

# ANNUAL REPORT 2002 - 2003





## PEERLESS ABASAN FINANCE LIMITED

### THIRTEENTH ANNUAL REPORT 2002-2003

#### BOARD OF DIRECTORS

Mr. P. P. Ray, Chairman  
Mr. S. K. Roy  
Mr. S. Dutta  
Mr. N. Saha  
Mr. S. Bhattacharyya

#### COMPANY SECRETARY

Mr. K. Balasubramanian

#### KEY EXECUTIVES

##### Chief Manager

Mr. K. K. Chatterjee

##### Manager Accounts

Mr. A. K. Das

#### CHIEF EXECUTIVE

Mr. T. K. Mukherjee

#### AUDITORS

De & Bose  
Chartered Accountants

#### REGISTRARS

Computech International Ltd.

#### PRINCIPAL BANKERS

United Bank of India  
State Bank of India  
Bank of Baroda  
HDFC Bank

#### REGISTERED & HEAD OFFICE

7 & 8, C. I. T. Road, 2nd Floor, Entally,  
Kolkata - 700 014



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## PEERLESS ABASAN FINANCE LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirteenth Annual General Meeting of the members of PEERLESS ABASAN FINANCE LIMITED will be held at "Kalakunj" (Basement of Kala Mandir), 48, Shakespeare Sarani, Kolkata - 700 017 on Monday, 15th September, 2003 at 10.30 A.M. to transact the following business :

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March, 2003, Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. K. Roy, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S. Dutta, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification the following Resolutions.

#### 5. As an Ordinary Resolution

"That pursuant to section 269 read with Schedule XIII, Sections 198 and 387 and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby approve the appointment of Mr. T. K. Mukherjee as Manager designated as Chief Executive of the Company for a period of two years with effect from 1st October, 2002 and also the remuneration payable to Mr. T. K. Mukherjee for the aforesaid period of his appointment on the terms and conditions including remuneration as set out in the Draft Agreement, submitted before this meeting and initialled by the Chairman for the purpose of identification, to be entered into between the Company and Mr. T. K. Mukherjee, with liberty to the Board of Directors to alter and vary such terms and conditions including remuneration not exceeding the limit specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be notified by the Central Government and agreed by the Board of Directors and Mr. T. K. Mukherjee and that the Board of Directors be and is hereby authorised to execute on behalf of the Company the aforesaid Agreement and amendments thereto, as and when effected, under the common seal of the Company."

#### 6. As a Special Resolution

"That subject to the provisions of the Companies Act, 1956 and to Regulations of the Securities and Exchange Board of India and subject to such approvals, permission and sanction as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approval, permission and sanctions, which may be agreed to, by the Board of Directors of the Company (herein after referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising such powers conferred by this Resolution), consent is accorded to the Board to delist the Equity Share from the Madras Stock Exchange Limited, The Delhi Stock Exchange Association Stock Exchange Limited and The Stock Exchange, Ahmedabad."

Registered & Head Office,  
7 & 8, C. I. T. Road, 2nd Floor, Entally,  
Kolkata - 700 014

Dated : 24th June, 2003

## PEERLESS ABASAN FINANCE LIMITED



## NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxy Form, in order to be effective, must be received by the Company at the Registered Office not less than 48 hours before the meeting.
2. An Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of Item Nos. 5 and 6 is annexed hereto.
3. The Register of Members of the Company will remain closed from 4th September, 2003 to 15th September, 2003 both days inclusive.
4. Members are requested to intimate immediately, changes, if any, in their registered address along with the pincode number.
5. The Shareholders are informed that the dividends which were declared at the previous Annual General Meetings and which remained unpaid/unclaimed have been transferred by the Company to the General Revenue Account of the Central Government pursuant to Section 205A (5) of the Companies Act, 1956. Such unpaid/unclaimed dividend for the financial year ended 31st March, 1996 shall be transferred to the concerned Fund as per the new provision of the Companies Act, 1956, as amended in 1999.
6. Particulars of Mr. S. K. Roy and Mr. S. Dutta, directors, who are proposed to be reappointed, are annexed hereto, as required in the Code of Corporate Governance.

