

ANNUAL REPORT 2003 - 2004





PEERLESS ABASAN FINANCE LIMITED

FOURTEENTH ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE

Mr. T. K. Mukherjee

AUDITORS

De & Bose
Chartered Accountants

COMPANY SECRETARY

Ms. Arunima Basu

REGISTRARS

MCS Limited

KEY EXECUTIVES

Chief Manager

Mr. K. K. Chatterjee

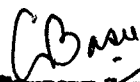
Manager Accounts

Mr. A. K. Das

PRINCIPAL BANKERS

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

PEERLESS ABASAN FINANCE LTD.


Company Secretary.

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 Fourteenth Annual General Meeting of the members of PEERLESS ABASAN FINANCE LIMITED will be held at "Mini Auditorium", Science City, JBS Haldane Avenue, Kolkata - 700 046 on Friday, 10th September, 2004 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, 2004, Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. N. Saha, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. S. Bhattacharyya, 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 Resolution.

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 re-appointment of Mr. T. K. Mukherjee as Manager, designated as Chief Executive of the Company for a period of one year with effect from 1st October, 2004 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 to 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."

PEERLESS ABASAN FINANCE LTD.

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

Dated : 28th June, 2004

CB Basu
Company Secretary.

By Order of the Board
Arunima Basu
Company Secretary

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/HER 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 No. 5 is annexed hereto.
3. The Register of Members of the Company will remain closed from 1st September, 2004 to 10th September, 2004, both days inclusive.
4. Members are requested to intimate immediately, changes, if any, in their registered address along with the pin code 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 Investor Education & Protection Fund pursuant to Section 205A (5) of the Companies Act, 1956. Such unpaid/unclaimed dividend for the Financial Year ended 31st March, 1997 shall be transferred to the said Fund.
6. Particulars of Mr. N. Saha and Mr. S. Bhattacharyya, Directors, who are proposed to be reappointed, are annexed hereto, as required under 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 2 years, his tenure of office expires on 30th September, 2004. His appointment for a further period of 1 year effective from 1st October, 2004 has been approved by the Board at the meeting held on 28th June, 2004. 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 preceding 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 given under.

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 be as follows as per the terms of appointment.

- | | | |
|----|--|-----------------------|
| A) | i) Salary | Rs. 17,700 per month. |
| | ii) House Rent Allowance | Rs. 725 per month. |
| | iii) Special Allowance | Rs. 1,870 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.



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- 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 also be entitled to reimbursement of expenses actually and properly incurred for the business of the Company.

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 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 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.

PARTICULARS OF THE DIRECTORS

Mr. N. Saha and Mr. S. Bhattacharyya, Directors who retire by rotation, are proposed to be reappointed at the Fourteenth Annual General Meeting of the Company. As required in the Code of Corporate Governance, particulars of these directors are furnished herein below.

Mr. N. Saha

Mr. Nirajan Saha, 62 years, is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Saha is the Managing Partner of M/s. Ray & Ray, Chartered Accountants.

Mr. Saha has wide knowledge and experience in various facets of finance, accounts and audit.

Mr. Saha is a director of Ray & Ray Consultants Pvt. Ltd.

Mr Saha is the Chairman of the Company's Audit Committee, member of Shareholders/Investors Grievance Committee and Chairman of the Remuneration Committee.

Mr. S. Bhattacharyya

Mr. Samar Bhattacharyya, 56 years, is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Bhattacharyya is the General Manager (Accounts & Group Financial Co-ordinator) of The Peerless General Finance & Investment Co. Ltd. Mr. Bhattacharyya has wide knowledge and experience in various facets of finance and accounts.

Mr. Bhattacharyya is a Director of Peerless Developers Ltd., Cad Cam Consultants Pvt. Ltd., and Peerless Travels Pvt. Ltd.

Mr. Bhattacharyya is a member of Company's Shareholder/Investors Grievance Committee and permanent invitee to the meetings of the Audit Committee.

