

2011 - 12

19th

Annual Report



SOM DATT FINANCE CORPORATION LIMITED

BOARD OF DIRECTORS

Usha Datt

D. P. Rawal

Latika Datt Abbott - Managing Director

Lalit Mohan Segat

AUDITORS

A. S. Gupta & Co.

Chartered Accountants

10, Old Post Office Street

Kolkata-700001

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 19th Annual General Meeting of the Members of **Som Datt Finance Corporation Ltd.** will be held at Gajraj Chambers, 2B, 2nd Floor, 86B/2, Topsia Road (South), Kolkata-700046 on Saturday, the 29th September, 2012 at 10.00 a.m., to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account for the year ended March 31, 2012, 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, (Firm Registration No. 302077E) the retiring Auditors, as Statutory Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To appoint Mr. Lalit Mohan Segat, a Director of the company, who vacates his seat at this Annual General Meeting and if thought fit, to pass the following ordinary resolution of which the prescribed notice has been received by the company, the candidate having filed with the company his consent to act as a Director, if appointed:

“RESOLVED THAT Mr. Lalit Mohan Segat be and is hereby appointed a Director of the company, whose period of office shall be liable to determination by retirement of directors by rotation.”

By Order of the Board

Place: New Delhi

Date: 23.08.2012

Latika Datt Abbott

Managing 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. 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 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.
3. The unpaid dividend for the financial year ending 31.03.2005, 31.03.2006, 31.3.2007 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 Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 15th September, 2012 to Saturday, 29th September, 2012 (both days inclusive)
5. The members are requested to send the dividend mandate to the Company's Share Transfer Agent, RCMC Limited.



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. Member/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 : 23.08.2012

Latika Datt Abbott
Managing Director

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

ITEM NO. 4

Mr. Lalit Mohan Segat was appointed as additional director of the company with effect from 28th day of May 2012, and vacates his seat at this Annual General Meeting, pursuant to section 260 of the Companies Act, 1956 and Articles of Association of the company. A notice under section 257 of the said act has been received from a member signifying his intention to propose the name of Mr. Lalit Mohan Segat for appointment as a director of the company. Mr. Lalit Mohan Segat has filed with the company his consent to act as a director. The directors recommend his appointment as a member of the Board in the interest of the company.

None of the Directors is interested in the resolution.

By Order of the Board

Place : New Delhi
Date : 23.08.2012

Latika Datt Abbott
Managing Director

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report together with the audited statement of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS	(Rs. in Lacs)	
	Year ended 31.03.2012	Year Ended 31.03.2011
Gross Total Income	174.74	221.28
Profit / Loss before Depreciation & Taxation	78.33	132.87
Less: Depreciation	1.66	2.11
Add: Provision written Back	-	0.04
Profit Before tax	76.70	130.80
Less: Provision for Income Tax	23.00	14.00
Less: Provision for F.B.T for Earlier Year	-	-
Add: Provision for Deferred Tax	0.11	16.60
Less: Tax Adjustment for Earlier Years	-	0.61
Net Profit /(Loss) after Tax	53.57	132.79
Profit/(Loss) brought forward	74.57	85.04
Profit carried to P&L Appropriation a/c	128.14	217.83
Less: Special Reserve (As per RBI Guidelines)	10.72	26.56
Less: Proposed Dividend	-	100.08
Less: Corporate Dividend tax	-	16.62
Surplus/ (Deficit) carried to Balance Sheet	117.43	74.57

OPERATION

During the year under review, the gross income of the Company stood at Rs. 174.74 Lacs as compared to Rs. 221.28 Lacs during the previous year. The net profit of the Company was Rs. 53.57 lacs during the year under review.

DIVIDEND

No dividend has been recommended by the Board of Directors.

SUBSIDIARY COMPANY (SOM DATT INFOSOFT PRIVATE LIMITED)

The Company has not been able to conduct commodity market business. In the present scenario, the risk free arbitrage opportunities as visualized are not available. Considering high risk of speculation, the company has reviewed the business model and is of the view that trading in commodity exchange not being the core business of company is not found suitable and the management is exploring to shift to other viable business areas.

