

ANNUAL REPORT

2004 - 2005





PEERLESS ABASAN FINANCE LIMITED

FIFTEENTH ANNUAL REPORT 2004-2005

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. Ritu Deb

REGISTRARS

MCS Limited

KEY EXECUTIVE

Manager Accounts

Mr. A. K. Das

PRINCIPAL BANKERS

United Bank of India
HDFC Bank
State Bank of India

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 Fifteenth 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 Friday, 12th August, 2005 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, 2005, 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. Dutta, 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.

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

By Order of the Board
RITU DEB
Company Secretary

Dated : 10th June, 2005

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. The Register of Members of the Company will remain closed from 3rd August, 2005 to 12th August, 2005, both days inclusive.
3. The Members are requested to intimate immediately, changes, if any, in their registered address along with the pin code number.
4. The Shareholders are informed that the dividends which were declared at the previous Annual General Meetings and which were 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.
5. Particulars of Mr. S. Dutta. and Mr. P. P. Ray, Directors, who are proposed to be reappointed, are annexed hereto, as required under the Code of Corporate Governance.

PEERLESS ABASAN FINANCE LIMITED**PARTICULARS OF THE DIRECTORS**

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

Mr. S. Dutta

Mr. Salil Dutta, 75 years, is a Law Graduate and has diploma in Social Welfare. Mr. Dutta has several years of experience in the field of personnel and administrative functions in senior position in leading public sector undertakings 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.

Mr. P. P. Ray

Mr. Patit Paban Ray, 62 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., Shikha Holdings Pvt. Ltd., Durgapur International Hotels Pvt. Ltd., Peerless Travels Pvt. Ltd. & Peerless Hospitex & Research Center Ltd.

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PEERLESS ABASAN FINANCE LIMITED

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in placing before you the Fifteenth Annual Report on the business and operations of the Company and the audited accounts for the year ended 31st March, 2005.

2. FINANCIAL RESULTS

	(Rs. in lakhs)	
	Year ended 31st March, 2005	31st March, 2004
Operating Income	18.87	48.18
Loss before Tax	38.61	180.81
Deferred Tax Liability Provided/reduced	(0.03)	(0.03)
Loss after Tax	38.57	180.78
Balance of loss carried to Balance Sheet	1174.46	1126.47

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.

The public deposits as on 31st March 2005 have been reduced to Rs. 206.20 lacs and your Directors are confident that the Company would be able to meet the balance liability to the depositors fully as per due date of payment.

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, 2005, was 76% 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. 166.30 Lacs remained unclaimed by the depositors as on 31st March, 2005. 96 depositors have since claimed deposits amounting to Rs. 11.61 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. P. P. Ray and Mr. S. Dutta retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Your Board of Directors has noted that Mr. Tapan Kumar Mukherjee as Manager defined in Section 2 (24) of the Companies Act, 1956 whose term of office expires on 30th September 2005.

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 being 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
10th June, 2005

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 about best practices, disclosure and discipline in the 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 28th June, 2004, 30th July, 2004, 10th September, 2004, 29th October, 2004 and 28th January, 2005.

Data on the attendance of directors in the 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)	5	Yes	3	2	1
Mr. S. K. Roy	5	Yes	6	5	-
Mr. N. Saha	4	Yes	-	1	2
Mr. S. Dutta	5	Yes	1	3	-
Mr. S. Bhattacharyya	4	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 4 times during the year on 28th June, 2004, 29th October, 2004, 28th January, 2005 and 30th March, 2005.

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

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 if required, a representative of the Statutory Auditors, are invited to the 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 except for one director who does not take the fee.

PEERLESS ABASAN FINANCE LIMITED



5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Shareholders/Investors Grievance Committee comprises four non-executive directors and Mr. P. P. Ray, Director is the Chairman of the Committee. Ms. Ritu Deb, Company Secretary is the Compliance Officer.

The Company received 80 Letters/complaints from shareholders during the year, which were replied/redressed upon compliance with formalities where necessary.

As on date 11 instruments of transfer for 1200 Equity Shares lodged with the Company are under process.

6. GENERAL BODY MEETING

The last three Annual General Meetings were held as under :

<u>Financial Year</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
2003-2004	10.09.2004	10.30 a.m.	"Mini Auditorium", Science City, JBS Haldane Avenue, Kolkata - 700 046
2002-2003	15.09.2003	10.30 a.m.	Kala Kunj, (Basement of Kalamandir) 48, Shakespeare Sarani, Kolkata-17
2001-2002	20.09.2002	10.30 a.m.	Shripati Singhanian Hall, Rotary Sadan, 94/2, J. L. Nehru Road, Kolkata - 20

No Special resolution was required to be passed last year through postal ballot.

No Special resolution requiring postal ballot is placed for shareholders' approval in this meeting.

7. DISCLOSURES

- > During the year there were no transaction of material nature made with the promoters or directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
- > There was no instance of non-compliance on any matter related to the capital market, during the last three financial years.

8. MEANS OF COMMUNICATION

- a) Quarterly results were published in Financial Express and Aajkaal, daily newspapers.
- b) The Company does not have any website.
- c) Management Discussion and Analysis Report forms part of the Annual Report.

9. GENERAL SHAREHOLDERS INFORMATION

- a) Annual General Meeting will be held on –

<u>Date</u>	<u>Time</u>	<u>Venue</u>
12.08.2005	10.30 a.m.	"Kala Kunj" (Basement of Kalamandir)

- b) Financial Calendar

— Annual results of previous year 2003/2004	— End June
— First Quarter Results 2004/2005	— End July
— Annual General Meeting	— 2nd week of September
— Second Quarter Results	— End October
— Third Quarter Results	— End January
- c) Date of Book Closure - 3rd August, 2005 to 12th August, 2005 (both days inclusive)
- d) Listing on Stock Exchange

Pursuant to the approval of the shareholders at the Eleventh Annual General Meeting held on 19th September, 2001, the Company had applied for delisting of the Equity Shares from the Stock Exchanges at Bangalore, Ahmedabad, Madras and Delhi where the equity shares are not generally traded.

However, after paying the pending listing fees for the last three financial years (2002-2003, 2003-2004 & 2004-2005) and fulfilling other relevant formalities the securities of the company have been delisted from Bangalore & Delhi Regional Stock Exchanges w.e.f. 31st March, 2005. The delisting from Madras & Ahmedabad stock Exchanges were completed w.e.f. 28.04.05 & 29.04.05 respectively.

The Equity Shares of the Company shall continue to be listed in Stock Exchanges, Mumbai and Calcutta for which Listing fees have been paid till the year 2005-2006.