

BOARD OF DIRECTORS

Mr. Amal Chandra Chakrabortti
(Chairman)

Mr. Jayanta Roy

Mr. Santosh Kumar Mukerji

Mr. Partho Sarothy Datta

Mr. Sanjoy Bhattacharyya

Mr. Akshay Gupta
(Managing Director)

SENIOR MANAGEMENT TEAM

Mr. S Grace R Rabi
Head – Credit Quality,
Research & Special Projects

Mr. Neeraj Verma
Head – Compliance
& Legal

Mr. Vishal J Thacker
Head – Risk, Strategy & Products

Mr. Vilas Solanki
Head – Operations &
Customer Service

Mr. Ganti Murthy
Head – Fixed Income

Mr. Kaushik Dani
Head – Equity

Mr. Aniruddha Roy
Head – IT & Telecom,
Human Resources

Mr. S. Swaminathan
Financial Controller &
Company Secretary

BANKERS

HDFC Bank Limited
2/6, Sarat Bose Road
Central Plaza
Kolkata

STATUTORY AUDITORS

M/s. Ray & Ray
Chartered Accountants
6, Church Lane
Kolkata 700 001

INTERNAL AUDITORS

M/s. Lodha & Co
Chartered Accountants
14, Government Place East
Kolkata-700 069

NOTICE

To all the Members of the Company

Notice is hereby given that the 2nd Annual General Meeting of the Members of the Company will be held on Friday 15 July 2011 at 1230 hours at the Registered Office of the Company at "Peerless Mansion", 3rd Floor, 1, Chowringhee Square, Kolkata-700069 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31 March 2011, the Audited Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Partho Sarothy Datta who retires from the office by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Jayanta Roy who retires from the office by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. Ray & Ray, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such remuneration and reimbursement of out-of-pocket expenses as the Board may decide.

By Order of the Board
For Peerless Funds Management Co. Ltd.

Kolkata
Dated : 28 April 2011

S. Swaminathan
Company Secretary

NOTES :

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Second Annual Report and Audited Accounts of Peerless Funds Management Co. Limited for the period ended 31 March 2011.

Financial Results

Particulars	(in Rupees)	
	2010-11	2009-10
Income	6,55,00,808	1,11,56,185
Profit/(Loss) before Depreciation	(9,77,92,801)	(5,84,30,078)
Depreciation	94,14,458	33,42,117
Net Profit/(Loss)	(10,72,07,259)	(6,17,72,195)
Balance brought forward from previous year	(6,17,72,195)	—
Surplus/(Deficit) carried to Balance Sheet	(16,89,79,454)	(6,17,72,195)

Business Performance

Peerless Funds Management Co. Limited (PFMCL) was incorporated on 9 April 2009 as a subsidiary of Peerless General Finance and Investment Company Limited (PGFI) and to act as Investment Manager to Peerless Mutual Fund (PMF). PFMCL is the only Asset Management Company (AMC) in Eastern India with its headquarters in Kolkata. PFMCL was granted approval by SEBI to commence its operations on 4 December 2009.

Since its inception, PMF schemes have shown encouraging progress with the result that the average AUM increased from Rs. 303 crores in March 2010 to Rs. 4,202 crores in March 2011. Its ranking in the Industry also improved from 34th on 31 March 2010 to 23rd on 31 March 2011. This achievement has been possible due to excellent integrated management efforts duly supported by a good marketing and distribution network which has been developed during the year. All PMF schemes have also performed better than the benchmark indices.

PFMCL had launched two institutional products, namely, Peerless Liquid Fund and Peerless Ultra Short Term Fund during the financial year 2009-10 and added to its product range by launching 3 more products, namely, Peerless Income Plus Fund, Peerless Short Term Fund & Peerless Child Plan during the financial year 2010-11.

PFMCL's focus will be on delivering appropriate solution to all its customers' segments. PFMCL plans to launch more retail products towards this endeavor and hopes to utilize the network of 145 branches and large number of qualified agents of PGFI to market the product in retail segments, which will be one of the strong points of our Company's future operations.

During the period under review, your Company incurred a loss of Rs.10,72,07,259 attributable to developing the operational base for regional offices and 31 branches across India, other distribution support, marketing, promotional and advertisement expenses for launch of new & existing products.

Dividend

In view of the loss, your Directors express their inability to recommend any dividend for the year ended 31 March 2011.

Outlook

There are 43 Mutual Funds currently operating in the country. During the quarter ended 31 March 2011, the Mutual Fund Industry with an average AUM of Rs. 7.00 Lakh Crores, compared to Rs. 7.63 Lakh Crores for the quarter ended 31 March 2010, registered a decline in growth of 8% over the previous year. These can be attributed to volatility of market scenario due to various reasons, both internal and external, and intermittent SEBI regulatory measures. Consequently, the industry has become a highly complex and challenging one. Despite these odds, the future prospect of the Mutual Fund Industry appears to be encouraging because of the projected GDP growth rate of about 8% during the next few years.

