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ANNUAL REPORT
1998-99

PERLESS ABASAN FINANCE LIMITED

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PEERLESS ABASAN FINANCE LIMITED

NINTH ANNUAL REPORT 1998-99

BOARD OF DIRECTORS
Mr. Justice A.N. Sen (Retired)
Mr. S.K. Roy
Mr. S. Dutta
Mr. N. Saha
Mr. C.K. Sharma

CHAIRMAN
Mr. Justice A.N. Sen (Retired)

CHIEF EXECUTIVE
Mr. M.M. Das

AUDITORS
De & Bose
Chartered Accountants

COMPANY SECRETARY
Mr. K. Balasubramanian

REGISTRARS
Computech International Ltd.

KEY EXECUTIVES
General Manager
Mr. T.K. Mukherjee

Chief Manager
Mr. K.K. Chatterjee

PRINCIPAL BANKERS
Bank of Baroda
Centurion Bank
Corporation Bank
State Bank of India
United Bank of India

REGISTERED & HEAD OFFICE
75C, Park Street, 7th Floor
Calcutta 700 016

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of the members of PEERLESS ABASAN FINANCE LIMITED will be held at "Kala Kunj" (Basement of Kala Mandir), 48 Shakespeare Sarani, Calcutta 700 017 on Monday, the 27th September, 1999 at 11.30 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, 1999, Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Justice A. N. Sen (Retired), who retires by rotation and being eligible, offers himself for reappointment.

3. To appoint a Director in place of Mr. Salil 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 Resolution as an Ordinary Resolution:

5. "That pursuant to Section 269 read with Schedule XIII, Section 198 and 387 and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby approve the appointment of Mr. M. M. Das as Manager designated as Chief Executive of the Company, for a period of one year with effect from 31st March, 1999 and also the remuneration payable to Mr. M.M. Das 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. M. M. Das, 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. M. M. Das 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."

Registered & Head Office:
75C, Park Street,
7th Floor,
Calcutta 700 016
Dated, 6th July, 1999

By Order of the Board
K. Balasubramanian
Company Secretary

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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 5 is annexed hereto.

3. The Register of Members of the Company will remain closed from 16th September, 1999 to 27th September, 1999, 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.

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EXPLANATORY STATEMENT

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

Item No. 5

Mr. M. M. Das was functioning as the General Manager (Operations) of the Company and is a retired Deputy General Manager of the State Bank of India. Consequent upon resignation of Mr. A. K. Ghosh as Executive Director of the Company, the Board of Directors, in compliance with Section 269 of the Companies Act, 1956 ("the Act") and for the purpose of smooth functioning of the Company, have appointed Mr. M. M. Das as Manager, as defined in Section 2(24) of the Act, and designated as Chief Executive, at the Board Meeting held on 22nd March, 1999, for a period of one year, with effect from 31st March, 1999. The terms and conditions of the said appointment and remuneration payable to Mr. Das, as approved by the Board, have been embodied in the Draft Agreement to be entered into between the Company and Mr. Das subject to approval of the members. It is also proposed to authorise the Board of Directors to modify the terms and conditions of appointment including the remuneration of Mr. Das within the overall limits specified in Schedule XIII of the Act or any amendments thereto as may be notified by the Central Government. The aforesaid Draft Agreement is open for inspection at the Registered Office of the Company at 75C, Park Street, 7th Floor, Calcutta - 700 016 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:

1. Salary - Rs. 15,000/- per month (including dearness allowance) with effect from 31st March, 1999.

2. Perquisites;

   i) House Rent allowance - Rs. 3,000/- per month.

   ii) Conveyance expenses subject to a maximum of Rs. 5,000/- only per month shall be reimbursed by the Company.

   iii) Medical Reimbursement - Expenses incurred for the Chief Executive and his wife subject to a ceiling of one month's salary in a year. In addition, Mediclaim Insurance for the Chief Executive and his wife for Rs. 2.00 lakh each will be provided by the Company.

   iv) Leave Travel Concession for the Chief Executive and his wife once in two years for expenses incurred in accordance with the rules specified by the Company.

   v) Encashment of Leave-Privilege Leave standing to the credit of the Chief Executive could be encashed in accordance with the rules as applicable to the employees of the Company.

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vi) The Chief Executive shall be entitled to contribution by the Company to Provident Fund, Superannuation Fund or Annuity Fund or Gratuity as per rules of the Company. Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisite to the extent either singly or put together, they are not taxable under the Income Tax Act, 1961. Gratuity payable should not exceed half a month's salary for each completed year of service, subject to a ceiling of Rs. 3,00,000/-. This will, however, be subject to variance as per Gratuity Act.

vii) Provision of Telephone at residence will not be considered as perquisite. 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 be responsible for the day-to-day affairs of the Company subject to the supervision, control and direction of the Board of Directors of the Company.

Pursuant to Part II of Schedule XIII to the Act, both the appointment of Mr. M. M. Das 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. Das's terms of appointment as Manager of the Company and Memorandum of Interest under Section 302 of the Act.

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DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in placing before you the Ninth Annual Report on the business and operations of the Company and the audited accounts for the year ended 31st March, 1999.

2. FINANCIAL RESULTS

(Rs. in lakhs)

	Year ended	
	31st March, 1999	31st March, 1998
Operating Income	638.34	709.83
Profit before Tax	5.74	87.84
Provision for Tax	2.00	7.00
Profit after Tax	3.74	80.84
APPROPRIATIONS		
Transfer to Special Reserve	--	--
Proposed Dividend	--	--
General Reserve	--	80.00
Balance carried to Balance Sheet	33.68	25.60

3. PERFORMANCE OF THE COMPANY

During the year the Company's thrust was on recovery of non-performing assets and at the same time to go in for quality lending, so as to restrict possibility of any lending becoming non-performing.

During the year, your Company's income from interest on housing loans was Rs. 466.26 lakh, marginally lower than Rs. 468.10 lakh for the previous year. The total operating income for the year was Rs. 638.34 lakh, lower by Rs. 71.49 lakh, compared to the previous year's figure of Rs. 709.83 lakh. Consequently, profit after tax was lower by Rs. 77.11 lakh from Rs. 80.84 lakh during the previous year to Rs. 3.74 lakh for 1998-99. The Company's focus during the year has been on enlargement of Housing Finance, its core area of activity. Since the spread available in Housing Finance activity, on the face of stiff competition, is minimal, there has been a sharp decline in the profits during the year.

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