

Peerless Funds Management Co. Ltd.
Annual Report & Accounts
2015-16

BOARD OF DIRECTORS

Mr. Partho Sarothya Datta
(Chairman)

Mr. Jayanta Roy

Mr. Malay Kumar Ghosh

Mr. Soumendra Mohan Basu

Mr. Harish Engineer

KEY MANAGERIAL PERSONNEL

Mr. Rajiv Shastri
Managing Director & CEO

Mr. S. Swaminathan
Chief Financial Officer

Mr. Manoj Kumar Bajoria
Head- Compliance & Company Secretary

SENIOR MANAGEMENT TEAM

Mr. Vilas Solanki
Head – Operations & Customer
Service

Mr. Amit Nigam
Head – Equities

Mr. Killol P Pandya
Head – Fixed Income

Mr. Suresh Ranout
National Head- Strategies,
Head-West Zone & South Zone

Mr. Debjit Guha
Head- East Zone

Mr. Rupen Shah
Head – IT & Telecom

BANKERS

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

STATUTORY AUDITORS

M/s. L.B. Jha & Co.
Chartered Accountants
GF-1, Gillander House,
8, N.S. Road
Kolkata – 700 001

INTERNAL AUDITORS

M/s. M. P. Chitale & Co.
Chartered Accountants
1/11, Prabhadevi Ind. Estate,
1st Floor, Opp. Siddhivinayak
Temple, Veer Savarkar Marg,
Prabhadevi,
Mumbai – 400 025

SECRETARIAL AUDITOR

M/s. Anjan Kumar Roy & Co.
Company Secretaries
DPS Business Centre
9A Sebak Baidya Street
Kolkata – 400 029

REGISTERED OFFICE

Peerless Mansion, 1 Chowringhee
Square, Third Floor,
Kolkata - 700 069
Tel: + 91 33 40185000
Fax: +91 33 40185010
Website: www.peerlessmf.co.in
Email: connect@peerlessmf.co.in

**CORPORATE
IDENTIFICATION NO.**

U65990WB2009PLC134537

REPORT OF THE DIRECTORS

Dear Shareholders,

Your Directors are pleased to present the Seventh Annual Report and Audited Accounts of Peerless Funds Management Co. Limited for the year ended 31 March 2016.

Financial Results (Standalone)

(in Rupees)

Particulars	2015-16	2014-15
Income	8,45,36,329	11,21,16,262
Profit/(Loss) before Depreciation	(9,87,57,915)	(8,24,39,142)
Depreciation	13,14,862	25,11,853
Net Profit/(Loss)	(10,00,72,777)	(8,49,50,995)
Balance brought forward from previous year	(39,35,84,342)	(30,86,33,347)
Surplus/(Deficit) carried to Balance Sheet	(49,36,57,119)	(39,35,84,342)

Business and Financial Performance

Peerless Funds Management Co. Limited (PFMCL), a subsidiary of The Peerless General Finance and Investment Company Limited (PGFI) and Investment Manager to Peerless Mutual Fund (PMF), is engaged in asset management services.

During the year under review, PMF completed 6 years of operations and the main thrust during FY 2015-16 was in strengthening and re-building human resources, processes, systems and product and sales capabilities. Your Company continued to focus on making its business model more robust and sustainable and re-aligning its human resource strategy towards effectiveness and efficiency.

In an effort to expand its reach, your Company also succeeded in tie ups with leading national and regional level distributors and IFAs. Your Company also conducted various investor meets to build direct connect with the retail investors and is poised to continue to leverage on these in the coming years.

During the year, your Company has further strengthened its Risk Management Systems, which is covered separately under the Section "Risk Management" of this Report.

In the previous year, your Company re-designed its distribution compensation structure, to make it beneficial for distributors in the long term and to attract sustainable & stable assets. This was well received by the distributor community and was financially rewarding for both the distributor as well as your company. However, the AMFI commission circular, covered elsewhere in the Report, resulted in increased competition in this space and hurt retention, with a consequential impact on your Company's financial performance.

During the year, your Company undertook various investor awareness initiatives through audio visual/electronic medium like radio, movie theatres, banners, hoardings, websites, etc.

Average assets managed by PMF were Rs. 985 crore for the quarter ended March 2016 compared to Rs. 1,302 crore for the quarter ended March 2015. Assets managed in retail oriented schemes has grown to Rs. 247 crore in March 2016 from Rs.150 crore in March 2015.

During the year under review, your company incurred a loss of Rs. 10,00,72,777 as against a loss of Rs. 8,49,50,995 in FY 2014-15.

As on 31 March 2016, the networth of your company stood at Rs. 49.63 crore as against the networth of Rs. 59.64 crore as on 31 March 2015.

Dividend

In view of the loss, your Directors express their inability to recommend any dividend for the year ended 31 March 2016.

Industry Structure and Developments

The mutual fund industry is amongst the most regulated industries with an informed investor and distributor community. The industry continues to be competitive and dynamic with emphasis on margins, transparency and disclosure requirements.

During the year, the AMFI Best Practices guidelines on rationalization of commission structure became operational. This move was initiated to discourage commission based mis-selling and to bring about a reasonableness in commission payouts. The circular brings about:

- a. concept of Distributable Total Expense Ratio (DTER) for each scheme
- b. scheme DTER being maximum limit for all distributor payments like upfront & trail commission and marketing support expenses
- c. upper limit for upfront commission and trail commission (for subsequent years) specified within DTER.

This had a major impact in the industry dynamics, especially in the manner, distributor payouts are made and the worst affected were the smaller level players.

In their continued efforts towards making the operating environment more robust and to bring in greater transparency of information to investors, SEBI and AMFI have initiated many measures during the year as given below:

1. Consolidation in industry by merging identical schemes.
2. Revision/introduction of limits for single issuer, group and sectoral exposure, as safeguard against adverse events triggered by rating downgrades.
3. Uniform implementation of KYC requirements by the mutual fund industry.
4. Disclosure of distributor's commission and average total expense ratio in six monthly account statements.
5. Enhanced scheme related disclosures in scheme documents and disclosure of executive remuneration on AMC websites.
6. Additional plan in liquid schemes for deployment of unclaimed amounts.
7. Publishing details of such investors on AMC and AMFI websites.
8. New cadre of distributors allowed to sell liquid/money market mutual fund schemes; these include postal agents, retired government and semi-government officials, retired teachers and retired bank officers with a service of at least 10 years.

The year also saw the recognition and acceptability of MF Utility platform by the investors with current aggregate transactions crossing Rs. 1,000 crore.

