

BOARD OF DIRECTORS

Mr. Amal Chandra Chakrabortti
(Chairman)

Mr. Jayanta Roy

Mr. Sanjoy Bhattacharyya

Mr. Partho Sarothy Datta

Mr. Santosh Kumar Mukerji

SENIOR MANAGEMENT TEAM

Mr. Akshay Gupta
Chief Executive Officer

Mr. S Grace R Rabi
Head Business Development
& Special Projects

Mr. Neeraj Verma
Head of Compliance,
Legal & Company Secretary

Mr. Vishal J Thacker
Head of Finance

Mr. Vilas Solanki
Head of Operations &
Customer Service

Mr. Ganti Murthy
Head – Fixed Income

Mr. Kaushik Dani
Head – Equity

Mr. Aniruddha Roy
Head IT & Telecom

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 1st Annual General Meeting of the Shareholders of the Company shall be held on Friday, 17th day of September, 2010 at 10.30 a.m. at the registered office of the Company at "Peerless Mansion" 3rd Floor, 1, Chowringhee Square, Kolkata-700 069 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010, 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. A. C. Chakrabortti who retires from the office by rotation and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. Sanjoy Bhattacharyya who retires from the office by rotation and being eligible, offers himself for re-election.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

5. Appointment of Mr. Santosh Kumar Mukerji as a Director of the Company

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution :

"RESOLVED that Mr. Santosh Kumar Mukerji who was appointed by the Board as an Additional Director of the Company with effect from 29.06.2009 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed a Director of the Company liable to retire by rotation in terms of the Articles of Association of the Company"

6. Appointment of Mr. Akshay Gupta as a Director of the Company

To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:-

"RESOLVED that Mr. Akshay Gupta who was appointed by the Board as an Additional Director of the Company with effect from 14.07.2010 and who holds office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director of the Company, be and is hereby appointed a Director of the Company not liable to retire by rotation in terms of the Articles of Association of the Company"

By Order of the Board of Directors

Kolkata - 700 069.
Dated : July 14, 2010

Neeraj Verma
Head of Compliance, Legal & Company Secretary

NOTES :

- 1) **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 NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- 2) Any instrument appointing a proxy or proxies should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

DETAILS OF DIRECTORS SEEKING APPOINTMENT AT THE ANNUAL GENERAL MEETING

Name	Mr. Santosh Kumar Mukerji	Mr. Akshay Gupta
Date of Birth	10.11.1940	17.10.1974
Date of Appointment	29.06.2009	14.07.2010
Qualification	B.Com, Fellow of the Indian Institute of Banking and Finance	B.E, MBA (Finance & Marketing)
Expertise in specific functional area	He has vast experience as a senior banker of more than 40 years in various capacities in State Bank of India, the last position he held was that of the Managing Director.	Mr. Akshay Gupta has been in the Indian Capital Markets and Banking industry for over 14 years with varied experience in Sales, Marketing, Products, Operations and Fund Management. He has worked as CEO for Global Portfolio Advisors, a leading global wealth management company. He has excelled for Prudential ICICI Mutual Fund between 2002-07 in various roles with his last assignment being the Head-Sales and Distribution where he was a key senior management team member responsible for making it the largest AMC at that time.
No. of shares held in the company	Nil	Nil

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

Annexed to the Notice convening the 1st Annual General Meeting to be Held at Registered office of the Company at Peerless Mansion, 1, Chowringhee Square, 3rd Floor, Kolkata-700069

ITEM NO. 5

Mr. Santosh Kumar Mukerji was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions contained in Article 27 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and the said Section he will hold office only up to the date of Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a member signifying his intention to propose him as a candidate for the office of the Director.

The Board of Directors recommends appointment of Mr. S. K. Mukerji to the office of Director.

No director except for Mr. S. K. Mukerji is interested in this Resolution.

ITEM NO. 6

Mr. Akshay Gupta was appointed as an Additional Director of the Company by the Board of Directors pursuant to the provisions contained in Article 27 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and the said Section he will hold office only up to the date of Annual General Meeting. As required under Section 257 of the Companies Act, 1956, notice has been received from a member signifying his intention to propose him as a candidate for the office of the Director.