CONSOLIDATED FINANCIALS

The Consolidated financial results of the Company along with its subsidiary M/s Som Datt Infsoft Private Limited are forming part of this report and are given as per Annexure.

PARTICULAR OF EMPLOYEES

None of the employee is covered under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTOR

Mr. Dharam Pal Rawal, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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:

- That in the preparation of the Annual Accounts for the year ended 31st March 2012 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 2012 on a 'going concern' basis.

PARTICULAR REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information, required under Rule 2 of the Companies (Disclosure of Particular in the Report of Board of Directors) Rules, 1998 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.

AUDITORS

M/s A.S. Gupta & Co. Chartered Accountants Kolkata, Auditors of the company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the auditors are self-explanatory.

LISTING

The shares of the Company are listed on the Bombay Stock Exchange. The annual listing fee has been paid to the BSE.

CORPORATE GOVERNANCE

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

PUBLIC DEPOSITS

In terms of the provisions of Section 58A of the Act read with the Companies (Acceptance of Deposits Rules), 1975, your Company has not accepted any fixed deposits from public and, as such, no amount of principal or interest was outstanding on the date of the Balance Sheet.

By Order of the Board

(Latika Datt Abbott)

Chairperson & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW

Presently there is distinct slow down in GDP growth due to rising interest rates, unchecked inflation and continued flow of negative news of rampant corruption. However long term growth of Indian Economy are viewed as bright.

BUSINESS REVIEW

The Company's core business is investment, loans and advances. Management policy is to ensure capital protection with growth of profit. The Management is committed to follow the same principals in future as well.

SEGEMENT WISE PERFORMANCE

The company is presently engaged in the business of investment and finance in the areas of a) Hedged Capital Market Products and b) Bill Discounting and Inter Corporate Loans.

Due to higher cost of funds, financing into leasing and hire purchase has not been found feasible.

STRENGTHS

The company has been consistently showing profit and carry's no bad debt, no overdue liability or debt of any nature

BUSINESS OUTLOOK

The easing of global concerns, a stable government, and improving market sentiments augurs well for the financial services sector, however there is need to check inflation and softening bank interest.

INTERNAL CONTROL SYSTEMS

The Company has adequate system of strong internal controls for business processes, with regards to operations, financial reporting, compliance with applicable laws and regulations, etc. Regular internal audit ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening the existing control system in view of changing business needs from time to time.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2011-12

(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 four directors as on the date of this report. 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
Mrs. Usha Datt	Director/Promoter
Mr. D P Rawal	Director/Independent Non-Executive
Mrs. Latika Datt Abbott	Managing Director/Promoter
Brig. Lalit Mohan Segat	Director/Independent Non-Executive

2.2 Meetings and attendance record of each Director

- i) 6 Meetings of the Board of Directors were held during the year ended 31st March, 2012.
These were held on:
 1. 26.05.2011
 2. 13.08.2011
 3. 23.08.2011
 4. 14.11.2011
 5. 20.12.2011
 6. 13.02.2012
- ii) The attendance record of the Directors at the Board Meetings held during the year ended on 31st March, 2012 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*	3	No	5	-	-
Mrs. Usha Datt	5	No	5	-	-
Mr. Kawaljit Singh**	2	No	6	2	1
Mr. V P Marwah**	2	No	-	2	-
Mr. D P Rawal	6	Yes	4	1	2
Mrs. Latika Datt Abbott	4	No	8	1	-

2.3 Re-appointment of Directors

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

Particulars of Mr. D P Rawal– Director

a. Brief resume of the Director

Mr. D P Rawal is 67 years old and is a Fellow member of the Institute of Chartered Accountants of India. He is a member of the Board of Directors of the Company since 20th April, 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 and Stock Market operations.