**EXPLANATORY STATEMENT**

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

**Item No. 5**

In terms of the previous appointment of Mr. T. K. Mukherjee as Manager as defined in Section 2(24) of the Companies Act, 1956 and designated as Chief Executive for a period of one year, his tenure of office was upto 30th September, 2002. The Board of Directors of the Company at their meeting held on 20th September 2002 have reappointed Mr. T. K. Mukherjee as Chief Executive for a further period of two years effective from 1st October 2002. The terms and conditions of the said appointment and remuneration payable to Mr. Mukherjee as approved by the Remuneration Committee of the Company and by the Board have been embodied in the Draft agreement to be entered into between the Company and Mr. Mukherjee, which requires the approval of the members of the Company in general meeting in terms of Part III of Schedule XIII to the Companies Act, 1956 ("the Act"). The aforesaid Draft Agreement is open for inspection at the Registered and Head Office of the Company at 7 & 8, C. I. T. Road, 2nd floor, Entally, Kolkata - 700 014 on all working days during business hours till the date preceeding the date of the Annual General Meeting and also at the said Meeting. The principal terms and conditions as contained in the Draft Agreement are as follows.

The existing system of reimbursing by the Company to The Peerless General Finance & Investment Company Limited (PGFI) for the payments referred to in A, B & C below being made to Mr. T. K. Mukherjee shall continue in accordance with the terms of appointment.

- A) The present salary and allowances are :
- |  |     |           |            |
|--|-----|-----------|------------|
| i) Salary  | Rs. | 17,700.00 | per month. |
| ii) House Rent Allowance   | Rs. | 725.00    | per month. |
| iii) Special Allowance   | Rs. | 1,876.00  | per month. |
| iv) Contribution to Provident Fund and Gratuity are as per terms and conditions of PGFI. (He will be entitled to increments etc. as admissible in PGFI.) |     |           |            |
- B) Reimbursement of Medical Expenses incurred for self and dependent family members subject to a ceiling of one month's salary per annum.
- C) Leave Travel Concession and encashment of privilege leave as per rules.
- In addition to the above, the Chief Executive shall be entitled to the following payments :
- D) Compensatory allowance of Rs. 4,000/- per month shall be paid by the Company so long as he continues as Chief Executive of the Company.
- E) Car running expenses of Rs. 10,000/- per month, subject to an overall limit of Rs. 1,20,000/- per annum.
- F) Entertainment Expenses to visitors subject to a maximum of Rs. 2,500/- per month shall be reimbursed by the Company so long as he continues as Chief Executive of the Company.
- G) Provision of telephone at residence will not be considered as perquisite. Reimbursement of Mobile Phone Charges not exceeding Rs. 600/- per month would be made by the Company. Personal long distance calls on telephone shall be billed by the Company to the Chief Executive.

The Chief Executive shall not, so long he functions as Chief Executive of the Company, become interested or otherwise be concerned directly and/or through his wife and/or minor children, in any Selling Agency of the Company without prior approval of the Board.

The Chief Executive shall also be entitled to reimbursement of expenses actually and properly incurred for the business of the Company.

The Agreement may be terminated by either party by giving three months notice in writing to the other.

The extent and scope of the remuneration and the perquisites including the monetary value thereof, specified in the Agreement may be enhanced, enlarged, widened, altered or varied in accordance with the relevant provision of the Act for the payment of managerial remuneration in force from time to time.

The Chief Executive shall devote his whole time and energy for the business of the Company and shall have the management of substantially



## PEERLESS ABASAN FINANCE LIMITED

the whole of the affairs of the Company subject to the superintendence, control and direction of the Board of Directors of the Company.

Pursuant to Part-III of the Schedule XIII to the Act, both the appointment of Mr. T. K. Mukherjee as Manager, designated as Chief Executive and payment of remuneration to him, require the approval of the Members in General Meeting. The proposed Resolution set out under item No. 5 of the convening Notice is to be considered in the above context and the Board recommends the acceptance thereof.