The Board of Directors recommends appointment of Mr. Akshay Gupta to the office of Director.

No director except for Mr. Akshay Gupta is interested in this Resolution.

By Order of the Board of Directors

Kolkata - 700 069.
Dated : July 14, 2010

Neeraj Verma
Head of Compliance, Legal & Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 1st Annual Report on the Audited Accounts of the Company for the period ended March 31, 2010.

Business

“Peerless Mutual Fund” sponsored by The Peerless General Finance & Investment Co. Ltd., is the first mutual fund company to be headquartered in Eastern India - Kolkata. Peerless Funds Management Co Ltd was incorporated on April 9, 2009 under the Companies Act, 1956. Thereafter, the company obtained its Certificate of Commencement of Business from the Registrar of Companies on May 22, 2009.

It was formed as a subsidiary of The Peerless General Finance and Investment Company Limited to act as the investment manager to Peerless Mutual Fund. The company got its license to commence mutual fund business on December 4, 2009.

The company launched its first institutional products namely Peerless Liquid fund and Peerless Ultra Short Term Fund in February 2010. The company has been growing since then. The average asset under management of Peerless Mutual Fund stood at Rs. 303 Crores for the month of March 2010 which further increased to Rs. 823 Crores for the month of May, 2010. The asset under management crossed Rs. 1000 Crores on May 31, 2010. The company's focus will be on delivering appropriate solution to retail segment including Peerless customers. For this segment, it has launched a product called Peerless Income Plus Fund. The company further intends to launch 3-4 more retail products by March 31, 2011 subject to regulatory approval. The key strategic driver for penetrating these markets is vernacular delivery of services on which necessary action has already been initiated. In this endeavour, the company 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 company's future operations.

During the period under review, the Company has incurred a loss of Rs. 61,772,195 attributable to pre-incorporation expenses of Rs. 17,044,430 and the balance for developing the operational base for regional offices and 31 branches across India. The amount also includes promotion and advertisement expenses preliminary to the launch of the products.

Dividend

In view of the loss, your Directors express their inability to recommend any dividend for the year ended 31st March, 2010.

Outlook

The Indian Mutual Fund industry is one of the fastest growing industries in the financial service sector with 38 AMCs currently operating in the country. During the year ended March 31, 2010 the Mutual Fund Industry with an AUM of Rs. 6.13 Lakh Crores (Source: AMFI monthly Update) registered a growth of 47 percent over the previous year.

Peerless Mutual Fund intends to actively pursue growth opportunities in the fast growing mutual fund industry in the country and to be most preferred investment choice for retail investors. The fund house is poised to grow with innovative products specially focusing at the 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 enhancing level of standards for disclosure and investor protection. Peerless Mutual Fund is aware of these developments and has initiated the required steps to face the challenges.

SEBI has decided to remove entry loads on equity and other funds and making exit load small and uniform. While this will benefit the retail customers, it has made the environment challenging for both distributors and Asset Management Companies. The industry and distributors are striving to adjust to the new realities.

A new avenue has now been opened for the investors to buy and redeem units of Mutual Fund Schemes through the

Stock Exchange broker network which is present in around 1400 cities/locations.

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

Board Meetings held during the year

During the year under review, five meetings of the Board of Directors of the Company were held.

Capital Issue

During the period, the holding Company The Peerless General Finance & Investment Company Ltd. further subscribed to 24,950,000 Equity shares of Rs.10/- of the Company representing 99.99% of the total issued Equity Share Capital.

Directors' Responsibility Statement

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

- that in the preparation of the annual accounts, the applicable accounting standards have been followed by your Company.
- 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 31st March, 2010 and of the profit of the Company for the period under review.
- 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.
- that the annual accounts have been prepared on a going concern basis.

Directors

Mr. A.C. Chakrabortti and Mr. Sanjoy Bhattacharyya will retire at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

During the period under review, Mr. Santosh Kumar Mukerji, was appointed as an Additional Director of the Company at the Board Meeting of the Company held on 29th June 2009 on the Board of the Company and shall be liable to retire by rotation. As per the provisions of Section 260 of the Companies Act, 1956, the Directors hold office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 in respect of Mr. Santosh Kumar Mukerji, proposing his appointment as Director of the Company. The resolution seeking approval of the shareholders for his appointment has been incorporated in the Notice of the forthcoming Annual General Meeting of the Company along with necessary information regarding the proposed appointee.