Attaining success, however, will depend upon the Company's capability to leverage on innovativeness in developing new product range, penetration beyond second and third tier cities and ability, both technical or otherwise, to deal with expanding client base spread over a large area.

Other areas which would need concentration are (i) cost rationalization (ii) development of advisory service models to meet the requirement of investors, and (iii) expansion of educational awareness programs for investors etc. However, in order to survive, the Mutual Fund Industry would need a fillip by way of appropriate fee structure & compensation packages, in line with global structures. Such measures, if taken, will not only make the industry grow but will also ensure the best possible way of serving the large client-base to their satisfaction.

PFMCL intends to actively pursue growth opportunities in the mutual fund industry in the country and to be the most preferred investment choice for all types of investors. The AMC is poised to grow with innovative products with special focus on retail investors, develop service initiatives and aggressive expansion strategies.

The year witnessed several regulatory changes carried out by Securities and Exchange Board of India (SEBI) in various areas which would certainly raise the bar for disclosure and investor protection standards. PMF is aware of these developments and has initiated the required steps to face the challenges.

While the removal of entry loads on equity & other funds and making exit load small & uniform will benefit the retail customers, it has made the environment challenging for both distributors and Asset Management Companies.

As we move towards the future, fund performance and best customer service practices will become critical elements. The management has already initiated steps to meet these pre-requisites for growth.

Share Capital

During the period, 2,50,00,000 equity shares of Rs.10 each were issued to the existing shareholders of the Company on rights basis, thereby bringing the total paid-up equity share capital to Rs. 50 crores, divided into 5,00,00,000 equity shares of Rs.10 each.

Board Meetings held during the year

During the year under review, six meetings of the Board of Directors of the Company were held on 26 April 2010, 29 June 2010, 14 July 2010, 3 September 2010, 23 October 2010 and 7 January 2011.

Board Committees

Your Company's Board has constituted the following Committees:

Audit Committee

In compliance with the provisions of Section 292A of the Companies Act, 1956, an Audit Committee of the Board of Directors of the Company comprising the following members is in place:

<i>Name of the Director</i>	<i>Designation</i>
Mr. Partho Sarothy Datta	Chairman, Independent Director
Mr. Santosh Kumar Mukerji	Member, Independent Director
Mr. Sanjoy Bhattacharyya	Member, Independent Director
Mr. Akshay Gupta	Member, Managing Director & CEO

Risk Management Committee

<i>Name of the Director</i>	<i>Designation</i>
Mr. Sanjoy Bhattacharyya	Chairman, Independent Director
Mr. Partho Sarothy Datta	Member, Independent Director
Mr. Akshay Gupta	Member, Managing Director & CEO

Investment Committee

<i>Name of the Director</i>	<i>Designation</i>
Mr. Amal Chandra Chakrabortti	Chairman, Independent Director
Mr. Partho Sarothy Datta	Member, Independent Director
Mr. Jayanta Roy	Member, Non-Executive Director
Mr. Akshay Gupta	Member, Managing Director & CEO

Remuneration Committee

At the meeting held on 29 June 2010, the Board of Directors had constituted a Remuneration Committee, comprising the following members:

<i>Name of the Director</i>	<i>Designation</i>
Mr. Amal Chandra Chakrabortti	Chairman, Independent Director
Mr. Partho Sarothy Datta	Member, Independent Director
Mr. Sanjoy Bhattacharyya	Member, Independent Director

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm as under:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed by your Company;
- (ii) having 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 31 March 2011 and of the profit of the Company for the period under review;
- (iii) that 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, if any, have been taken;
- (iv) that the annual accounts have been prepared on a going concern basis.

Directors

Mr. Partho Sarothy Datta and Mr. Jayanta Roy will retire at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

During the period under review, Mr. Akshay Gupta, was appointed as an Additional Director & subsequently as Managing Director & CEO with effect from 14 July 2010. The Members had also accorded their approval to the said appointment and the remuneration payable to Mr. Akshay Gupta at the Extra Ordinary General Meeting held on 2 August 2010. Since the remuneration payable to Mr. Akshay Gupta exceeded the limits under the then prevalent Schedule XIII of the Companies Act, 1956, the Company had applied to the Central Government, seeking approval for the same. The Central Government has since accorded their approval on 12 November 2010.

Auditors

M/s. Ray & Ray, Chartered Accountants, Kolkata, the Statutory Auditors of the Company will retire at the conclusion of the 2nd Annual General Meeting and have expressed their willingness to be re-appointed. They have confirmed that their re-appointment, if made, would be covered within the ceiling specified under Section 224(1B) of the Companies Act, 1956.

Conservation of Energy and Technology Absorption

No disclosure is required to be made under section 217(1) (e) of the Companies Act, 1956. Your Company does not have any activity relating to conservation of energy or technology absorption.

