Mehta

AUDITORS

A.S. Gupta & Co.

Chartered Accountants

10, Old Post Office Street

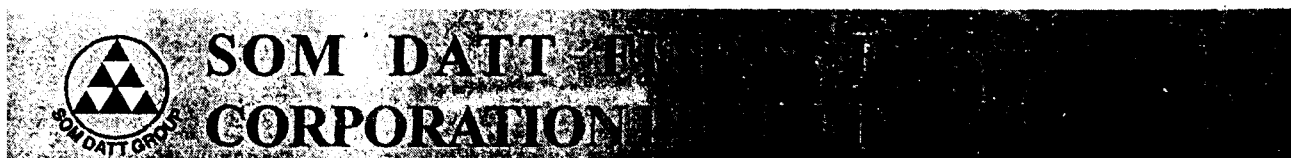
Kolkata-700001

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CONTENTS***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.
B-106, Sector -2
Noida - 201301***Bankers***Bank of Baroda
HDFC Bank Limited

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NOTICE

NOTICE is hereby given that the 15th Annual General Meeting of the Members of **Som Datt Finance Corporation Ltd.** will be held at The Saturday Club, 7, Wood Street, Kolkata-700016 on Tuesday, the 30th September, 2008 at 10.30 a.m., to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit and Loss Account for the year ended March 31, 2008, 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. V.P. Marwah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s A.S. Gupta & Co., Chartered Accountants, Kolkata, the retiring Auditors, as Auditors of the Company and to fix their remuneration.

By Order of the Board

Place: New Delhi

Date: 30.06.2008

Manish Mehta
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. The instrument appointing proxy must reach the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
2. 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 Register 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.
3. The unpaid dividend for the financial year ending 31.03.2005, 31.03.2006, 31.03.2007 are lying in separate accounts. Those members who have failed to encash the dividend warrant the same may send a request for re-validation of dividend warrant.
4. The members are requested to intimate the change of address immediately to the Company's Share Transfer Agent, RCMC Ltd.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 15th September, 2008 to Tuesday 30th September, 2008 (both days inclusive), if the final dividend as recommended by the Board of Directors is approved at the meeting. Payment of such dividend will be made on or after 1st October 2008 as under.
 - a) To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by



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the National Securities Depository Limited and the Central Depository Services (India) Limited as of the close business hours on 15th September 2008.

- b) To all members in respect of share held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 15th September 2008.
6. 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).
7. The members are requested to intimate the change of address immediately to the Company's Share Transfer Agent, RCMC Ltd.
8. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
9. Members are requested to forward their queries on Annual Accounts at least one week before the date of the Annual General Meeting.

By Order of the Board

Place: New Delhi
Date: 30.06.2008

Manish Mehta
Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in submitting the 15th Annual Report together with the Audited Annual Accounts for the year ended 31st March 2008:

Financial Results	(Rs. in Lacs)	
	Year Ended 31.03.2006	Year Ended 31.03.2007
Gross Income	338.57	348.14
Profit before Depreciation & Tax	195.05	221.89
Less Depreciation	6.30	7.73
Add Provision W/back	0.39	-
Profit before tax	189.14	214.16
Less Prov. For income tax	-	5.00
Less Prov. for F.B.T	0.66	0.35
Add/(Less) Prov. for Deferred Tax	(1.14)	3.23
Net Profit/(Loss) after tax	187.32	212.04
Profit/(Loss) brought forward	27.64	44.23
Add: transfer from general reserve fund	33.73	-
Profit carried to P&L appropri.a/c	248.69	256.28
Less: Special reserve (As per RBI Guidelines)	37.46	42.41
Less: Special reserve (As per RBI Guidelines) of earlier year	25.45	-
Proposed dividend	150.11	150.11
Dividend tax u/s 115	25.51	25.51
Less: Transfer to General Reserve Fund	9.36	10.60
Surplus/(Deficit) carried to Balance Sheet	0.78	27.64

OPERATION

During the year under review, the gross income of the Company stood at Rs.338.57 lacs as compared to the income of corresponding previous year amounting to Rs.348.14 lacs.

During the year under review, the Company has registered a net profit after tax at Rs.187.32 lacs.

DIVIDEND

The Board of Directors of your company recommends a dividend of 15% on 1,00,79,70 equity shares of Rs.10/- each subject to approval by the Shareholders at the ensuing Annual General Meeting.

MANAGEMENT DISCUSSIONS & ANALYSIS

The fund based activities related to consumer loans, hire purchase/lease activity are being perceived as not feasible in the present economic scenario so keeping these overall constraints in the present economic scenario in lending business.



