

# **ANNUAL REPORT**

## **2001 - 2002**





## **PEERLESS ABASAN FINANCE LIMITED**

### **TWELFTH ANNUAL REPORT 2001-2002**

#### **BOARD OF DIRECTORS**

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

#### **CHIEF EXECUTIVE**

Mr. T. K. Mukherjee

#### **AUDITORS**

De & Bose  
Chartered Accountants

#### **COMPANY SECRETARY**

Mr. K. Balasubramanian

#### **REGISTRARS**

Computech International Ltd.

#### **KEY EXECUTIVES**

##### **Chief Manager**

Mr. K. K. Chatterjee

##### **Manager Accounts**

Mr. A. K. Das

#### **PRINCIPAL BANKERS**

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

#### **REGISTERED & HEAD OFFICE**

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

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**PEERLESS ABASAN FINANCE LIMITED**


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**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Twelfth Annual General Meeting of the members of PEERLESS ABASAN FINANCE LIMITED will be held at Shripati Singhanian Hall, Rotary Sadan, 94/2, J. L. Nehru Road, Kolkata - 700 020 on Friday, 20th September, 2002 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, 2002, 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. Bhattacharyya, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P. P. Ray, 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 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, 2001 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."

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

Dated : 26th July, 2002

By Order of the Board  
K. Balasubramanian  
Company Secretary

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**PEERLESS ABASAN FINANCE LIMITED**


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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 No. 5 is annexed hereto.
3. The Register of Members of the Company will remain closed from 11th September, 2002 to 20th September, 2002 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. Bhattacharyya and Mr. P. P. Ray, 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, 2001. The Board of Directors of the Company at their meeting held on 19th September 2001 have reappointed Mr. T. K. Mukherjee as Chief Executive for a further period of one year effective from 1st October 2001. The terms and conditions of the said appointment and remuneration payable to Mr. Mukherjee as approved 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. 1,870.00 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.



## PEERLESS ABASAN FINANCE LIMITED

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. 9,500/- per month, subject to an overall limit of Rs. 1,10,000/- 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. 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 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. S. Bhattacharyya and Mr. P. P. Ray, Directors who retire by rotation, are proposed to be reappointed at the Twelfth Annual General Meeting. As required in the Code of Corporate Governance, particulars of these directors are furnished herein below.

#### **Mr. S. Bhattacharyya**

Mr. Samar Bhattacharyya, 54 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 accounting areas.

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 Shareholders/Investors Grievance Committee and permanent invitee to the meetings of the Audit Committee.

#### **Mr. P. P. Ray**

Mr. Patil Paban Ray, 58 years, is a Law graduate. Mr. Ray has wide experience in the field of law. Mr. Ray is presently the General Manager (Legal) of The Peerless General Finance & Investment Company Limited.

Mr. Ray is a Director of Bengal Peerless Housing Development Co. Ltd., Peerless Developers Ltd., Durgapur International Hotels Pvt. Ltd., Peerless Travels Pvt. Ltd. and Shikha Holdings Pvt. Ltd. Mr. P. P. Ray is the Chairman of the Company's Shareholders/Investors Grievance Committee.

## PEERLESS ABASAN FINANCE LIMITED

**DIRECTORS' REPORT****TO THE MEMBERS**

The Directors have pleasure in placing before you the Twelfth Annual Report on the business and operations of the Company and the audited accounts for the year ended 31st March, 2002.

**2. FINANCIAL RESULTS**

|                                  | Year ended       |                  |
|----------------------------------|------------------|------------------|
|                                  | 31st March, 2002 | 31st March, 2001 |
| Operating Income                 | 208.58           | 277.17           |
| Loss before Tax                  | 272.48           | 295.56           |
| Provision for Tax                | (0.07)           | —                |
| Loss after Tax                   | 272.41           | 295.56           |
| Balance carried to Balance Sheet | 543.87           | 258.49           |

(Rs. in lakhs)

**3. PERFORMANCE OF THE COMPANY**

The Company discontinued mobilising deposits in conformity with the Direction of the National Housing Bank (NHB) as the Company did not have the stipulated level of credit rating. Recovery of housing loans, being the principal source of fund during the year, were utilised to repay matured fixed deposit liabilities and to retire high cost borrowings to reduce expenditure on interest payments. Consequently deployment of funds in housing loans was affected. In addition, provisions were made in the accounts for non-performing loans in compliance with the Prudential Norms issued by the NHB. As a result of these factors, the operations for the year ended in loss.