In addition, the year continued to see the industry passing through a period of consolidation, with the exit of a few foreign sponsors from this sector.

Products and Services offered by PFMCL

During the year, your Company received SEBI's approval and launched successfully 2 new retail oriented schemes, namely Peerless Midcap Fund and Peerless Long Term Advantage Fund.

Your Company also changed the Fundamental Attributes of Peerless MF Child Plan on receipt of SEBI's approval for the same. The scheme is now open to investments by all permitted categories of investors.

As on 31st March 2016, your company is present in 21 locations serving over 44,000 customers. Nearly 50% of the locations are outside the top 15 cities for the mutual fund industry. In many of these locations, your company has played a leading role in investor awareness and education.

Your Company's focus continues to be deeper penetration into the retail segment and to leverage the distribution capabilities of its own network of Independent Financial Advisors, National Distributors, Regional Distributors, Agency Managers and various arms of the Peerless Group.

Outlook

As on 31 March 2016, 43 Mutual Funds operate in the country, with combined quarterly average assets of Rs.13.53 lakh crore, compared to Rs.11.89 Lakh Crore as on 31 March 2015, representing an increase of 13.79%.

During the year, the mutual fund industry added close to 60 lakh folios across all categories, with equity funds adding over 43 lakh folios. Despite the turbulence in secondary markets during 2015-16, equity funds have received inflows close to Rs.74,000 crore, driven by positive investor sentiment.

Retail asset acquisition will continue to remain a key driver of your Company's growth in future. Product differentiation and innovation, penetration beyond existing markets and geographical areas, wider accessibility, good governance etc. would continue to be the other building blocks in establishing a profitable and sustainable business.

Pressure on margins will continue to remain a challenge and would have to be surmounted through effective cost management and innovative revenue / business models. Your Company will continue to focus on confidence building measures, fund performance and best service practices as primary means of fulfilling commitments to all stakeholders in the future.

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Your company has re-constituted Internal Complaints Committees pursuant to the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to deal with the complaints relating to sexual harassment of women employees of your company. The Committees comprise of the following members:

Internal Complaints Committee for Kolkata

<i>Name of the Member</i>	<i>Designation</i>
Ms. Smriti Singh	Presiding Officer
Ms. Preeti Lakhmani	Member
Mr. Manoj Kumar Bajoria	Member
Ms. Indrani Roy Mohanti	Member from NGO

Internal Complaints Committee for Mumbai

<i>Name of the Member</i>	<i>Designation</i>
Ms. Smriti Singh	Presiding Officer
Ms. Vinita Taparia	Member
Mr. Vilas Solanki	Member
Ms. Indrani Roy Mohanti	Member from NGO

The Internal Complaints Committees held 4 meetings during the year. The Committees have not received any complaint of sexual harassment from any of the employees during the period under review.

Human Resources

Your company considers human resources as invaluable assets and is constantly engaged in enriching and developing competencies of our people. Your company has a Nomination & Remuneration Policy which aims to lay down criteria and processes to ensure equitable remuneration to all employees and to harmonize their aspirations with the goals of your company. The focus on building organization and people capability continues through robust process around identifying, developing and deploying potential employees in critical positions.

Your company is continuously committed to create a healthy work environment that enables employees to work without fear of prejudice, gender bias, sexual harassment and all forms of intimidation or exploitation.

The total number of employees in your company as on 31 March 2016 was 82.

Risk Management

The industry is extremely sensitive to regulatory and economic changes and this is the primary risk or source of concern. Your company has a duly constituted Risk Management Committee and a dedicated Risk Manager who is responsible for development and implementation of risk management framework for the organisation.

In its continuing efforts to strengthen the Risk Management framework, your Company has also implemented task management software, which will help to further mitigate/reduce risks associated with human dependency for completion of tasks within regulatory/internal timelines for various functions in the organization. This will also help in setting proper responsibility and accountability for the various functions and help your Company in achievement of overall organisational goals.

In addition, your company has adequate checks and balances in place in all its activities, which are independently assessed at regular intervals.

Your Directors are of the view that as on the date of this report, there are no known risks which may threaten the existence of your company.

Board Meetings

During the year under review, the Board of Directors of your company met 8 times. The maximum interval between any two Board Meetings did not exceed 120 days.

Details of Board meetings attended by the Directors during the financial year ended 31 March 2016:

Sl. No.	Name of the Director	Dates of Meetings	Board Meetings	
			Held	Attended
1.	Mr. Partho Sarothy Datta	27 April 2015	8	8
2.	Mr. Harish Engineer*	5 May 2015	8	6
3.	Mr. Malay Kumar Ghosh	3 June 2015	8	7
4.	Mr. Soumendra Mohan Basu	17 August 2015	8	8
5.	Mr. Jayanta Roy	28 October 2015	8	7
6.	Mr. Sanjoy Bhattacharyya**	14 December 2015	8	1
7.	Mr. Rajiv Shastri	5 February 2016	8	8
		19 March 2016	8	8

*Mr. Harish Engineer was appointed as a Director of the Company with effect from 5 May 2015.

**Mr. Sanjoy Bhattacharyya had resigned as a Director of the Company with effect from 4 May 2015.

Board Committees

Your company's Board has constituted the following Committees, as required under the provisions of the Companies Act, 2013 and SEBI (Mutual Funds) Regulations, 1996.

As on date, their constitution is as under:

Audit Committee

<i>Name of the Member</i>	<i>Designation</i>
Mr. Soumendra Mohan Basu	Chairman, Independent Director
Mr. Partho Sarothy Datta	Member, Independent Director
Mr. Harish Engineer	Member, Independent Director

Nomination and Remuneration Committee

<i>Name of the Member</i>	<i>Designation</i>
Mr. Soumendra Mohan Basu	Chairman, Independent Director
Mr. Partho Sarothy Datta	Member, Independent Director
Mr. Jayanta Roy	Member, Non-Executive Director

Risk Management Committee

<i>Name of the Member</i>	<i>Designation</i>
Mr. Malay Kumar Ghosh	Chairman, Independent Director
Mr. Soumendra Mohan Basu	Member, Independent Director
Mr. Harish Engineer	Member, Independent Director
Mr. Rajiv Shastri	Member, Managing Director & CEO
Mr. Rohit Kumar Chawda	Head- Internal Audit & Risk

Business Plan & Monitoring Committee

<i>Name of the Member</i>	<i>Designation</i>
Mr. Malay Kumar Ghosh	Chairman, Independent Director
Mr. Partho Sarothy Datta	Member, Independent Director
Mr. Harish Engineer	Member, Independent Director
Mr. Soumendra Mohan Basu	Member, Independent Director
Mr. Jayanta Roy	Member, Non-Executive Director
Mr. Rajiv Shastri	Member, Managing Director & CEO

The terms of reference of these committees including the number of meetings held during the financial year ended 31 March 2016 are given below:

1. Audit Committee

The terms of reference of the Audit Committee conform to the requirements of Section 177 of the Companies Act, 2013. These include review of financial statements, recommendation for appointment of statutory and internal auditors, review and monitoring of auditors' independence and effectiveness of audit process, approval or modification of transactions with related parties, evaluation of internal financial controls, oversight of company's financial reporting process, compliance with applicable accounting standards and review of adequacy of internal control systems and processes.