Particulars of Employees

Particulars of employees as required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are set out in Annexure I to this report.

Foreign Exchange Earnings & Outgo

Particulars with respect to foreign exchange earnings and outgo during the year under review have not been disclosed, since your Company does not have any foreign exchange earnings and outgo for the year ended 31 March 2011.

Appreciation

Your Directors place on record their sincere appreciation for the co-operation and assistance received from the holding company Peerless General Finance & Investment Co. Ltd., SEBI, Association of Mutual Funds in India, Custodian, Bankers, Registrars, Unit holders and other business constituents during the year under review.

Your Directors also wish to place on record their appreciation for the commitment displayed by all the executives, officers and staff for their unstinting support and cooperation.

For and on behalf of the Board

Place : Kolkata
Date : 28 April 2011

A. C. Chakrabortti
Chairman

Annexure "I"**Particulars of Employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) and forming part of Directors' Report for the year ended on 31 March 2011****A. Employed throughout the year**

Sl. No.	Name	Designation	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Joining	Age	Last employment, Designation, Employer
1.	Akshay Gupta	Managing Director & CEO	1,44,24,392	B.E., MBA (Finance & Marketing)	16	09.04.2009	36	CEO, Global portfolio Advisors

Notes:

1. Remuneration includes Salary, House Rent Allowance, Medical Reimbursement, LTA, Company's contribution to Provident Fund and Perquisites. Value of perquisites has been calculated on the basis of Income-Tax Act, 1961.
2. Information about qualification and last employment are based on particulars furnished by the employee concerned.
3. None of the employee or their spouse or dependent children holds any equity shares in the Company.
4. Naure of employment in all cases is contractual in nature.
5. Mr. Akshay Gupta is not a relative of any of the Directors of the Company.

For and on behalf of the Board

Place : Kolkata
Date : 28 April 2011

A.C. Chakrabortti
Chairman

AUDITORS' REPORT

To the Members of PEERLESS FUNDS MANAGEMENT CO LIMITED

1. We have audited the attached Balance Sheet of **PEERLESS FUNDS MANAGEMENT CO LIMITED** as at 31 March 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the order') as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 of India ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the ANNEXURE, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - iii) The financial statements dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the financial statements dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the 'Act';
 - v) On the basis of the written representations received from the directors, as on 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 'Act';
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of Balance Sheet, of the state of affairs of the Company as at 31 March, 2011;
 - (b) in the case of Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **RAY & RAY**
Chartered Accountants
Firm's Registration No. 301072E

(Abhijit Neogi)
Partner
Membership No. 61380

Place : Kolkata
Date : 28 April 2011

ANNEXURE TO THE AUDITORS REPORT (Referred to in Paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
 - (b) According to the information and explanations given to us, most of the fixed assets have been physically verified by the management during the year in a phased program and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and the nature of its assets.
 - (c) The Company has not disposed off a substantial part of its fixed assets during the year, which affect the going concern status of the Company.
- (ii) The Company does not have any Inventory and therefore provisions of Clause 4 (ii)(a), (b) and (c) of the order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the company has neither granted nor taken any loans to and from the companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii)(b) to (g) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are reasonable internal control procedures commensurate with the size and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion and according to the information and explanations given to us, the Company has not entered into the contracts or arrangements referred to in the section 301 of the Act that need to be entered into the register required to be maintained under that section. Accordingly, clause 4(v)(b) of the order are not applicable.
- (vi) The Company has not accepted any deposits under section 58A, 58AA or any other relevant provisions of the Act from the public during the year.
- (vii) In our opinion, the internal audit system of the Company is commensurate with the size of the Company and nature of its business.
- (viii) The Central Government has not prescribed for the maintenance of any cost records under section 209(1)(d) of the Act.
- (ix) (a) According to the information and explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax and other statutory dues applicable to it.

On the basis of the records of the Company and the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.

 - (b) According to the records of the Company and according to the information and explanations given to us by the management, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
- (x) The Company has incurred cash loss during the financial year and also in the immediate preceding previous year.
- (xi) As per records of the Company, there are no dues to Financial Institutions or Banks.
- (xii) Based on our examination of documents and records and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares.

- (xiii) The Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of the clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not dealt or traded in shares, securities, debentures and other investments during the year.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loan outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the Company has not raised funds on short-term basis and therefore, provisions of Clause 4(xvii) of the order are not applicable to the Company.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) According to the information and explanations given to us and the records examined by us, no debentures have been issued during the year. Accordingly, provisions of clause 4(xix) of the order are not applicable to the Company.
- (xx) Based on the records examined by us, the Company has not raised monies by public issue during the year.
- (xxi) During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