No Director of the Company is interested or concerned in the Resolution.

This may also be regarded as an abstract of Mr. Mukherjee's terms of appointment as Manager of the Company and Memorandum of Interest under section 302 of the Act.

### Item No. 6

Pursuant to the Special Resolution passed at the Eleventh Annual General Meeting held on 19th September, 2001, the equity shares of the Company were sought to be delisted from the following Stock Exchanges.

1. Bangalore Stock Exchange Limited
2. The Stock Exchange, Ahmedabad
3. The Delhi Stock Exchange Association Limited
4. Madras Stock Exchange Limited

The equity shares of the Company are not traded on these four Stock Exchanges for a long time. As the Company has been incurring losses, efforts are made to reduce expenditure to contain losses. In this context, delisting of the equity shares from these four Stock Exchanges would lead to substantial reduction of cost by way of listing fees paid. Moreover, payment of listing fee to these Stock Exchanges is also an avoidable financial burden on the Company at a time when the Company's financial condition has deteriorated.

The Company's appeal to the four Stock Exchanges to delist the Company's equity shares without need for providing exit opportunity as the equity shares could be conveniently dealt with through the Stock Exchange, Mumbai and Calcutta, wherein also the Company's equity shares are listed, was not acceded to by these Stock Exchanges.

The revised guidelines for delisting issued by the Securities and Exchange Board of India (SEBI) vide clause 5.2 permits voluntary delisting of securities from Stock Exchange without providing exit opportunity inter alia, if the securities continue to be listed on Stock Exchange, Mumbai or National Stock Exchange. As the equity shares of the Company are listed and would continue to be listed on the Stock Exchange, Mumbai, no exit opportunity need to be provided nor shall be provided by the Company to the shareholders in the region covered by the respective four Stock Exchanges from which delisting is sought for. Pursuant to the directions of the SEBI, the equity shares of the Company are to be traded compulsorily only in demat form by all investors.

The special resolution proposed to the shareholders for passing afresh will enable the Company to make further appeal to the four Stock Exchanges concerned for delisting of the Company's equity shares pursuant to the revised guidelines for delisting and accordingly, the Board recommends the acceptance of the special resolution set out in Item No. 6 of the convening Notice.

No director of the Company is interested or concerned in the resolution.

### PARTICULARS OF THE DIRECTORS

Mr. S. K. Roy and Mr. S. Dutta, Directors who retire by rotation, are proposed to be reappointed at the Thirteenth Annual General Meeting. As required in the Code of Corporate Governance, particulars of these directors are furnished herein below.

#### Mr. S. K. Roy

Mr. Sunil Kanti Roy, 56 years, is a Commerce Graduate, Mr. Roy is the Managing Director of The Peerless General Finance & Investment Company Limited.

Mr. Roy has wide experience in Business Management, Financial Management and Computer Systems.

Mr. Roy is also the Director of Peerless Financial Services Limited, Peerless Hospitex Hospital & Research Center Limited, Bengal Peerless Housing Development Company Limited, Shikha Holdings Private Limited and Chairman of Peerless Hotels Limited and Peerless Securities Limited. Mr. Roy is also the Executive Committee member of Bengal National Chamber of Commerce & Industry. Mr. Roy is a member of the Company's Audit Committee and Shareholders/Investors Grievance Committee.

#### Mr. S. Dutta

Mr. Salil Dutta, 72 years, is a Law Graduate and has Diploma in Social Welfare. Mr. Dutta has several years experience in the field of personnel and administrative functions in senior position in leading public sector undertakings and as Director Marketing of The Peerless General Finance & Investment Company Limited. Mr. Dutta is also the former Managing Director of Peerless Abasan Finance Limited.

Mr. Dutta is a Director of Peerless Hospitex Hospital and Research Center Limited. Mr. Dutta is a member of the Audit Committee and Remuneration Committee of the Company.