The Committee held six meetings during the year.

Details of Audit Committee meetings attended by the Directors during the financial year ended 31 March 2016:

Sl. No.	Name of the Member	Dates of Meetings	Audit Committee Meetings	
			Held	Attended
1.	Mr. Soumendra Mohan Basu	27 April 2015	6	6
2.	Mr. Partho Sarothy Datta	3 June 2015		
3.	Mr. Harish Engineer	17 August 2015	6	5
4.	Mr. Sanjoy Bhattacharyya*	28 October 2015		
		14 December 2015	6	1
		19 March 2016		

*Mr. Sanjoy Bhattacharyya had resigned as a Director of the Company with effect from 4 May 2015.

2. Nomination & Remuneration Committee

The terms of reference of the Nomination & Remuneration Committee conform to the requirements of Section 178 of the Companies Act, 2013. These include formulation of criteria for determining qualifications, positive attributes and independence of a director, identification of persons who are qualified to become Directors, Key Managerial Personnel (KMP) and Senior Management positions in accordance with the criteria laid down in the Nomination & Remuneration Policy, recommendation to the Board on appointment and removal of Director, KMPs and Senior Management personnel, carrying out evaluation of every Director's performance and assisting the Board in ensuring that plans are in place for orderly succession for appointments to the Board, and KMP and Senior Management personnel.

The Committee held three meetings during the year.

Details of Nomination & Remuneration Committee meetings attended by the Directors during the financial year ended 31 March 2016:

Sl. No.	Name of the Member	Dates of Meetings	Nomination & Remuneration Committee Meetings	
			Held	Attended
1.	Mr. Soumendra Mohan Basu	27 April 2015	3	3
2.	Mr. Partho Sarothy Datta	14 December 2015	3	3
3.	Mr. Jayanta Roy	19 March 2016	3	2
4.	Mr. Sanjoy Bhattacharyya*		3	1

*Mr. Sanjoy Bhattacharyya tendered his resignation as a Director of the Company with effect from 4 May 2015.

3. Risk Management Committee

The purpose of Risk Management Committee is to assist the Board in the effective discharge of its responsibilities for risk management and internal controls and compliance with guidelines and circulars issued by SEBI. The terms of reference of the Risk Management Committee include the adoption and implementation of an appropriate Risk Management Policy and procedures and review of the status and application of various measures laid down by the company with particular reference to fund management, operations, customer service, marketing and distribution and business risks.

The Committee held five meetings during the year.

Details of Risk Management Committee meetings attended by the Directors during the financial year ended 31 March 2016:

Sl. No.	Name of the Member	Dates of Meetings	Risk Management Committee Meetings	
			Held	Attended
1.	Mr. Malay Kumar Ghosh	3 June 2015	5	5
2.	Mr. Harish Engineer*	17 August 2015	5	5
3.	Mr. Soumendra Mohan Basu	28 October 2015	5	5
4.	Mr. Rajiv Shastri	5 February 2016	5	5
5.	Mr. Rohit Kumar Chawda	19 March 2016	5	4

*Mr. Harish Engineer was appointed as a Director of the Company with effect from 5 May 2015.

4. Business Plan & Monitoring Committee

The terms of reference of the Business Plan & Monitoring Committee include review of Business Plan and Strategy of the company, review of actual performance vis-à-vis plan and making appropriate recommendations depending upon prevalent industry and economic scenario.

The Committee held two meetings during the year.

Details of Business Plan & Monitoring Committee meetings attended by the Directors during the financial year ended 31 March 2016:

Sl. No.	Name of the Director	Dates of Meetings	Business Plan & Monitoring Committee Meetings	
			Held	Attended
1.	Mr. Malay Kumar Ghosh	17 August 2015	2	2
2.	Mr. Partho Sarothy Datta	14 December 2015	2	2
3.	Mr. Harish Engineer*		2	2
4.	Mr. Jayanta Roy		2	2
5.	Mr. Rajiv Shastri		2	2

*Mr. Harish Engineer was appointed as a Director of the Company with effect from 5 May 2015.

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the company

During the year under review, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of your company and your company's operations in future.

Holding and Subsidiaries

Your company continues to be the subsidiary of The Peerless General Finance & Investment Co. Ltd.

Your company has no subsidiary as on date.

Statutory Auditors and their Reports

In the last Annual General Meeting (AGM) held on 17 August, 2015, the appointment of M/s. L.B. Jha & Co., Chartered Accountants had been ratified as Statutory Auditors of your company.

Ratification of appointment of Statutory Auditors for FY 2016-17 is being sought from the members at the ensuing AGM.

Further, the report of the Statutory Auditors along with notes to Schedules is enclosed with this report.

There are no qualifications, reservation or adverse remark or disclaimer made by the auditor in the report.

Internal Auditors and their Reports

M/s. M.P. Chitale & Co., Chartered Accountants had been appointed as Internal Auditors of your company for the financial year 2015-16 and their reports placed before the Audit Committee and the Board for their consideration.

Share Capital

As on 31st March, 2016, the issued, subscribed and paid up share capital of your company stood at Rs.99,00,00,000/- (Ninety Nine Crore), comprising 9,90,00,000 Equity shares of Rs.10/- each.

Extract of Annual Return

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') and rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is Annexed to this report as Annexure 1.

Conservation of Energy and Technology Absorption and Foreign Exchange Earnings and Outgo

No disclosure is required to be made under section 134(3) (m) of the Companies Act, 2013 and rule 8(3) of the Companies (Accounts) Rules, 2014.

Your company does not have any activity relating to conservation of energy, technology absorption or foreign exchange earnings and outgo for the year ended 31 March 2016.