Mr. Akshay Gupta has been designated as the Chief Executive Officer since inception of the company and under his leadership the Company has made significant progress on building infrastructure, human resources, systems etc., and has also successfully launched two schemes. Your Board is of the opinion that it is now appropriate that Mr, Akshay Gupta be appointed as the Managing Director of the Company pursuant to section 269 and other applicable provisions, if any, of the Companies Act, 1956. In view of the same, the Company has initiated the process for appointment of Mr. Akshay Gupta as Managing Director of the Company in terms of Section 198, 269, 309, 310, 311 read with Schedule XIII of the Companies Act, 1956. The company has also initiated the process for obtaining central government approval for the payment of managerial remuneration to Mr. Gupta as prescribed by Schedule XIII of the said Act.

Auditors

M/s. Ray & Ray, Chartered Accountants, Kolkata, the First Statutory Auditors of the Company will retire at the conclusion of the 1st 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.

Statutory Information

- 1) Your Company does not have any activity relating to conservation of energy or technology absorption.
- 2) The Company does not have any foreign exchange earnings or outgo for the year ended 31st March, 2010.
- 3) Information in respect of employees of the Company who are in receipt of remuneration in excess of limits prescribed under Section 217(2A) of the Companies Act, 1956 is given in Annexure attached to the Report.
- 3) The comments in the Auditors' Report read with Notes on Accounts are self-explanatory.

Appreciation

Your Directors place on record their sincere appreciation for the co-operation and assistance received from the Holding Company, The 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 : 29th June, 2010

A.C. Chakrabortti
Chairman

Annexure forming part of the Directors' Report for the year ended 31st March, 2010**Particulars of Employees under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975**

Employed for the part of the year and in receipt of remuneration aggregating Rs. 200,000 or more per month.

Name	Age	Qualification	Designation/ Nature of duties	Date of Commen- cement of employment	Experience	Remuneration (in Rs.)	Particulars of last employment, Last post/ Employer
Akshay Gupta	36	B.E, MBA (Finance & Marketing)	CEO	09.04.2009	15 Years	9,675,197	Global portfolio Advisors Jan 07-Dec 08

Notes:

1. The appointment of Mr. Akshay Gupta is contractual.
2. Gross remuneration comprises salary, medical reimbursement, leave travel concession, housing, Company's contribution to provident fund, monetary value of other perquisites computed on the basis of the Income Tax Act and Rules and leave encashment
3. 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 : 29th June, 2010

A.C. Chakraborti
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 31st March 2010 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 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 'Act';
 - (vi) *Subject to note no 10 of Notes to Accounts regarding non compliance of section 269 with respect to managerial remuneration*, 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, 2010 ;
 - (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

Place : Kolkata
Date : 29th June, 2010

(R. N. Roy)
Partner
Membership No. 8608

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 generally 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, 2010 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 being first year of its operation.
- (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

(R. N. Roy)
Partner
Membership No. 8608

Place : Kolkata
Date : 29th June, 2010

BALANCE SHEET

AS AT 31ST MARCH, 2010

	Schedule	Amount Rs.
SOURCES OF FUNDS		
Shareholders' funds		
Share capital	1	250,000,000
TOTAL		250,000,000
APPLICATION OF FUNDS		
Fixed assets		
Gross block	3	22,956,823
Less: Accumulated depreciation		3,342,117
Net block		19,614,706
Add: Capital work-in-progress		2,408,341
Current assets, loans and advances		
Cash and bank balances	4	165,482,638
Sundry Debtors	5	275,851
Accrued Interest on Fixed Deposit		8,520,229
Loans and advances	6	3,604,564
		177,883,282
Less: Current liabilities & provisions		
Current Liabilities	7	11,429,672
Provision	8	248,852
		11,678,524
Net current assets/(liabilities)		166,204,758
Profit and loss account debit balance	2	61,772,195
TOTAL		250,000,000
Significant accounting policies	11	
Notes to accounts	12	

For and on behalf of the Board

For **Ray & Ray**

Chartered Accountants

Firm's Registration No. 301072E

R. N. Roy

Partner

Membership No. 08608

Kolkata

Date : 29th June 2010

(A. C. Chakrabortti)