* Ceased to be a director effective from 04/10/2011

** Ceased to be a director effective from 20/12/2011

c. Directorship

He is a director in the following other companies namely:

- (i) Blackswan Analytics Limited
- (ii) Som Datt Overseas Limited
- (iii) KDR Capital Development Private Limited
- (iv) Som Datt Capital Development Limited

3. AUDIT COMMITTEE:

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

Mr. D P Rawal, Ms. Latika Datt Abbott and Brigadier Lalit Mohan Segat*. Ms. Latika Datt Abbott of the Audit Committee is a non independent Director and Mr. D P Rawal & Brigadier Lalit Mohan Segat 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.

* Appointed with effect from 28.05.2012.

ii) The Audit Committee had 3 meetings during the year ended on 31st March, 2012. The attendance of each Committee member is as under:

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

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.

* Mr. V P Marwah and Mr. Kawaljit Singh resigned on 20.12.2011.

4. INVESTMENT AND REMUNERATION COMMITTEE:

The Committee comprises of three members, namely;

1. Mr. D P Rawal
2. Brigadier Lalit Mohan Segat*
3. Ms. Latika Datt Abbott

Ms. Latika Datt Abbott of the Investment and Remuneration Committee is a non independent & Executive Director and Mr. D P Rawal & Brigadier Lalit Mohan Segat are independent & non executive Directors. No meeting of the Investment & Remuneration Committee was held during the year.

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.

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	7,42,560	5 Years w.e.f., 15.06.2010	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, 2012

Name	No of Shares
Mrs. Usha Datt	989151
Mr. D P Rawal	Nil

5. SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE

The Share Transfer Committee had been constituted immediately after the Public Issue in 1994. The said Committee also looks 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:

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

Six meetings of the Committee were held during the year ended on 31st March, 2012. The Share Transfer and Investor Grievance Committee is comprised of Mr. D P Rawal, Ms. Latika Datt Abbott and Brigadier Lalit Mohan Segat*. Ms. Latika Datt Abbott is a non independent Director and Mr. D P Rawal & Brigadier Lalit Mohan Segat are independent Directors. The meetings of the Committee are usually chaired by Mr. D P Rawal.

* Appointed with effect from 28.05.2012.

The composition of the Committee during the year 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	5
2.	Mr. Kawaljit Singh	4
3.	Mr. D P Rawal	3

Ms. Latika Datt Abbott is the Compliance Officer. During the year, the Company did not receive any complaint regarding Non-receipt of Dividend and / or Non-receipt of Share Certificate. Further, there are no share transfers pending for registration as on the said date.

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
2010-11	Friday, 23.09.2011 at 10.00 a.m.	Gajraj Chambers, 2B, 2 nd Floor, 86B/2, Topsia Road (South), Kolkata 700 046
2009-10	Thursday, 30.09.2010 at 10.00 a.m.	Gajraj Chambers, 2B, 2 nd Floor, 86B/2, Topsia Road (South), Kolkata 700 046
2008-09	Wednesday, 30.09.2009 at 10.00 a.m.	The Saturday Club, 7 Wood Street, Kolkata 700 016

No Special Resolution has been passed in the Annual General Meeting held during the last three years.

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.
- (iii) The Whistle Blower Policy has been adopted by the Company and it is affirmed that no personnel has been denied access to such policy.
- (iv) The Company has complied with all the mandatory requirement laid down on Corporate Governance. However, the Company has taken steps to implement non-mandatory requirements and their compliances as under:
 - a Board – A Non-Executive Chairman is entitled to maintain the Chairman's Office at the Company's expense but the tenure of Independent Director has not been restricted to a period of 9 years on the Board of the Company.
 - b Remuneration Committee, Shareholders Rights, Audit Qualifications, Training of Board Members and Mechanism for evaluating Non-Executive Board Members – The Company is taking necessary steps to implement these non-mandatory requirements.
 - c Whistle Blower Policy – The Company has implemented this non-mandatory requirement

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 format 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 Kolkata.

9. GENERAL SHAREHOLDERS INFORMATION:
Annual General Meeting:

Date : 29th September 2012
 Time : 10.00 AM
 Venue : Gajraj Chambers, 2B, 2nd Floor, 86B/2, Topsia Road (South), Kolkata 700 046

Financial Year: 1st April 2011 to 31st March 2012

Book Closure:

15th September to 29th September 2012 (both days inclusive)