Board of Directors and Key Managerial Personnel

(a) Changes in Directors

Mr. Jayanta Roy will retire at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

(b) Changes in Key Managerial Personnel

There have been no changes to the Key Managerial Personnel during the financial year 2015-16.

As on 31 March 2016, your company has the following whole time KMP under the provisions of Section 203 of the Companies Act, 2013:

1. Mr. Rajiv Shastri- Managing Director & CEO
2. Mr. S. Swaminathan- Chief Financial Officer
3. Mr. Manoj Kumar Bajoria- Head- Compliance & Company Secretary

(c) Declaration by Independent Directors and re-appointment, if any

Mr. Partho Saroth Datta, Mr. Malay Kumar Ghosh, Mr. Harish Engineer and Mr. Soumendra Mohan Basu are Independent Directors on the Board of your company. Your company has received statement of declaration of independence from the Independent Directors.

In the opinion of the Board, they fulfill the conditions specified in section 149(6) of the Companies Act, 2013 and the Rules made thereunder about their status as Independent Directors of your company.

(d) Formal Annual Evaluation

As required under section 134(3) of Companies Act 2013 read with Rule 8(4) of Companies (Account) Rules, 2014, and pursuant to Section 178 of the Companies Act, 2013, formal annual evaluation of all Directors, Committees of the Board and the Board as a whole have been carried out.

A meeting of the Independent Directors has been duly held during the year.

Nomination and Remuneration Policy

The Nomination and Remuneration Committee has formulated a Nomination & Remuneration Policy which includes the criteria for determining qualifications, positive attributes and independence of a director, parameters for remuneration of directors, Key Managerial Personnel and Senior Management and evaluation procedure for directors, Key Managerial Personnel and Senior Management.

The Nomination and Remuneration Policy of your company is annexed to this report as **Annexure 2**.

Particulars of loans, guarantees or investments under section 186

During the year under review, your Company has not given any loans, guarantees or made investments pursuant to Section 186 of the Companies Act, 2013.

Related party transactions

During the year under review, your company has not entered into any contracts or transactions or arrangements with related parties which are not on arms' length basis and ordinary course of business, nor has your company entered into any material contracts or transactions or arrangements with related parties at arms' length basis as referred to in Section 188(1) of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Boards & its Powers) Rules, 2014.

The required disclosure in Form AOC-2 is enclosed to this report as **Annexure 3**.

Deposits

During the year, the Company did not accepted any deposits from the public under Chapter V of the Companies Act, 2013 and therefore, no amount of principal or interest was outstanding as on the Balance Sheet date.

Material changes and commitments

There were no material changes/commitments after the Balance Sheet date.

Internal Controls over Financial Reporting

Your Company has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its operations.

Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources are acquired economically, used efficiently and adequately protected.

The Audit Committee has laid down strict processes for monitoring the internal control systems including an independent assessment of these at regular intervals. Compliance of the laws of the land is accorded utmost importance. The Secretarial Audit Report attached to this Report of the Directors covers this topic and reaffirms the adequacy of internal control systems.

Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorised, recorded and reported correctly.

The Internal Auditor reviews the efficiency and effectiveness of these systems and procedures. Added objectives include evaluating the reliability of financial and operational information and ensuring compliances with applicable laws and regulations. The Internal Auditor submits his Report periodically which is placed before and reviewed by the Audit Committee.

The Statutory Auditors have also carried out a review of internal financial controls with reference to the financial statements and have reaffirmed on its adequacy and operating effectiveness in the Independent Auditors Report.

Your Directors are of the view that as on date the internal financial controls with reference to financial statements are adequate.

Particulars of Employees

Particulars of employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are set out on the statement annexed to this report as **Annexure 4**.

Secretarial Auditors and their reports

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s. Anjan Kumar Roy & Co., Company Secretary in practice, have been appointed Secretarial Auditors of your company for the financial year 2015-16. The report of the Secretarial Auditors is enclosed as **Annexure 5** to this report. There are no qualifications, reservation or adverse remark or disclaimer made by the auditor in the report.

Directors' Responsibility Statement

In accordance with the provisions of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to the material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31 March 2016 and of the profit and loss of the company for the period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (iv) the Directors had prepared the annual accounts on a going concern basis; and
- (v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Appreciation

Your Directors place on record their sincere appreciation of the co-operation and assistance received from the holding company, The Peerless General Finance & Investment Co. Ltd., SEBI, RBI, AMFI, Custodians, Fund Accountant, Bankers, Registrars, Unit holders and other business constituents during the year under review.

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

For and on behalf of the Board

Place : Kolkata
Date : 13 June 2016

Mr. Soumendra Mohan Basu
Director

Mr. Rajiv Shastri
Managing Director & CEO

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2016
of
PEERLESS FUNDS MANAGEMENT CO. LIMITED

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN :U65990WB2009PLC134537
- ii) Registration Date: 9 April 2009
- iii) Name of the company: Peerless Funds Management Co. Limited
- iv) Category/Sub-Category of the company: Public Limited Company
- v) Address of the Registered Office and contact details:
Peerless Mansion, 1, Chowringhee Square,
3rd Floor, Kolkata – 700069, Ph: 033-40185000
Email: secretarial@peerlessmf.co.in
- vi) Whether listed company : No
- vii) Name, Address and contact details of Registrar & Transfer Agents (RTA), if any: Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Carrying on the business of Asset Management services for Peerless Mutual Fund.	N.A.	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	The Peerless General Finance & Investment Company Limited 3, Esplanade East, Kolkata - 700 069	U66010WB1932 PLC007490	Holding	99.9986	Section 2(46) of Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Dem-at	Physical	Total	% of Total Shares	Dem-at	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	Nil	600	600	0.0006	Nil	600	600	0.0006	Nil
(b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Govt (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corp.	Nil	9,89,98,600	9,89,98,600	99.9986	Nil	9,89,98,600	9,89,98,600	99.9986	Nil
(e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):	Nil	9,89,99,200	9,89,99,200	99.9992	Nil	9,89,99,200	9,89,99,200	99.9992	Nil
(2) Foreign									
(a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	Nil	9,89,99,200	9,89,99,200	99.9992	Nil	9,89,99,200	9,89,99,200	99.9992	Nil
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(g) Flls	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	800	800	0.0008	Nil	800	800	0.0008	Nil
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	Nil	800	800	0.0008	Nil	800	800	0.0008	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	Nil	800	800	0.0008	Nil	800	800	0.0008	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	9,90,00,000	9,90,00,000	100.0000	Nil	9,90,00,000	9,90,00,000	100.0000	Nil