Chairman

(Partho S Datta)

Director

(Jayanta Roy)

Director

(S K Mukerji)

Director

(Sanjoy Bhattacharyya)

Director

(Akshay Gupta)

Chief Executive Officer

(Neeraj Verma)

Company Secretary

(Vishal J. Thacker)

Head of Finance

Kolkata, Date : 29th June 2010

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 9TH APRIL, 2009 TO 31st MARCH, 2010

	Schedule	Amount Rs.
Income		
Management fees		275,851
Interest on fixed deposit (TDS deducted Rs. 15,49,891)		10,880,334
		11,156,185
Expenditure		
Employee Compensation & benefit	9	35,673,850
Other Operating Expense	10	33,912,413
Depreciation		3,342,117
		(61,772,195)
Basic and diluted earnings per share of face value of Rs 10/- each - (in Rs.)		
		(3.19)
Significant accounting policies	11	
Notes to accounts	12	

For and on behalf of the Board

For **Ray & Ray**

Chartered Accountants

Firm's Registration No. 301072E

R. N. Roy

Partner

Membership No. 08608

Kolkata

Date : 29th June 2010

(A. C. Chakrabortti)

Chairman

(Sanjoy Bhattacharyya)

Director

Kolkata, Date : 29th June 2010

(Partho S Datta)

Director

(Akshay Gupta)

Chief Executive Officer

(Jayanta Roy)

Director

(Neeraj Verma)

Company Secretary

(S K Mukerji)

Director

(Vishal J. Thacker)

Head of Finance

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2010

	Amount
	Rs.
A. Cash flows from Operating Activities	
Net profit/(loss) before tax for the year	(61,772,195)
<i>Adjustment for:</i>	
Depreciation	3,342,117
Interest income	(10,880,334)
	<hr/>
Operating profit before working capital changes	(69,310,412)
Adjustment for changes in working capital:	
(Increase)/decrease in sundry debtors	(275,851)
(increase)/decrease in loans and advances	(3,604,564)
Increase/(decrease) in current liabilities and provisions	11,678,524
	<hr/>
Net cash used in operating activities	(A) (61,512,303)
B. Cash flow from investing activities	
Purchase of fixed assets	(22,956,823)
CWIP	(2,408,341)
Fixed Deposit	(162,000,000)
Interest income	2,360,105
Net cash used in investing activities	(B) (185,005,059)
C. Cash flow from financing activities	
Proceeds from issue of Share Capital	250,000,000
Net cash generated from financing activities	(C) 250,000,000
Net (decrease)/ increase in cash and cash equivalents	(A)+(B)+(C) 3,482,638
Cash and cash equivalents at beginning of year	—
	<hr/>
Cash and cash equivalents at end of year	3,482,638
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For and on behalf of the Board

For **Ray & Ray**

Chartered Accountants

Firm's Registration No. 301072E

R. N. Roy

Partner

Membership No. 08608

Kolkata

Date : 29th June 2010

(A. C. Chakrabortti)

Chairman

(Sanjoy Bhattacharyya)

Director

Kolkata, Date : 29th June 2010

(Partho S Datta)

Director

(Akshay Gupta)

Chief Executive Officer

(Jayanta Roy)

Director

(Neeraj Verma)

Company Secretary

(S K Mukerji)

Director

(Vishal J. Thacker)

Head of Finance

	Amount Rs.
SCHEDULE 1	
SHARE CAPITAL	
AUTHORISED	
5,00,00,000 Equity Shares of Rs.10 each	500,000,000
Total	<u>500,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP	
2,50,00,000 Equity Shares of Rs.10 each	250,000,000
Total	<u>250,000,000</u>
Note : 24,999,300 Equity shares are held by the holding Company, The Peerless General Finance & Investment Company Limited	

SCHEDULE 2	
RESERVE & SURPLUS	
Balance of Profit and Loss Account	(61,772,195)
Total	<u>(61,772,195)</u>

SCHEDULE 3**Fixed Assets**

Amount in Rs.