**PEERLESS ABASAN FINANCE LIMITED****DIRECTORS' REPORT****TO THE MEMBERS**

The Directors have pleasure in placing before you the Thirteenth Annual Report on the business and operations of the Company and the audited accounts for the year ended 31st March, 2003.

**2. FINANCIAL RESULTS**

	Year ended		(Rs. in lakhs)
	31st March, 2003	31st March, 2002	
Operating Income	86.67	208.58	
Loss before Tax	387.11	272.48	
Provision for Tax	0.03	(0.07)	
Loss after Tax	387.14	272.41	
Balance of loss carried to Balance Sheet	931.18	543.87	

**3. PERFORMANCE OF THE COMPANY**

Your Company could make significant improvement in realising some of the non-performing loans during the year. However, discontinuation of mobilisation of deposit in conformity with the direction of the National Housing Bank (NHB) and concurrently utilising proceeds from recovery of loan to repay matured fixed deposits, as reported last year, resulted in erosion of resources for deployment of funds in housing loan business. Besides, provisions were made in the accounts for non-performing assets in compliance with the prudential norms of NHB. In view of these factors, operating income reduced and consequently the Company incurred substantial loss for the year.

**4. DIVIDEND**

Due to the loss, your directors do not recommend any dividend for the year.

**5. DIRECTORS' RESPONSIBILITY STATEMENT**

The directors state :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 financial year and of the profit or loss of the Company for that period;
- 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;
- that the directors had prepared the annual accounts on a going concern basis.

**6. REGULATORY GUIDELINES**

Your Company continues to comply with the guidelines on Prudential Norms as prescribed by the National Housing Bank. The Capital Adequacy of your Company as on 31st March, 2003 was 27.19% against a minimum requirement of 12%.

Your Company has made application for registration to the National Housing Bank, the Regulatory Authority of the Company, to which communication is awaited from them.

**7. FIXED DEPOSITS**

Deposits amounting to Rs. 239.23 lakh remained unclaimed by the depositors as on 31st March, 2003. Since then 251 depositors have claimed their deposits amounting to Rs. 33.13 lakh. The depositors are regularly intimated about the maturity of their deposits.





## PEERLESS ABASAN FINANCE LIMITED

### 8. FUTURE OUTLOOK

Recovery of non-performing assets continue to receive priority attention of your directors. Your Company's future earning prospects has become uncertain and bleak due to paucity of funds arising out of discontinuation of mobilisation of deposits for want of stipulated credit rating affecting deployment of funds for income generation.

### 9. DIRECTORS

In accordance with the Articles of Association, Mr. S. K. Roy, Director and Mr. Salil Dutta, Director retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Your Board of Directors reappointed Mr. Tapan Kumar Mukherjee as Manager as defined in Section 2 (24) of the Companies Act, 1956 and designated him as Chief Executive with effect from 1st October, 2002 for a period of two years. Approval of the shareholders is being sought for the appointment and remuneration payable to Mr. T. K. Mukherjee on his reappointment.

### 10. AUDIT COMMITTEE

The Audit Committee comprises Mr. N. Saha, Mr. S. K. Roy and Mr. Salil Dutta, all non-executive directors. Mr. N. Saha is the Chairman of the Committee.

### 11. AUDITORS

The auditors, M/s. De & Bose, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

### 12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars regarding conservation of energy and technology absorption are not furnished as these are not applicable. There has been no foreign exchange income and outgo during the period.

### 13. PARTICULARS OF EMPLOYEES

The Company does not have any employee whose particulars are required to be furnished under Section 217 (2A) of the Companies Act, 1956.