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	The Peerless General Finance & Investment Co. Ltd.	9,89,98,600	99.9986	Nil	9,89,98,600	99.9986	Nil	Nil
2.	Mr. Sunil Kanti Roy	400	0.0004	Nil	400	0.0004	Nil	Nil
3.	Mr. Jayanta Roy	200	0.0002	Nil	200	0.0002	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	9,89,98,600	99.9986	9,89,98,600	99.9986
2.	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
3.	At the end of the year	9,89,98,600	99.9986	9,89,98,600	99.9986

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year:				
	Mr. Bhargab Lahiri	200	0.0003	200	0.0003
	Mr. Ashoke Kumar Mukhuty	200	0.0003	200	0.0003
	Mr. Achintya Sankar Phani	200	0.0003	200	0.0003
	Mr. Dilip Samadar	200	0.0003	200	0.0003
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	NA	NA	NA	NA
3	At the end of the year:				
	Mr. Bhargab Lahiri	200	0.0002	200	0.0002
	Mr. Ashoke Kumar Mukhuty	200	0.0002	200	0.0002
	Mr. Achintya Sankar Phani	200	0.0002	200	0.0002
	Mr. Dilip Samadar	200	0.0002	200	0.0002

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year:				
	Mr. Jayanta Roy	200	0.0002	200	0.0002
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
3	At the end of the year:				
	Mr. Jayanta Roy	200	0.0002	200	0.0002

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i)Principal Amount	Nil	Nil	Nil	Nil
ii)Interest due but not paid				
iii)Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction				
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i)Principal Amount	Nil	Nil	Nil	Nil
ii)Interest due but not paid				
iii)Interest accrued but not due				
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:****(Amount in Rs.)**

Sl. No.	Particulars of Remuneration	Name of MD & CEO/WTD/Manager Mr. Rajiv Shastri	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	1,15,08,000 (cost to company)	1,15,08,000
2.	Stock Option	NA	NA
3.	Sweat Equity	NA	NA
4.	Commission - as % of profit	NA	NA
5.	Others, please specify (Performance Bonus)	15,00,000	15,00,000
	Total (A)	1,30,08,000	1,30,08,000
	Ceiling as per the Act	As per resolutions passed by Nomination & Remuneration Committee, Board of Directors under section 196-198 of the Companies Act, 2013 and shareholder`s resolution.	

B. Remuneration to other directors:**(Rs. Per Annum)**

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Partho Sarothy Datta	Mr. Sanjoy Bhattacharyya	Mr. Harish Engineer	Mr. Malay Kumar Ghosh	Mr. Soumendra Mohan Basu	
1	Independent Directors						
A	Fee for attending Board Meetings	1,60,000	20,000	1,20,000	1,40,000	1,60,000	6,00,000
B	Fee for attending Committee Meetings	1,10,000	20,000	1,20,000	70,000	1,40,000	4,60,000
C	Commission	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
D	Others: Independent Directors' Meeting	10,000	—	10,000	10,000	10,000	40,000
	Total (1)	280,000	40,000	2,50,000	2,20,000	3,10,000	11,00,000

(Rs. Per Annum)

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
2	Other Non-Executive Directors	Mr. Jayanta Roy	
A	Fee for attending Board Meetings	1,40,000	1,40,000
B	Fee for attending Committee Meetings	40,000	40,000
C	Commission	N.A.	N.A.
D	Others	N.A.	N.A.
	Total (2)	1,80,000	1,80,000
Total (B)=(1+2)			12,80,000

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD
(Rs. Per Annum)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
		Manoj Kumar Bajoria	S.Swaminathan	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	14,66,926 (Cost to company)	35,61,782 (Cost to company)	50,28,708
2	Stock Option	NA	NA	NA
3	Sweat Equity	NA	NA	NA
4	Commission - as % of profit - others, specify	NA	NA	NA
5	Others, please specify	NA	NA	NA
	Total	14,66,926	35,61,782	50,28,708

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Nomination & Remuneration Policy

Introduction

This policy on nomination & remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination & Remuneration Committee and approved by the Board of Directors, in terms of the provisions of the Companies Act, 2013.

The Company considers human resources as its invaluable assets and this policy aims to lay down criteria & processes to ensure equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company and to harmonize the aspirations of the human resource in line with the goals of the Company.

Objectives and purpose of the Policy:

- To lay down criteria and terms & conditions with regard to identifying persons qualified to become Directors, KMPs and Senior Management positions
- To determine remuneration based on the Company's size, financial position, trends and practices on remuneration prevailing in peer companies and industry as a whole.
- To determine criteria for evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel
- To provide them rewards linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Effective Date

This policy shall be effective from 27 April 2015.

Constitution of the Nomination and Remuneration Committee

The Board has changed the nomenclature of Remuneration Committee constituted on 29 June, 2010 by renaming it as Nomination and Remuneration Committee w.e.f. 28 April 2014.

The Nomination and Remuneration Committee comprises of the following Directors:

Sl. No.	Name	Position
1	Mr. Soumendra Mohan Basu	Chairman, Independent Director
2	Mr. Jayanta Roy	Member, Non-Executive Director
3	Mr. Partho S. Datta	Member, Independent Director

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirements.

Applicability

The Policy is applicable to:

- Directors
- Key Managerial Personnel
- Senior Management Personnel

General

This Policy is divided in three parts:

Part- A covers the matters to be dealt with and recommended by the Committee to the Board

Part- B covers the appointment and nomination

Part- C covers remuneration and perquisites etc.

This policy shall be included in the Report of the Board of Directors.

PART- A

Matters to be dealt with, perused and recommended to the board by the Nomination & Remuneration Committee

The following matters shall be dealt by the Committee:

- Formulation of criteria for determining qualifications, positive attributes and independence of a director.
- Identification of persons who are qualified to become Directors, Key Managerial Personnel (KMP) and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommendation to the Board on appointment and removal of Director, KMPs and Senior Management personnel.
- Carrying out evaluation of every Director's performance.
- Assisting the Board in ensuring that plans are in place for orderly succession for appointments to the Board, and KMP and Senior Management personnel.

PART- B

Policy for appointment and removal of Directors, KMP and Senior Management

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or Senior Management level and recommend to the Board his / her appointment.
2. The Committee may delegate any of its powers relating to KMP and Senior Management to one or more members of the Committee including the Chairman and any other member.
3. The Committee shall recommend any necessary changes on Directors, KMP and Senior Management to the Board.