**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, 2002 was 38.69% against a minimum requirement of 12%.

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



## PEERLESS ABASAN FINANCE LIMITED

### 7. FIXED DEPOSITS

Deposits amounting to Rs. 198.30 lakh remained unclaimed by the depositors as on 31st March, 2002. Since then 744 depositors have claimed their deposits amounting to Rs. 98.54 lakh. The depositors are regularly intimated about the maturity of their deposits.

### 8. REGISTERED & HEAD OFFICE OF THE COMPANY

The Registered and Head Office of your Company was shifted to 7 & 8, C. I. T. Road, 2nd Floor, Entally, Kolkata - 700 014 effective from 30th April, 2002.

### 9. FUTURE OUTLOOK

Your Company continued to give focussed attention on recovery of non-performing assets. Your directors are hopeful of recovering substantial part of the non-performing dues.

Your Company is unable to deploy funds in the housing loan activity to augment income owing to discontinuation of acceptance of deposits as per NHB's Direction. In view of the losses incurred by the Company, the Credit Rating is unlikely to improve to the stipulated level to enable the Company to resume deposit mobilisation, thereby affecting future prospects of the Company.

### 10. DIRECTORS

In accordance with the Articles of Association, Mr. S. Bhattacharyya, Director and Mr. P. P. Ray, Director retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Mr. R. N. Misra ceased to be a director pursuant to Section 283 (1) (g) of the Companies Act, 1956.

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, 2001 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.

### 11. 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.

### 12. AUDITORS

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

### 13. 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.

### 14. 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.

### 15. CORPORATE GOVERNANCE

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

### 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.

Kolkata  
26th July, 2002.

On behalf of the Board

N. Saha  
Salil Dutta  
P. P. Ray  
S. Bhattacharyya

} Directors





## 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 7 Board Meetings were held on 8th May, 2001, 30th June, 2001, 27th July, 2001, 19th September, 2001, 30th October, 2001, 28th November, 2001 and 29th January, 2002.

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. S. K. Roy        | 5                             | Yes                    | 6                           | 2                      | —        |
| Mr. N. Saha          | 7                             | "                      | —                           | 1                      | 1        |
| Mr. S. Dutta         | 7                             | "                      | 1                           | 2                      | —        |
| Mr. P. P. Ray        | 7                             | "                      | 2                           | —                      | 1        |
| Mr. S. Bhattacharyya | 7                             | "                      | 1                           | 1                      | —        |

Mr. R. N. Misra, Director, representing Assam State Housing Board vacated office by virtue of section 283 (1) (g) of the Companies Act, 1956, effective from 28th November, 2001. Mr. A. K. Ghosh, Director vacated office pursuant to section 262 (2) of the Companies Act, 1956, effective from 19th September, 2001.

★ 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

Oversight of the Company's financial reporting process and the financial disclosures ; recommendation of appointment of Statutory Auditors and their fees; reviewing with the Auditors about the internal control system, the audit process and any observation of Auditors; adequacy or scope of internal audit function with the internal auditors, accounting policies and practices and compliance with accounting standards; compliance with the requirements of the Stock Exchange and legal requirements concerning financial statements; to 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 4 times during the year. Name of the members and their attendance at the meetings are as follows :

|    | Name                      | No. of meetings attended |
|----|---------------------------|--------------------------|
| 1. | Mr. N. Saha<br>(Chairman) | 4                        |
| 2. | Mr. S. K. Roy             | 2                        |
| 3. | Mr. S. Dutta              | 4                        |

Mr. N. Saha and Mr. S. Dutta are independent directors. Mr. S. Bhattacharyya, Director, who is a Chartered Accountant 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.