Asset Category	Gross Block				Depreciation				Net Block
	Opening	Addition	Deletion	Net	Opening	Addition	Deletion	Net	
Leasehold Improvement	—	92,71,269	—	92,71,269	—	1,552,754	—	1,552,754	7,718,515
Furniture & Fixture	—	2,214,404	—	2,214,404	—	569,241	—	569,241	1,645,163
Office Equipment	—	2,168,842	—	2,168,842	—	396,464	—	396,464	1,772,378
Computers	—	6,049,475	—	6,049,475	—	701,916	—	701,916	5,347,559
Software	—	3,252,833	—	3,252,833	—	121,742	—	121,742	3,131,091
Total	—	22,956,823	—	22,956,823	—	3,342,117	—	3,342,117	19,614,706

	Amount Rs.
SCHEDULE 4	
CASH AND BANK BALANCES	
Balance with Scheduled Banks:	
- In Current Account	3,482,638
- In Fixed deposit	162,000,000
Total	<u>165,482,638</u>
SCHEDULE 5	
SUNDRY DEBTORS	
(Unsecured, Considered good)	
Management Fees outstanding for period less than six months	275,851
Total	<u>275,851</u>
SCHEDULE 6	
LOANS AND ADVANCES	
Advance receivable in cash or in Kind or for value to be received	1,842,526
Sundry Deposits	114,000
TDS On Interest - FY 2010	1,549,890
Prepaid Expenses	98,148
Total	<u>3,604,564</u>
SCHEDULE 7	
CURRENT LIABILITIES	
Sundry Creditors (Refer Note 8 of Schedule 12)	10,157,130
Other Liabilities	1,272,542
Total	<u>11,429,672</u>
SCHEDULE 8	
PROVISIONS	
Provision for Gratuity	248,852
Total	<u>248,852</u>

	Amount
	Rs.
SCHEDULE 9	
EMPLOYEE COMPENSATION & BENEFIT	
Salaries and allowances	33,964,333
Contribution to provident and other funds	1,493,221
Staff welfare	216,296
Total	<u>35,673,850</u>
SCHEDULE 10	
ADMINISTRATIVE AND OTHER EXPENSES	
Legal and professional fees	10,786,500
SEBI fees & AMFI Fees	3,575,000
Travelling and Conveyance	4,340,483
Recruitment Charges	2,506,482
Rent	2,867,761
Marketing advertisement and publicity	4,871,143
Motor car expenses	334,570
Repairs and maintenance/General	474,887
Communication expenses	746,882
Electricity	560,712
Printing and stationery	304,822
Books, periodicals and electronic subscriptions	315,791
Director Fees	220,000
Entertainment	68,327
Insurance	16,866
Rates and taxes	2,500
Brokerage & Distribution Support	796,409
Internal Audit Fees	50,000
Miscellaneous Expense	972,519
Audit Fees	
– Statutory Audit	50,000
– Tax Audit	25,000
Service Tax	<u>25,759</u>
Total	<u>33,912,413</u>

SCHEDULE 11**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 Standard) Rule, 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, 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

Gratuity is a post employment defined benefit plan. The liability recognized in the balance sheet in respect of gratuity 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.

Leave Encashment

The Company provides for leave encashment benefit, which is a defined benefit scheme based on actuarial valuation as at the balance sheet date conducted by an independent actuary.

LEASE

Lease rental payments for operating leases are recognised as an expense on straight-line basis over the lease term and 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 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 on an accrual 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 on annual basis under taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise full provision is made when the said liabilities are accepted by the Company.

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in the future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written off or written back to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

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 substantial degree of estimation 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 12

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. Preliminary Expense

The company has paid and charged Rs. 1.7 Crores to the respective heads of profit and loss account towards establishment expense prior to incorporation.

2. Retirement Benefits to Employee

a. Provident Fund

The company makes monthly contributions to provident fund which is defined contribution plan. During the year the company has recognized an amount of Rs. 12,44,369/- in the profit and loss account as contribution to provident fund deposited 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

Funded Status	(Amount in Rs.)
Present value of Defined Benefit Obligation	248,852
Fair value of plan assets	—
Funded Status [Surplus/(deficit)]	(248,852)
Net asset/(liability) recognised in balance sheet	(248,852)

EXPENSES RECOGNISED IN PROFIT & LOSS ACCOUNT

Components of Employer Expenses	(Amount in Rs.)
Current Service Cost	248,852
Interest Cost	9,954
Expected Return on plan assets	—
Actuarial Losses/(Gains) on defined benefit obligation	(9,954)
Total Expenses recognised in the Statement of Profit & Loss A/C	248,852

SCHEDULE 12 (Contd.)