The expression "Senior Management" shall mean personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Qualifications for Directors (including Independent Directors)

- Qualifications as per the applicable provisions of Companies Act 2013, and rules made there under.
- Persons of eminence, standing and knowledge with significant achievements in business, profession and/or public service.
- Financial or business literacy/skills and industry experience.
- Appropriate other qualification/experience to meet the objectives of the Company.
- The Nomination and Remuneration Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidates.

Positive attributes of Directors (including Independent Directors)

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the industry.

- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities
- Assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made there under as amended from time to time.

Criteria for appointment of KMP/Senior Management

A person to be appointed as KMP/Senior Management person should possess the following qualifications and attributes:

- Adequate qualification, experience, skills and expertise for the position he/she is considered for appointment including qualification required under any Act, rule or regulation. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient/satisfactory for the concerned position for effective discharge of duties and responsibilities.
- Ability to practice & encourage professionalism and ethical & transparent working environment.
- Ability to build teams and carry the team members along for achieving the goals/objectives of the Company.

A whole-time KMP of the Company shall not hold office in more than one company except in its subsidiary company at the same time.

Term/Tenure:

1. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as Managing Director and CEO or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

The other provisions of the Companies Act, 2013 relating to directorships limits, restriction on appointments, etc. shall apply with respect to the Independent Directors.

Evaluation:

1. Criteria for evaluation of performance of Non-Executive & Independent Directors:

Evaluation of performance of Non-Executive Directors will be done as per Section 149 of the Companies Act, 2013 read with Schedule IV of the said Act, which states that the Independent Directors shall at its separate meeting review the performance of non-independent directors and the Board as a whole and the performance evaluation of Independent Directors shall be done by the entire Board of Directors excluding the Director being evaluated.

2. Criteria for evaluation of performance of KMP and Senior Management Personnel:

Criteria for evaluating performance of KMP and Senior Management Personnel shall be as per the Company's HR

Policy. A presentation shall be made by the Managing Director & CEO on the evaluation of KMP and Senior Management personnel before the Committee and the same will be reviewed by the Committee, and appropriate recommendations will be made by the Committee to the Board.

Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013 and rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend to the Board with reasons recorded in writing, removal of a director, KMP or senior management personnel or functional heads, subject to the provisions and compliance of the Act, rules and regulations.

Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

Policy relating to the remuneration for the Directors, KMP and Senior Management Personnel

General:

1. To ensure that the level and components of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
2. To ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks which are unambiguously laid down and communicated.
3. Remuneration packages should involve a balance between fixed and incentive pay (as far as practical and implementable), reflecting short and long term performance objectives appropriate to the Company's working and goals.
4. The remuneration/compensation/commission etc. to the Directors will be determined by the Committee and recommended to the Board for approval, and shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with provisions of the Companies Act, 2013, and the rules made thereunder.
5. Revisions to the existing remuneration/compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director & CEO.
6. Where any insurance is taken by the Company on behalf of its Managing Director & CEO, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
7. The trend prevalent in the similar industry and nature and size of business will be kept in view and given due weightage to arrive at a competitive quantum of remuneration.
8. To ensure consistent application of remuneration parameters across the organisation.
9. No Director/KMP/other employee will be involved in deciding his/her own remuneration.
10. A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

Remuneration to Managing Director & CEO

The Managing Director & CEO shall be eligible for a monthly remuneration as may be approved by the Nomination & Remuneration Committee, Board of Directors and Shareholders in accordance with the statutory provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force and as may be amended from time to time.

The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension, medical expenses, club fees, vehicle related expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders.

Minimum Remuneration to Managing Director & CEO:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director & CEO in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Provisions for excess remuneration:

If the Managing Director & CEO draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

Annual Performance Bonus

The Managing Director & CEO will also be entitled to an Annual Performance Bonus for each financial year, which shall be approved by the Nomination & Remuneration Committee and the Board of Directors, at the end of every financial year, before disbursement of such amount.

This bonus will be linked to the performance of the Company and the evaluation of the performance of the Managing Director & CEO by the Board of Directors.

Remuneration to KMPs and Senior Management personnel

The remuneration package of KMPs and Senior Management personnel shall be composed of amounts that are fixed and variable and the endeavour of the Committee and the Board shall be to strike a balance between the fixed and variable components and thereby promote sustainable value for the Company.

Fixed Pay

The fixed component of remuneration shall be determined according to trend prevalent in the similar industry, role and responsibilities of the employee, analysis of the complexities of the position, relevant laws and regulations, and scale of business relating to the position. It should be ensured that the structure is tax efficient for the employees.

The fixed component reflects the core performance requirements and expectations of the Company and is a reward for performance of day-to-day activities.

Variable Pay

The variable component will consist of performance based or incentive based payments to the employees. In addition to the fixed remuneration, the Company shall implement a system of bonuses and incentives reflecting performance objectives appropriate to the working of the Company and designed to lay emphasis on direct relationship between performance and remuneration.

The performance based remuneration shall be proportionate to and contingent upon the attainment of specific performance targets by the employees in the Company. There shall be a company scorecard which will comprise of functional goals and organisational profit before tax goals. It shall be determined taking into account factors such as performance of the employee, time and efforts devoted, value addition, conduct of the employee, position and role and responsibilities and shall be calculated as a percentage of the fixed remuneration.

The performance based remuneration impels employees to achieve specific pre-determined goals during a financial year.

Remuneration to Non- Executive/Independent Directors:

1. Remuneration/Commission:

The remuneration/ commission to Non-Executive Directors and Independent Directors may be paid within the monetary

limits approved by the shareholders, subject to the limits as per the provisions of the Companies Act, 2013 and the rules made thereunder for the time being in force and as may be amended from time to time.

2. Sitting Fees:

The Non- Executive/Independent Directors may receive remuneration by way of fees for attending meetings of Board or Committees thereof.

Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

The sitting fees paid to Independent Directors shall not be less than the sitting fees payable to other Directors.

Review

In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other regulations which makes any of the provisions in the policy inconsistent with the Act or regulations, then the provisions of the Act or regulations would prevail over the policy and the provisions in the policy would be modified to make it consistent with law.

This policy shall be reviewed by the Nomination & Remuneration Committee as and when any changes are to be incorporated in the policy. Any such changes or modifications in the policy as recommended by the Nomination & Remuneration Committee shall be subject to the approval of the Board of Directors.