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your Board of Directors have decided to continue in the Capital Market Operation, 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

M/s Somdatt infosoft (P) Ltd is member of both Multi Commodity Exchange (MCX) and National Commodity & Derivatives Exchange (NCDEX). During the year finding a lot of volatility in the market, the company decided not to enter trades in pursuance of risk management policy of the company. The company will start the operation once it is found viable and stable arbitrage business in commodities.

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 no public deposit outstanding as on date and there is no unpaid / unclaimed public deposit holder as on date.

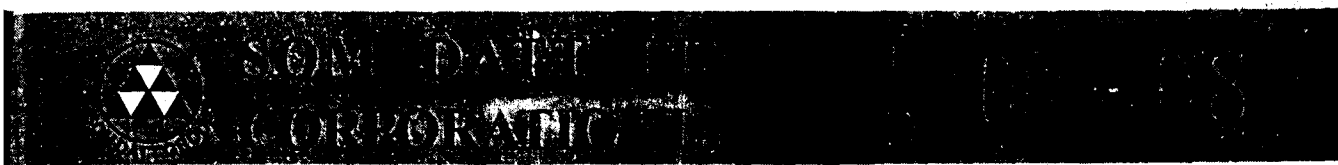
DIRECTORS

Mr. V. P. Marwah 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 2008 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have 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 have 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 have prepared the accounts for year ended 31st March 2008 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.

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 Bombay Stock Exchange. The annual listing fees has been paid to Bombay Stock exchange.

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: 30.06.2008

D P Rawal
Director

Latika Datt Abbott
Managing Director



SOM DATT FINANCIAL CORPORATION LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2007-08

(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. D P Rawal	Director/Independent Non-Executive
Mr. Ved Prakash Marwah	Director/Independent Non-Executive
Mrs. Latika Datt Abbott	Managing Director/Promoter

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, 2008.
These were held on:

- 02.05.2007
- 30.06.2007
- 31.07.2007
- 31.10.2007
- 30.01.2008

- ii) The attendance record of the Directors at the Board Meetings held during the year ended on 31st March, 2008 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	-	5	-	-
Mrs. Usha Datt	5	-	5	-	-
Mr. Kawaljit Singh	5	-	4	2	1
Mr. V P Marwah	4	-	-	-	-
Mr. D P Rawal	5	1	3	1	2
Mrs. Latika Datt Abbott	5	-	9	1	-



2.3 Re-appointment of Directors

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

Particulars of Mr. V.P.Marwah – Director

a. Brief resume of the Director

Mr. V.P.Marwah is 76 years old and is an M.A.

b. Nature of Experience

He is retired IPS having 50 years of experience in Law and Administration. He was Ex-Governor of Manipal, Mizoram and Jharkand.

c. Directorship

Nil

3. AUDIT COMMITTEE:

i) The Audit Committee comprises of three members, namely:

Mr. D P Rawal, Mr. V P Marwah 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, 2008. 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. V P Marwah	4
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. INVESTMENT AND REMUNERATION COMMITTEE:

The Committee comprises of three members, namely;

1. Mr. D P Rawal
2. Mr. Kawaljit Singh
3. Mr. V P Marwah

All the members of the Investment & Remuneration Committee are independent and non-executive Directors. Five meetings of the Investment & Remuneration Committee were held, which were chaired by Mr. Kawaljit Singh and was attended by all the members.

S No.	Name of the Director	No of Meetings Attended
1.	Mr. D P Rawal	5
2.	Mr. V P Marwah	4
3.	Mr. Kawaljit Singh	5

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 loans and investment of long term nature.



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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:

Director of the Company is given below:

This disclosure to be made on remuneration of Managing

Name of the Director	Salary (Rs.)	Present Period of Agreement	Notice Period
Mrs. Latika Datt Abbott	5,88,630	5 Years w.e.f. 15.06.2005	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.5000/- for each meeting of the Board attended by them.

Shareholding of Non-Executive Directors

As on 31st March, 2008

Name	No of Shares
Mr. Som Datt	24,77,625
Mrs. Usha Datt	989151
Mr. D P Rawal	Nil
Mr. Kawaljit Singh	10
Mr. Ved Prakash Narwah	Nil

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 four meetings of the Committee were held during the year ended on 31st March, 2008. The meetings are generally chaired by Mr. D P Rawal. 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	24
2.	Mr. Kawaljit Singh	24
3.	Mr. D P Rawal	24

Mr. Manish Mehta is the Compliance Officer. During the year, the Company received four complaints regarding Non-receipt of Dividend and 2 Nos of Non-receipt of Share Certificate. All these complaints have been replied