

ANNUAL REPORT

2005 - 2006





PEERLESS ABASAN FINANCE LIMITED

SIXTEENTH ANNUAL REPORT 2005-2006

BOARD OF DIRECTORS

Mr. P. P. Ray, Chairman
Mr. S. Kanoria
Mr. S. Dutta
Mr. N. Saha
Mr. S. Bhattacharyya

AUDITORS

De & Bose
Chartered Accountants

REGISTRARS

MCS Limited

COMPANY SECRETARY

Ms. Ritu Deb

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
Phone : 2216-9438

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PEERLESS ABASAN FINANCE LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth 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 Tuesday, 29th August, 2006 at 12.00 p.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, 2006, 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 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. Rajiv Keshri as Manager of the Company for a period of one year with effect from 1st March, 2006 and also the remuneration payable to Mr. Rajiv Keshri 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. Rajiv Keshri, 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. Rajiv Keshri 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. "That Mr. Sujit Kanoria, be and is hereby appointed a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation."

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 : 28.07.2006

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. The Register of Members of the Company will remain closed from 18th August 2006 to 29th August 2006, 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. 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

Mr. Rajiv Keshri has been appointed and approved by the Board at the meeting held on 01.03.2006. The terms and conditions of the said appointment and remuneration payable to Mr. Rajiv Keshri 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. Rajiv Keshri, 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.

NOW IT IS HEREBY declared and agreed as follows :

1. The Manager is hereby appointed and shall remain Manager of the Company with the powers and upon terms as to remuneration and otherwise and subject to the conditions hereinafter set forth for a period of one year commencing from 1st March 2006.
2. Subject to the provisions of the Companies Act, 1956 read with Schedule XIII of the said Act, the Manager shall be entitled to receive from the Company following payments by way of remuneration for his services:
 - A. The present salary and allowances are :
 - i) Salary Rs. 14,000.00 per month
 - ii) House Rent Allowance Rs. 7,000.00 per month
 - iii) Contribution to Provident Fund is as per statutory terms and conditions, amounting to Rs.1680 p.m.
 - B. Reimbursement of Medical Expenses incurred for self and dependant 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 Manager shall be entitled to the following payments :
 - D. Car running expenses of Rs. 10,000/- per month, subject to an overall limit of Rs. 1,20,000/- per annum.



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3. The Manager shall not as long as he functions as Manager 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.
4. Either party may terminate the Agreement by giving one month's notice in writing to the other.
5. The extent and scope of the remuneration and the perquisites including the monetary value thereof specified in the Agreement may be altered or varied in accordance with the relevant provisions of the Act, for the payment of managerial remuneration in force from time to time.
6. The Manager 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.
7. The Manager shall perform the duties towards the Company and exercise the powers assigned to him by the Board of Directors of the Company.

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. Keshri's terms of appointment as Manager of the Company.

Item No. 6

Mr. Sujit Kanoria has been appointed as Additional Director at the board meeting held on 1st March, 2006, and shall hold office upto the date of Annual General Meeting of the Company. He will be appointed as director at the ensuing Annual General Meeting. He got a wide experience in the business field and he is engaged in various other companies throughout India.

PARTICULARS OF THE DIRECTORS

Mr. N. Saha and Mr. S. Bhattacharyya, Directors who retire by rotation, are proposed to be reappointed at the Sixteenth 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. Niranjan Saha, 64 years, is a Fellow Member of the Institute of Chartered Accountants of India.

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

Mr. Saha is a director of Peerless Hotels 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, 58 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., Peerless Travels Pvt. Ltd. and Durgapur International Hotels Ltd.

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

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

The Directors have pleasure in placing before you the Sixteenth Annual Report on the business and operations of the Company and the audited accounts for the year ended 31st March, 2006.

2. FINANCIAL RESULTS

	(Rs. in lakhs)	
	Year ended	
	31st March, 2006	31st March, 2005
Operating Income (Int. on Housing Loan)	6.32	18.69
Loss before Tax	11.39	38.61
Tax Liability Provided / (reduced)	0.12	(0.03)
Loss after Tax	11.51	38.57
Balance of loss carried to Balance Sheet	1186.28	1174.46

3. PERFORMANCE OF THE COMPANY

As reported earlier, 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 view of the above facts, the operations for your Company ended in loss, despite striking improvement in the recovery of non-performing loans during the year.

The public deposit as on 31st March 2006 was Rs. 123.83 lakhs. Your Directors are confident to meet the balance liability towards public deposits 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 ;



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d) 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, 2006, was 79.23% as against the minimum requirement of 12%.

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

7. FIXED DEPOSITS

Deposits amounting to Rs. 122.48 Lacs remained unclaimed by the depositors as on 31st March, 2006. 18 depositors have since claimed deposits amounting to Rs. 2.72 Lacs. The depositors are intimated about the maturity of their deposits.

8. FUTURE STEPS

- i. In view of Company's earning prospect become uncertain in the current regulatory and financial scenario, your directors were considering a proposal of amalgamation of Shristi Infrastructure Development Corporation Limited with your company.
- ii. Your Directors are confident that the amalgamation will enable to run the future business activities more advantageously with pooling of respective resources, reduction in overheads and other expenses and improvement in various other operating parameters. The amalgamation will result in the formation of a larger and stronger concern having greater capacity for raising funds and conducting the future operations more efficiently and competitively. The proposed Scheme will have beneficial results for the said Companies, their shareholders, employees and all concerned.
- iii. The proposed Scheme of amalgamation is subject to the approval of the Calcutta and Delhi High court.

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 has noted that Mr. Rajiv Keshri as Manager defined in Section 2 (24) of the Companies Act, 1956 whose appointment will be ratified in the ensuing Annual General Meeting.

10. AUDIT COMMITTEE

The Audit Committee comprises Mr. N. Saha, Mr. S. Bhattacharyya 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.

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**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.

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Kolkata
28.07.2006

On behalf of the Board
P. P. Ray
Chairman