Annexure 3

Form AOC-2

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis – **Not Applicable**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts/arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such contracts or arrangements or transactions
 - (f) date(s) of approval by the Board
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis – **Not Applicable**
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts/ arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - (e) Date(s) of approval by the Board, if any:
 - (f) Amount paid as advances, if any:

Annexure 4**Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sl. No.	Name	Designation Nature of Duties	Remuneration Received (Rs. per annum)	Qualification	Experience in years	Age in years	Date of commen cement of employment	Last Employment held
1	2	3	4	5	6	7	8	9
1.	Rajiv Shastri	Managing Director & CEO	1,30,08,000	Chartered Accountant	18 years	46 years	01.09.2014	Director & Business Head – Portfolio Management Services and Products at Pramerica Mutual Fund

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, experience 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. Employment in all cases is contractual in nature.
5. The Managerial Personnel are not relatives of any of the Directors of the company.

For and on behalf of the Board

Place : Kolkata
Date : 13 June 2016

Mr. Soumendra Mohan Basu
Director

Mr. Rajiv Shastri
Managing Director & CEO

SECRETARIAL AUDIT REPORT

Annexure 5

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. Peerless Funds Management Co. Limited
Peerless Mansion, 3rd Floor,
1, Chowringhee Square,
Kolkata – 700 069

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Peerless Funds Management Co. Limited** (hereinafter called ‘the Company’) during the financial year ended 31st March 2016. Secretarial Audit was conducted on test basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of Company’s books, papers, minute books, forms and returns filed and other records maintained by the company, as shown to us during the said audit and also based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of the instant secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has adequate Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. We further report that compliance with applicable laws is the responsibility of the Company and our Report constitutes an independent opinion. Our report is neither an assurance for future viability of the company nor a confirmation of efficient management by the company.
4. (a) We have examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Peerless Funds Management Co. Limited for the financial year ended on 31st March, 2016 according to the provisions of the following laws and as shown to us during our audit, as also referred in above paragraphs of this report;
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (b) We have examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Peerless Funds Management Co. Limited for the financial year ended on 31st March, 2016 according to the provisions of the following law specifically applicable to the company and as shown to us during our audit, as also referred in above paragraphs of this report;
 - (i) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
5. We have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act 2013.

6. That on the basis of the audit as referred above, to the best of our knowledge, understanding and belief, we are of the view that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above in paragraph 4(a)(i), 4(b)(i) and paragraph 5 of this report.
7. We further report that,
 - a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the applicable provisions of the Act.
 - b) Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
 - c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
8. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to Taxation, local laws applicable to the area of operation of business and other laws generally applicable to Company.
9. This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place: Kolkata
Date: 28 April 2016

‘Annexure A’

**(To the Secretarial Audit Report of M/s. Peerless Funds Management Co. Limited
for the Financial Year ended 31/03/2016)**

To,
The Members,
M/s. Peerless Funds Management Co. Limited
Peerless Mansion, 3rd Floor,
1, Chowringhee Square,
Kolkata – 700 069

Our Secretarial Audit Report for the financial year ended 31/03/2016 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc., and we have relied on such representation, in forming our opinion.
5. We have taken copies of the other reports of the audits conducted during the period under review, such as, internal audits and audits under SEBI regulations and we have relied on the audit observations, in forming our opinion.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

We would not be liable for any business decision or any consequences arising out of that made on the basis of our report.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place: Kolkata
Date: 28 April 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEERLESS FUNDS MANAGEMENT CO. LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Peerless Funds Management Co. Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information. 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.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure- A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
 - (g) With respect to the other matter to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company does not have any pending litigations which would impact its financial position.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **L. B. JHA & Co.**
Chartered Accountants
(Registration No. 301088E)

Place : Kolkata
Date : 28 April 2016

(K. K. Bhanja)
Partner
Membership No. 14722

ANNEXURE – A: TO THE AUDITORS REPORT

To the Members of PEERLESS FUNDS MANAGEMENT CO. LIMITED

[Referred to in paragraph 9 of the Auditor's Report of even date]

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
(c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not have any immovable properties.
2. The Company does not have any inventory.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Act.
4. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has complied with the provisions of section 185 and 186 of the Act in respect of investments made by it.
5. The Company has not accepted any deposits within the meaning of Sections 73 or 76 of the Act and the rules framed thereunder.
6. The Central Government of India has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.
8. The Company has neither taken any loan from financial institutions or banks or Government nor issued any debentures.
9. The Company has neither raised any money by public issues of shares of debentures nor obtained any term loans during the year.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
11. The total managerial remuneration paid/provided in the financial statements for the year ended 31st March 2016 representing remuneration of the managing director was in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. The related statutes are not applicable as the Company is not a Nidhi Company.

13. According to the information and explanations given to us and the records of the Company examined by us, the Company has complied with the requirements of sections 177 and 188 of the Act with respect to its transactions with the related parties. Pursuant to the requirement of the applicable Accounting Standard, details of the related party transactions have been disclosed in Note 20(3) of the financial statements for the year under audit.
14. The Company has neither made any preferential allotment of shares nor fully or partly convertible debentures during the year under audit.
15. According to the information and explanations given to us and the records of the Company examined by us, the Company has not entered into any non-cash transactions, with any director of the Company and the holding company or persons connected with them, involving acquisition of assets by or from them for consideration other than cash.
16. In our opinion, and according to the information and explanations given to us, not being a non-banking financial company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **L. B. JHA & Co.**
Chartered Accountants
(Registration No. 301088E)

(K. K. Bhanja)
Partner
Membership No. 14722

Place : Kolkata
Date : 28 April 2016

ANNEXURE – B: TO THE AUDITORS REPORT

To the Members of PEERLESS FUNDS MANAGEMENT CO. LIMITED

[Referred to in paragraph 10(f) of the Auditor's Report of even date]

Report on the Internal Financial Control under Clause (i) of Sub-sections 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of **PEERLESS FUNDS MANAGEMENT CO. LIMITED** ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Control

2. The Company's management is responsible for establishing and maintaining internal financial control based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the "Guidance Note" and the Standard on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintaining and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedure selected depends on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statement, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial control over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that
 - 1) pertain to the maintenance of the records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- 2) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization of management and directors of company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statement.

Inherent Limitations of Internal Financial Control over Financial Reporting

7. Because of inherent limitation of internal financial control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluations of the internal financial control over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respect, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, based on the internal control over financial reporting criteria established by the company considering, the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting, issued by ICAI.