For **RAY & RAY**
Chartered Accountants
Firm's Registration No. 301072E

(Abhijit Neogi)
Partner
Membership No. 61380

Place : Kolkata
Date : 28 April 2011

BALANCE SHEET

AS AT 31ST MARCH, 2011

	Schedule	As At 31 March 2011 Amount (Rs.)	As At 31 March 2010 Amount (Rs.)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	50,00,00,000	25,00,00,000
TOTAL		50,00,00,000	25,00,00,000
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	3,17,38,305	2,29,56,823
Less: Accumulated Depreciation		1,27,49,689	33,42,117
Net Block		1,89,88,616	1,96,14,706
Add: Capital Work-in-progress		3,19,253	24,08,341
Investments	4	4,62,23,616	—
Current assets, loans and advances			
Cash and Bank balances	5	25,25,30,890	16,54,82,638
Accrued Interest on Fixed Deposit		1,55,07,814	85,20,229
Sundry Debtors	6	1,12,19,372	2,75,851
Loans and advances	7	97,02,697	36,04,564
		28,89,60,773	17,78,83,282
Less: Current Liabilities & provisions			
Current Liabilities	8	2,25,00,929	1,14,29,672
Provision	9	9,70,783	2,48,852
		2,34,71,712	1,16,78,524
Net Current Assets/(Liabilities)		26,54,89,061	16,62,04,758
Profit and Loss Account Debit balance	2	16,89,79,454	6,17,72,195
TOTAL		50,00,00,000	25,00,00,000
Significant Accounting Policies	13		
Notes to Accounts	14		

For and on behalf of the Board

For **Ray & Ray**
Chartered Accountants
Firm's Registration No. 301072E

Abhijit Neogi
Partner
Membership No. 61380

Kolkata
Date : 28 April 2011

A. C. Chakrabortti
Chairman

Akshay Gupta
Managing Director &
Chief Executive Officer

Kolkata
Date : 28 April 2011

Partho Sarothy Datta
Director

S. Swaminathan
Financial Controller
& Company Secretary

PROFIT AND LOSS ACCOUNT

	Schedule	2010 - 2011 Amount (Rs.)	2009 - 2010 Amount (Rs.)
INCOME			
Management Fees (TDS deducted Rs. 37,02,584 (2009-10: Rs.NIL))		4,77,92,187	2,75,851
Interest on Fixed Deposit (TDS deducted Rs. 9,35,983 (2009-10: Rs. 15,49,891))		1,37,57,878	1,08,80,334
Other Income	10	39,50,743	—
		6,55,00,808	1,11,56,185
EXPENDITURE			
Employee Compensation & Benefit	11	6,19,60,675	3,56,73,850
Other Operating Expenses	12	10,13,32,934	3,39,12,413
Depreciation		94,14,458	33,42,117
Net Profit / (Loss) for the period		(10,72,07,259)	(6,17,72,195)
Balance brought forward from previous year		(6,17,72,195)	—
		(16,89,79,454)	(6,17,72,195)
Basic and diluted earnings per share of face value Rs. 10/- each		(3.13)	(3.19)
Significant Accounting Policies	13		
Notes to Accounts	14		

For and on behalf of the Board

For **Ray & Ray**
Chartered Accountants
Firm's Registration No. 301072E

Abhijit Neogi
Partner
Membership No. 61380

Kolkata
Date : 28 April 2011

A. C. Chakrabortti
Chairman

Akshay Gupta
Managing Director &
Chief Executive Officer

Kolkata
Date : 28 April 2011

Partho Sarothy Datta
Director

S. Swaminathan
Financial Controller
& Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Schedule	2010 - 2011 Amount (Rs.)	2009 - 2010 Amount (Rs.)
A. Cash flows from Operating Activities			
Net profit /(loss) before tax for the year		(10,72,07,259)	(6,17,72,195)
Adjustment for:			
Depreciation		94,14,458	33,42,117
Loss on exchange of asset		29,334	–
Dividend Income		(37,73,616)	–
Interest income		(1,37,57,878)	(1,08,80,334)
Operating profit before working capital changes		(11,52,94,961)	(6,93,10,412)
Adjustment for changes in working capital:			
(Increase)/decrease in Sundry Debtors	(1,09,43,521)	(2,75,851)	
(Increase)/decrease in Loans and Advances	(60,98,133)	(36,04,564)	
Increase/(decrease) in Current Liabilities and Provisions	1,17,93,188	(52,48,466)	1,16,78,524
Net cash used in operating activities	(A)	(12,05,43,427)	(6,15,12,303)
B. Cash flow from investing activities			
Purchase of fixed assets		(88,17,702)	(2,29,56,823)
Capital Work-in-progress		20,89,088	(24,08,341)
Fixed Deposit		(9,00,00,000)	(16,20,00,000)
Investments		(4,62,23,616)	–
Dividend Income		37,73,616	–
Interest income		67,70,293	23,60,105
Net cash used in investing activities	(B)	(13,24,08,321)	(18,50,05,059)
C. Cash flow from financing activities			
Proceeds from issue of Share Capital		25,00,00,000	25,00,00,000
Net cash generated from financing activities	(C)	25,00,00,000	25,00,00,000
Net (decrease)/increase in cash and cash equivalents	(A)+(B)+(C)	(29,51,748)	34,82,638
Cash and cash equivalents at beginning of year		34,82,638	–
Cash and cash equivalents at end of year		5,30,890	34,82,638