Change in Defined Benefit Obligation (DBO)	(Amount in Rs.)
Present value of DBO at beginning of period	—
Current Service Cost	248,852
Interest Cost	9,954
Actual (gains)/Losses	(9,954)
Benefits Paid	—
Present value of DBO at the end of period	248,852

ASSUMPTIONS

Discount Rate per annum Compound	8%
Rate of increase of salaries	5%
Withdrawal Rate (depending on duration and age of the employees)	1% - 2% per annum
Retirement Age	58 Years
Mortality rates are as per published under LIC (1994-96) mortality table	

3. 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 Institute of Chartered Accountants of India.

4. 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 – Chief Executive Officer

SCHEDULE 12 (Contd.)

Disclosure of transactions between the company and related parties and the status of outstanding balances as on 31st March, 2010:

(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	2,840,707	—	—	—	—	2,840,707
Other Administrative Expense	124,925	280,386	226,262	—	—	631,573
Reimbursement of Establishment Expense	39,538,199	—	—	—	—	39,538,199
Remuneration to Key Management Personnel	—	—	—	—	9,675,197	9,675,197
<i>Balance Outstanding</i>						
Receivable/(Payable)	(51,237)	—	—	216,655	—	165,418

5. 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.)
Net Profit/(Loss) after tax	(61,772,195)
weighted average number of equity shares outstanding during the year <i>in Units</i>	19,339,076
Basic and Diluted earnings per share	(3.19)

6. Deferred Tax

The Company has not recognized any deferred tax asset in respect of timing differences and carried forward losses 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. 277,025.

8. Micro and Medium scale business entities

There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

9. Earnings/(Expenditure) in foreign currency

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

SCHEDULE 12 (Contd.)

10. Remuneration paid to Chief Executive Officer :

	(Amount in Rs.)
Salaries and allowances	9,111,822
Contribution to provident and other funds	563,375
	<u>9,675,197</u>

The Company is in the process of complying with the provisions of section 269 read with Schedule XIII of the Companies Acts, 1956 in respect of the appointment and payment of remuneration to Mr. Akshay Gupta, CEO, who may be deemed as manager under section 2(24) of the said 'Act'.

11. Prior Year Comparatives

Previous year comparatives are not available being the first year of the company.

12. 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

R. N. Roy

Partner

Membership No. 08608

Kolkata

Date : 29th June 2010

(A. C. Chakrabortti)

Chairman

(Sanjoy Bhattacharyya)

Director

Kolkata, Date : 29th June 2010

(Partho S Datta)

Director

(Akshay Gupta)

Chief Executive Officer

(Jayanta Roy)

Director

(Neeraj Verma)

Company Secretary

(S K Mukerji)

Director

(Vishal J. Thacker)

Head of Finance

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

Registration No. U 65990WB2009PLC134537

State Code : 21

Balance Sheet Date : 31.03.2010

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

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	250,000,000

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

Total Liabilities	199,906,329	Total Assets	199,906,329
Sources of Funds			
Paid-up Capital	250,000,000	Reserves and Surplus	Nil
Secured Loans	Nil	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	19,614,706	Investments	Nil
Net Current Assets	166,204,758	Miscellaneous Expenditure	Nil
Deferred Tax	Nil	Accumulated Losses	61,772,195

IV. Performance of Company (Amount in Rs.)

Turnover	11,156,185	Total Expenditure	72,928,380
Profit before Tax	(61,772,195)	Profit after Tax	(61,772,195)
Earnings per Share in Rs.	(3.19)	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 S Datta)**
Director**(Jayanta Roy)**
Director**(S K Mukerji)**
Director**(Sanjoy Bhattacharyya)**
Director**(Akshay Gupta)**
Chief Executive Officer**(Neeraj Verma)**
Company Secretary**(Vishal J. Thacker)**
Head of Finance

Kolkata, Date : 29th June 2010