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

The Directors have pleasure in placing before you the Fourteenth Annual Report on the business and operations of the Company and the audited accounts for the year ended 31st March, 2004.

2. FINANCIAL RESULTS

	Year ended		(Rs. in lakhs)
	31st March, 2004	31st March, 2003	
Operating Income	48.18		86.67
Loss before Tax	180.81		387.11
Deferred Tax Liability (Provided)/reduced	(0.03)		0.03
Loss after Tax	180.78		387.14
Balance of loss carried to Balance Sheet	1126.47		931.18

3. PERFORMANCE OF THE COMPANY

Your Company had discontinued its activities of mobilization of deposits in conformity with the directions of the National Housing Bank (NHB), as the Company did not have the stipulated Credit Rating. As a result, the Company had to utilize proceeds from recovery of loan to repay matured fixed deposits, which resulted in erosion of resources for deployment of funds in the housing loan business. In addition, provision was made in the accounts for non-performing loans in accordance with the Prudential Norms issued by NHB. In view of all these factors, the operations for your Company ended in loss, despite striking improvement in the recovery of non-performing loans during 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 judgments 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 at 31st March, 2004, was 43.80% as against the minimum requirement of 12%.

National Housing Bank, the Regulatory Authority of the Company, has granted Certificate of Registration to your Company on 15th January, 2004, to carry on business of a housing finance institution without accepting public deposits.

7. FIXED DEPOSITS

Deposits amounting to Rs. 220.7 Lacs remained unclaimed by the depositors as on 31st March, 2004. 315 depositors have since claimed their deposits amounting to Rs. 42.42 Lacs. The depositors are regularly intimated about the maturity of their deposits.



PEERLESS ABASAN FINANCE LIMITED

8. FUTURE OUTLOOK

Your Company shall continue to give thrust on recovery of non-performing assets. Your directors are hopeful of recovering a substantial amount of the dues.

Your Company's earning prospect has become uncertain due to paucity of funds arising out of discontinuation of mobilization of deposits for want of stipulated credit rating and consequent directions given by National Housing Bank (NHB) to discontinue acceptance of deposits adversely affecting deployment of funds for income generation.

9. DIRECTORS

In accordance with the Articles of Association of the Company, Mr. N. Saha and Mr. S. Bhattacharyya retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Your Board of Directors had appointed Mr. Tapan Kumar Mukherjee as Manager defined in Section 2 (24) of the Companies Act, 1956. His term of office expires on 30th September 2004 and the Board has reappointed him with effect from 1st October 2004, for a period of one year. 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, of whom Mr. N. Saha and Mr. Salil Dutta are independent directors. Mr. N. Saha is the Chairman of the Audit Committee.

11. AUDITORS

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

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. 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.

Kolkata
28th June, 2004

On behalf of the Board

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 5 Board Meetings were held on 24th June, 2003, 29th July, 2003, 15th September, 2003, 27th October, 2003 and 29th January, 2004.

Data on the attendance of directors in Board Meetings, last Annual General Meeting (AGM) 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)	4	Yes	3	1	1
Mr. S. K. Roy	4	Yes	6	2	—
Mr. N. Saha	5	Yes	—	1	2
Mr. S. Dutta	5	Yes	1	3	—
Mr. S. Bhattacharyya	5	Yes	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 determination of their fees; review meeting with the Auditors about the internal control system, the audit process and any observation of Auditors; determination of the adequacy or scope of internal audit function in consultation with the internal auditors, adoption of the 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 5 times during the year on 28th April, 2003, 24th June, 2003, 29th July 2003, 27th October, 2003 and 29th January, 2004.

Name	No. of meetings attended
1. Mr. N. Saha (Chairman)	5
2. Mr. S. K. Roy	4
3. Mr. S. Dutta	5

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 sitting fee for attending meeting is paid to them excepting one director who does not take the fee.