For and on behalf of the Board

For **Ray & Ray**
Chartered Accountants
Firm's Registration No. 301072E

Abhijit Neogi
Partner
Membership No. 61380

Kolkata
Date : 28 April 2011

A. C. Chakrabortti
Chairman

Akshay Gupta
Managing Director &
Chief Executive Officer

Kolkata
Date : 28 April 2011

Partho Sarothy Datta
Director

S. Swaminathan
Financial Controller &
Company Secretary

SCHEDULE 1	Amount (Rs.) 2010-2011	Amount (Rs.) 2009-2010
SHARE CAPITAL		
AUTHORISED		
5,00,00,000 Equity Shares of Rs.10 each	50,00,00,000	50,00,00,000
Total	50,00,00,000	50,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP		
5,00,00,000 Equity Shares of Rs.10 each	50,00,00,000	25,00,00,000
Total	50,00,00,000	25,00,00,000
Note : 4,99,98,600 Equity shares are held by the holding Company, The Peerless General Finance & Investment Company Limited		

SCHEDULE 2		
RESERVE & SURPLUS		
Profit and Loss Account Debit Balance	(16,89,79,454)	(6,17,72,195)
Total	(16,89,79,454)	(6,17,72,195)

SCHEDULE 3										Amount in Rs.
Fixed Assets										
Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.2010	Addition	Deletion	As on 31.03.2011	As on 01.04.2010	Addition	Deletion	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Leasehold										
Improvement	92,71,269	39,92,486	-	1,32,63,755	15,52,754	42,30,937	-	57,83,691	74,80,064	77,18,515
Furniture & Fixture	22,14,404	10,18,862	-	32,33,266	5,69,241	8,50,598	-	14,19,839	18,13,427	16,45,163
Office Equipment	21,68,842	14,34,885	(36,220)	35,67,507	3,96,464	7,78,819	(6,886)	11,68,397	23,99,110	17,72,378
Computers	60,49,475	16,84,562	-	77,34,037	7,01,916	23,72,123	-	30,74,039	46,59,998	53,47,559
Vehicles	-	3,18,439	-	3,18,439	-	58,380	-	58,380	2,60,059	-
Computer software	32,52,833	3,68,468	-	36,21,301	1,21,742	11,23,601	-	12,45,343	23,75,958	31,31,091
Total	2,29,56,823	88,17,702	(36,220)	3,17,38,305	33,42,117	94,14,458	(6,886)	1,27,49,689	1,89,88,616	1,96,14,706
Previous Year	-	2,29,56,823	-	2,29,56,823	-	33,42,117	-	33,42,117	1,96,14,706	-

		Amount (Rs.) 2010-2011	Amount (Rs.) 2009-2010
SCHEDULE 4			
INVESTMENTS			
	Quantity (Nos.)		Quantity (Nos.)
Investments in Mutual Funds (Unquoted)			
– Current, Non Trade			
Peerless Ultra Short Term Fund			
– Super Institutional Daily Dividend	46,21,991.861	4,62,23,616	—
Total Investments (Refer Note 5 of Schedule 14)		4,62,23,616	—
SCHEDULE 5			
CASH AND BANK BALANCES			
Balance with Scheduled Banks			
– In Current Account		5,30,890	34,82,638
– In Fixed Deposit		25,20,00,000	16,20,00,000
		25,25,30,890	16,54,82,638
SCHEDULE 6			
SUNDRY DEBTORS			
(Unsecured, Considered good)			
(outstanding for period less than six months)			
Management Fees		1,10,42,245	2,75,851
Trade Receivables		1,77,127	—
		1,12,19,372	2,75,851
SCHEDULE 7			
LOANS AND ADVANCES			
Advance receivable in cash or in kind or for value to be received		20,69,100	18,42,526
Sundry Deposits		2,94,500	1,14,000
Tax deducted at source		61,88,457	15,49,890
Prepaid Expenses		11,50,639	98,148
		97,02,696	36,04,564
SCHEDULE 8			
CURRENT LIABILITIES			
Sundry Creditors (Refer Note 8 of Schedule 14)		2,02,64,914	95,54,382
Other Liabilities		22,36,015	18,75,290
		2,25,00,929	1,14,29,672
SCHEDULE 9			
PROVISIONS			
Provision for Gratuity		9,70,783	2,48,852
		9,70,783	2,48,852