### 14. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure 'A' to this Report.

### 15. DELISTING OF EQUITY SHARES

The Company's appeal to delist its equity shares from the Stock Exchanges at Chennai, Bangalore, Ahmedabad and New Delhi was not accepted by the said Stock Exchanges. The Company is incurring heavy losses year after year and there were practically no transactions in the said Exchanges during the last several years and therefore such delisting would help reduce administrative costs. The equity shares continue to be listed on Stock Exchanges at Mumbai and Kolkata. A special resolution is accordingly proposed to the shareholders for passing afresh, to enable the Company to appeal again to the four Stock Exchanges to delist the equity shares in terms of the revised guidelines issued in 2003 by the Securities and Exchange Board of India.

### 16. APPRECIATION

Your Directors thank the National Housing Bank, Depositors, the Promoters viz. The Peerless General Finance & Investment Company Limited and the Borrowers for their continued valuable support. Your Directors place on record their appreciation of the devotion and contribution of the employees at all levels.

On behalf of the Board

Kolkata  
24th June, 2003.

P. P. Ray  
Chairman



**PEERLESS ABASAN FINANCE LIMITED****REPORT ON CORPORATE GOVERNANCE****ANNEXURE 'A'****1. COMPANY'S PHILOSOPHY**

Your directors appreciate the principles of Corporate Governance which are intended to bring out best practices, disclosure and discipline in organisation.

**2. BOARD OF DIRECTORS**

The Board of Directors comprises five non-executive directors, two of whom are independent Directors. During the year 8 Board Meetings were held on 18th April, 2002, 28th June, 2002, 26th July, 2002, 20th September, 2002, 30th October, 2002, 27th November, 2002, 31st January, 2003 and 24th March, 2003.

Data on the attendance of directors in Board Meetings, last Annual General Meeting and number of other directorship/committee membership is given below.

Name of Directors	No. of Board Meeting attended	Attendance at last AGM	No. of* other Directorships	Committee** Membership	
				Member	Chairman
Mr. P. P. Ray (Chairman)	6	No	2	1	1
Mr. S. K. Roy	6	Yes	6	2	-
Mr. N. Saha	8	"	-	1	2
Mr. S. Dutta	8	"	1	3	-
Mr. S. Bhattacharyya	8	"	1	1	-

\* Excludes Directorships in Indian Private Limited Companies and memberships of Managing Committee of various Chambers/bodies.

\*\* Represents Memberships/Chairmanships of Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee.

**3. AUDIT COMMITTEE****a) Terms of Reference in brief**

Overview of the Company's financial reporting process and the financial disclosures; recommendation of appointment of Statutory Auditors and their fees; review meeting with the Auditors about the internal control system, the audit process and any observation of Auditors; determining the adequacy or scope of internal audit function in consultation with the internal auditors, adopt accounting policies and practices in compliance with the accounting standards; compliance with the requirements of the Stock Exchange and legal requirements concerning financial statements; review the Company's financial and risk management policies and to review the quarterly, half yearly and annual financial statements before submission to the Board of Directors.

Minutes of the meetings of the Audit Committee are circulated to and discussed by the Board.

**b) Composition**

The Audit Committee comprises three non-executive directors.

The Committee met 6 times during the year on 18th April, 2002, 26th June, 2002, 26th July 2002, 30th October, 2002, 27th November, 2002 and 31st January, 2003. Name of the members and their attendance at the meetings are as follows:

Name	No. of meetings attended
1. Mr. N. Saha (Chairman)	6
2. Mr. S. K. Roy	3
3. Mr. S. Dutta	6

Mr. N. Saha and Mr. S. Dutta are independent directors. Mr. S. Bhattacharyya, Director, who is a Chartered Accountant, Mr. P. P. Ray, Director, who has wide experience in the field of law, and Mr. T. K. Mukherjee, Chief Executive are permanent invitees. The Internal Auditors and when required, a representative of Statutory Auditors are invited to Audit Committee meetings.

**4. REMUNERATION COMMITTEE**

The Remuneration Committee comprises Mr. N. Saha, Chairman and Mr. S. Dutta and Mr. P. P. Ray, Directors. The Committee determines the remuneration of the Chief Executive, since all the directors on the Board are non-executive and only fee for attending meeting is paid to them excepting one director who does not take the fees.