	Amount (Rs.) 2010-2011	Amount (Rs.) 2009-2010
SCHEDULE 10		
OTHER INCOME		
Dividend Income	37,73,616	—
Recovery of Common Expenses	1,77,127	—
	<u>39,50,743</u>	<u>—</u>
SCHEDULE 11		
EMPLOYEE COMPENSATION & BENEFIT		
Salaries and allowances	5,81,58,589	3,39,64,333
Contribution to provident and other funds	33,40,733	14,93,221
Staff Welfare	4,61,353	2,16,297
Total	<u>6,19,60,675</u>	<u>3,56,73,851</u>
SCHEDULE 12		
OTHER OPERATING EXPENSES		
Legal and professional fees	42,29,303	1,07,86,500
SEBI fees & AMFI Fees	8,00,000	35,75,000
Travelling and Conveyance	40,73,765	43,40,483
Recruitment Charges	5,96,032	25,06,482
Rent	57,50,118	28,67,761
Marketing advertisement and publicity	3,52,30,031	48,71,143
Motor car expenses	15,76,737	3,34,570
Repairs and maintenance/General	17,24,855	4,74,887
Communication expenses	45,11,709	7,46,882
Electricity	13,54,268	5,60,712
Printing and stationery	26,56,570	3,04,822
Books, periodicals and subscriptions	49,981	20,770
Electronic Subscription	18,05,959	2,95,021
Director's Fees	4,40,000	2,20,000
Entertainment	—	68,327
Insurance	4,99,458	16,866
Rates and taxes	84,217	2,500
Brokerage & Distribution Support	2,41,06,135	7,96,409
Internal Audit Fees & System Audit fees	6,26,013	50,000
Loss on exchange of asset	27,334	—
Miscellaneous Expense	65,35,994	9,72,519
Audit Fees		
- Statutory Audit	1,50,000	50,000
- Tax Audit	25,000	25,000
Service Tax	44,79,455	25,759
Total	<u>10,13,32,934</u>	<u>3,39,12,413</u>

SCHEDULE 13**SIGNIFICANT ACCOUNTING POLICIES****BASIS OF ACCOUNTING**

The financial statements of the Company are prepared under the historical cost convention, on an accrual basis of accounting and in compliance with the applicable accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of and rules framed under the Companies Act, 1956.

USE OF ESTIMATES

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure relating to contingent liabilities as of the date of financial statements and the reported amount of revenue and expenses during the period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

FIXED ASSETS

Fixed Assets are stated at historical cost less accumulated depreciation. Cost includes all expenses incidental to the acquisition and installation of the fixed asset.

DEPRECIATION

Depreciation on fixed assets is provided on the straight line method at the rates not less than and in the manner as prescribed by Schedule XIV of the Companies Act, 1956 except for certain assets as given below, where based on the Management estimates of the useful lives of the assets, depreciation has been provided at rates higher than the rates prescribed in Schedule XIV:

CLASS OF FIXED ASSET	RATE OF DEPRECIATION % (Straight line Method)
Computers, Hardware & Software	33.33%
Furniture & Fixture	20.00%
Office Equipment	20.00%
Vehicles	20.00%
Improvement to leasehold or rented premises (including electrical installations)	The primary period of the lease term or 5 Years whichever is less

All assets costing not more than Rs. 5,000 are fully depreciated in the year of addition.

IMPAIRMENT OF FIXED ASSETS

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

INVESTMENTS

Investments are classified as long term or current based on intention of management at the time of purchase.

Long-term investments are stated at cost and provision is made to recognise any diminution in value, other than temporary in nature, determined separately for each investment.

Current investments are stated at the lower of cost and net realizable value which is determined separately for each investment.

RETIREMENT BENEFITS

Provident Fund

The Company contributes to the Employees' Provident Fund, India for its employees. The Company's contributions are accounted for on an accrual basis and charged to the Profit and Loss Account.

Gratuity and Leave Encashment

Gratuity and Leave Encashment are post employment defined benefit plans. The liability recognized in the balance sheet in respect of the same is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to the Profit and loss account in the year in which such gains or losses arises.

LEASE

Lease rental payments for operating leases are paid/provided for as per terms of the agreement on an accrual basis.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are accounted for at the rates prevailing at the date of the transaction. Monetary Assets and Liabilities as at the Balance Sheet date are restated at the exchange rate prevailing on the Balance Sheet date. Exchange differences arising on settlement of the transaction and on account of restatement of assets and liabilities are charged to Profit and Loss Account.

REVENUE RECOGNITION

Management and Advisory Fees

Investment management fees are recognised on an accrual basis in accordance with respective terms of contract between the Company and Trustee Company and in conformity with the Securities and Exchange Board of India (SEBI) regulations.

Advisory and Portfolio Management Service fee are recognised on accrual basis in accordance with the respective terms of contract with counterparties.

Other Income

Interest income is accounted for on a time proportionate basis.

Dividend income is recognised when the right to receive dividend is established.

SCHEME EXPENSES

Expenses incurred (inclusive of advertisement / brokerage expense) with respect to schemes of Peerless Mutual Fund are charged to profit and loss account unless considered recoverable from the schemes of the Fund in accordance with the provision under SEBI (Mutual Fund) Regulations, 1996.

TAXATION

Tax expense comprises current tax, deferred tax charge or credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the period) or any other direct tax levied by the tax authorities of India.

Current tax is recognised as the amount of tax payable in respect of taxable income for the period.

Deferred tax is provided on timing differences between taxable income and accounting income subject to consideration of prudence.

Deferred tax on carry forward losses and unabsorbed depreciation is not recognised unless there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

EARNINGS PER SHARE

The basic earnings per share are computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share, only potential equity shares that are dilutive are included.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are measured and recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent Liabilities are not recognised in the financial statements and are disclosed in notes to the financial statements.

Contingent Assets are neither recognised in the financial statement nor disclosed.

SCHEDULE 14**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011****1. Retirement Benefits to Employee****a. Provident Fund**

The company makes monthly contributions to provident fund which is under a defined contribution plan. During the year the company has recognized an amount of Rs.26,18,802/- in the profit and loss account as contribution to provident fund maintained with Regional Provident Fund Commissioner, Kolkata.

b. Gratuity

The following disclosure has been set out in accordance with requirement of the Accounting Standard on "Employee Benefits" (AS-15)(Revised 2005) prescribed by The Companies (Accounting Standards) Rules, 2006:

AMOUNT RECOGNISED IN BALANCE SHEET	31 March 2011	31 March 2010
Funded Status	Amount Rs.	Amount Rs.
Present value of Defined Benefit Obligation	9,70,783	2,48,852
Fair value of plan assets	—	—
Funded Status [Surplus/(deficit)]	(9,70,783)	(2,48,852)
Net asset/(liability) recognised in balance sheet	(9,70,783)	(2,48,852)

EXPENSES RECOGNISED IN PROFIT & LOSS ACCOUNT		
Components of Employer Expenses	Amount Rs. 2010-11	Amount Rs. 2009-10
Current Service Cost	6,69,653	2,48,852
Interest Cost	48,785	9,954
Actuarial Losses/(Gains) on defined benefit obligation	3,493	(9,954)
Total Expenses recognised in the Statement of Profit & Loss A/C	7,21,931	2,48,852

Change in Defined Benefit Obligation (DBO)	Amount Rs. 2010-11	Amount Rs. 2009-10
Present value of DBO at beginning of period	2,48,852	—
Current Service Cost	6,69,653	2,48,852
Interest Cost	48,785	9,954
Actual (gains)/Losses	3,493	(9,954)
Benefits Paid	—	—
Present value of DBO at the end of period	9,70,783	2,48,852

SCHEDULE 14 (Contd.)

ACTUARIAL ASSUMPTIONS	31.03.2011	31.03.2010
Discount Rate per annum Compound	8.00%	8.00%
Rate of increase of salaries	5.00%	5.00%
Rate of return on plan assets	0.00%	0.00%
Expected average remaining working lives of employees (years)	26.99	26.40
Withdrawal Rates	Varying between 1% - 2% per annum depending on duration and age of the employees	
Retirement Age	58 years	58 years
Mortality rates are as per published under LIC (1994-96) mortality table		

2. Segmental Reporting

The Company's operations predominantly relate to providing Asset Management Services to Peerless Mutual Fund in India. Therefore, separate disclosure of segmental reporting is not applicable as required under Accounting Standard on "Segment Reporting" (AS-17) issued by the Companies (Accounting Standards) Rules, 2006.

3. Related Party Information**Holding company**

- i. The Peerless General Finance & Investment Company Limited

Fellow subsidiaries, associates & group enterprise

- ii. Peerless Trust Management Co Ltd
- iii. Peerless Developers Ltd
- iv. Peerless Hospitex Hospital & Research Center Ltd
- v. Peerless Securities Ltd
- vi. Peerless Hotels Ltd
- vii. Kaizen Leisure & Holidays Ltd
- viii. Peerless Financial Services Ltd
- ix. Bengal Peerless Housing Development Co Ltd
- x. Kaizen Hotels & Resorts Ltd
- xi. Comforms Pvt. Ltd

Key Managerial Personnel :

Akshay Gupta – Managing Director & Chief Executive Officer

SCHEDULE 14 (Contd.)

Disclosure of transactions between the company and related parties and the status of outstanding balances as on 31st March, 2011:

(Amount in Rs.)

Nature of Transaction	Holding Company	Fellow Subsidiaries			Key Management Personnel	Total
		Kaizen Leisure & Holidays Ltd	Peerless Hotels Ltd	Peerless Trust Management Co Ltd		
Rent	58,46,031	—	—	—	—	58,46,031
Previous Year	28,40,700	—	—	—	—	28,40,700
Other Administrative Expense	11,70,744	5,06,372	2,90,905	—	—	19,68,021
Previous Year	1,24,925	2,80,386	2,26,262	—	—	6,31,573
Reimbursement of Establishment Expense	—	—	—	—	—	—
Previous Year	3,95,38,199	—	—	—	—	3,95,38,199
Recovery of Common Expenses	—	—	—	1,77,127	—	1,77,127
Previous Year	—	—	—	—	—	—
Remuneration to Key Management Personnel	—	—	—	—	1,44,24,392	1,44,24,392
Previous Year	—	—	—	—	96,75,197	96,75,197
Balance Outstanding	—	—	—	—	—	—
Previous Year	—	—	—	—	—	—
Receivable/(Payable)	—	—	—	29,181	—	29,181
Previous Year	(51,237)	—	—	2,16,655	—	1,65,418

4. Earnings Per Share

Basic and Diluted earnings per share as required in accordance with the Accounting Standard on “Earnings Per Share” (AS-20) prescribed by The Companies (Accounting Standards) Rules, 2006:

	Amount in Rs.	
	2010-11	2009-10
Net Profit/(Loss) after tax	(10,72,07,259)	(6,17,72,195)
Weighted average number of equity shares outstanding during the year in Units	3,42,46,575	1,93,39,076
Basic and Diluted earnings per share	(3.13)	(3.19)

SCHEDULE 14 (Contd.)**5. Investments**

The Company has acquired and sold/redeemed the following investments in Mutual Funds during the year:

Name of the Scheme	2010-11		2009-10	
	Purchased	Redeemed	Purchased	Redeemed
Peerless Liquid Fund – Super Institutional Daily Dividend				
– No. of Units	5,10,45,209.557	5,10,45,209.557	—	—
– Amount (Rs.)	51,04,95,865	51,04,95,865	—	—
Purchase includes dividend amount of Rs. 29,95,865 (2,99,473.985 units)				
Peerless Ultra Short Term Fund – Super Institutional Daily Dividend				
– No. of Units	67,36,822.675	21,14,830.814	—	—
– Amount (Rs.)	6,73,73,616	2,11,50,000	—	—
Purchase includes dividend amount of Rs. 7,77,751 (77,768.894 units)				

6. Deferred Tax

In view of carry forward losses and unabsorbed depreciation, the Company has not recognized any deferred tax asset in the absence of virtual certainty of its recovery.

7. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. NIL (FY 2009-10 : Rs. 2,77,025)

8. Micro and Medium scale business entities

There are no Micro, Small and Medium Enterprises, to whom the Company owes any dues.

9. Earnings/(Expenditure) in foreign currency

The company did not have any foreign currency transaction during the year.

10. Managerial Remuneration

Remuneration paid to Managing Director & Chief Executive Officer:

	(Amount in Rs.)	
	2010-11	2009-10
Salaries and allowances	1,38,48,392	91,11,822
Contribution to provident and other funds	5,76,000	5,63,375
Total	1,44,24,392	96,75,197

Mr. Akshay Gupta was appointed as Managing Director & CEO w.e.f. 14 July 2010, pursuant to Section 269, read with Schedule XIII of the Companies Act, 1956. Prior to his appointment as such, he was designated as Chief Executive Officer.

11. Part IV to the Schedule VI of the Companies Act, 1956

The Balance Sheet abstract and the Company's business profile as required by Part IV to Schedule VI to the Companies Act, 1956 is attached herewith.

For and on behalf of the Board

For **Ray & Ray**
Chartered Accountants
Firm's Registration No. 301072E

Abhijit Neogi
Partner
Membership No. 61380

Kolkata
Date : 28 April 2011

A. C. Chakrabortti
Chairman

Akshay Gupta
*Managing Director &
Chief Executive Officer*

Kolkata
Date : 28 April 2011

Partho Sarothy Datta
Director

S. Swaminathan
*Financial Controller
& Company Secretary*

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No. U 65990WB2009PLC134537

State Code : 21

Balance Sheet Date : 31.03.2011

II. Capital Raised during the year (Amount in Rs.)

Public Issue	Nil	Rights Issue	25,00,00,000
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities	35,44,92,258	Total Assets	35,44,92,258
Sources of Funds			
Paid-up Capital	50,00,00,000	Reserves and Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	1,89,88,616	Investments	4,62,23,616
Net Current Assets	26,54,89,061	Capital WIP	3,19,253
Deferred Tax	Nil	Accumulated Losses	16,89,79,454

IV. Performance of Company (Amount in Rs.)

Total Turnover	6,55,00,808	Total Expenditure	17,27,08,067
Profit before Tax	(10,72,07,259)	Profit after Tax	(10,72,07,259)
Earnings per Share in Rs.	(3.13)	Dividend Rate %	Nil

V. Generic Names of Three Principal Products/Services of Company

Item Code No. (ITC Code) — Not Applicable
Service description — Asset Management Service

For and on behalf of the Board

A. C. Chakrabortti
Chairman

Partho Sarothy Datta
Director

Akshay Gupta
Managing Director &
Chief Executive Officer

S. Swaminathan
Financial Controller
& Company Secretary

Kolkata
Date : 28 April 2011