For **L. B. JHA & Co.**
Chartered Accountants
(Registration No. 301088E)

(K. K. Bhanja)
Partner
Membership No. 14722

Place : Kolkata
Date : 28 April 2016

BALANCE SHEET

AS AT 31 MARCH, 2016

(Amount in Rupees)

Particulars	Note No.	As At 31 March 2016		As At 31 March 2015	
1	2	3		4	
I. EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	1	99,00,00,000		99,00,00,000	
(b) Reserves and surplus	2	(49,36,57,119)	49,63,42,881	(39,35,84,342)	59,64,15,658
(2) Non-current liabilities					
(a) Long-term provisions	3		5,05,799		—
(3) Current liabilities					
(a) Trade payables	4	44,67,728		55,56,767	
(b) Other current liabilities	5	23,56,771		20,10,450	
(c) Short-term provisions	6	52,05,049	1,20,29,548	36,58,113	1,12,25,330
TOTAL			50,88,78,228		60,76,40,988
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	7	38,06,660		43,43,091	
(ii) Intangible assets	7	50,791	38,57,451	45,326	43,88,417
(c) Non-current Investments	8		3,15,23,040		2,49,83,000
(b) Long-term loans and advances	9		40,96,900		41,27,114
(2) Current assets					
(a) Current investments	10	34,81,13,613		38,49,72,310	
(b) Trade receivables	11	72,92,823		78,28,240	
(c) Cash and cash equivalents	12	33,62,189		21,01,388	
(d) Short-term loans and advances	13	3,64,60,772		17,83,53,751	
(e) Other current assets	14	7,41,71,440	46,94,00,837	8,86,768	57,41,42,457
TOTAL			50,88,78,228		60,76,40,988
Significant Accounting Policies	19				
Notes to Accounts	20				

The Notes referred to above form an integral part of the Balance Sheet

In terms of on report of even date

For **L.B. Jha & Co.**
Chartered Accountants
Firm's Registration No. 301088E

K.K. Bhanja
Partner
Membership No. 14722

Kolkata
28 April 2016

For and on behalf of the Board

Partho Sarathy Datta
Chairman

Soumendra Mohan Basu
Director

Rajiv Shastri
Managing Director &
Chief Executive Officer

S. Swaminathan
Chief Financial
Officer

Manoj Kumar Bajoria
Company Secretary

Kolkata
28 April 2016

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2016

(Amount in Rupees)

Particulars	Note No.	Year ended 31 March 2016	Yearended 31 March 2015
1	2	3	4
I. Revenue from operations	15	5,28,16,284	7,36,38,159
II. Other income	16	3,17,20,045	3,84,78,103
III. Total Revenue (I + II)		<u>8,45,36,329</u>	<u>11,21,16,262</u>
IV. Expenses:			
Employee benefit expenses	17	9,19,25,303	7,78,51,901
Depreciation and amortization expense	7	13,14,862	25,11,853
Other expenses	18	9,13,68,941	11,67,03,503
Total expenses		<u>18,46,09,106</u>	<u>19,70,67,257</u>
V. Profit before tax (III – IV)		(10,00,72,777)	(8,49,50,995)
VI. Tax expense:			
(1) Current tax		—	—
(2) Deferred tax		—	—
VII. Profit (Loss) for the period (V – VI)		(10,00,72,777)	(8,49,50,995)
VIII. Earnings per equity share:			
(1) Basic		(1.01)	(1.04)
(2) Diluted		(1.01)	(1.04)
Significant Accounting Policies	19		
Notes to Accounts	20		

The Notes referred to above form an integral part of the Statement of Profit and Loss

In terms of on report of even date

For and on behalf of the Board

For **L.B. Jha & Co.**
Chartered Accountants
Firm's Registration No. 301088E

Partho Sarathy Datta
Chairman

Soumendra Mohan Basu
Director

K.K. Bhanja
Partner
Membership No. 14722

Rajiv Shastri
Managing Director &
Chief Executive Officer

S. Swaminathan
Chief Financial
Officer

Manoj Kumar Bajoria
Company Secretary

Kolkata
28 April 2016

Kolkata
28 April 2016

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	2015 - 2016 (Amount in Rupees)	2014 - 2015 (Amount in Rupees)
A. Cash flows from Operating Activities		
Net profit/(loss) before tax for the year	(10,00,72,777)	(8,49,50,995)
<i>Adjustment for:</i>		
Depreciation	13,14,862	25,11,853
Gains from Actuarial Valuation	—	(63,963)
Other non-operating income	(5,523)	(47,088)
Income from Sale of Investments	(2,55,62,425)	(3,61,72,152)
Interest income	(58,89,149)	(7,12,945)
Operating profit before working capital changes	(13,02,15,012)	(11,94,35,290)
<i>Adjustment for changes in working capital:</i>		
(Increase)/decrease in Trade Receivables	5,35,417	43,56,972
(increase)/decrease in loans and advances	14,19,23,193	(15,33,71,805)
Income Tax Refund	—	1,69,35,200
(increase)/decrease in other current assets	(7,32,84,672)	—
Increase/(decrease) in trade payables	(10,89,039)	48,37,697
Increase/(decrease) in liabilities & provisions	33,13,246	(3,43,249)
Net cash used in operating activities (A)	(5,88,16,867)	(24,70,20,475)
B. Cash flow from investing activities		
Purchase of fixed assets	(8,00,873)	(31,53,520)
CWIP	—	—
Current Investments	3,68,58,697	10,37,530
Non-current investments	(65,40,040)	(2,49,83,000)
Proceeds from sale of Assets	22,500	1,61,100
Income from Sale of Investments	2,55,62,425	3,61,72,152
Interest income	58,89,149	—
Net cash used in investing activities (B)	6,09,91,858	92,34,262
C. Cash flow from financing activities		
Contribution to Gratuity Fund	(9,14,190)	(20,28,776)
Proceeds from issue of Share Capital	—	24,00,00,000
Net cash generated from financing activities (C)	(9,14,190)	23,79,71,224
Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)	12,60,801	1,85,011
Cash and cash equivalents at beginning of year	21,01,388	19,16,377
Cash and cash equivalents at end of year	33,62,189	21,01,388

Note 1: The above Cash Flow Statement has been prepared under 'Indirect Method' as specified in AS-3: Cash Flow Statements.

Note 2: Previous year's figures have been regrouped/rearranged, wherever necessary.

In terms of on report of even date

For **L.B. Jha & Co.**

Chartered Accountants

Firm's Registration No. 301088E

K.K. Bhanja

Partner

Membership No. 14722

Kolkata

28 April 2016

For and on behalf of the Board

Partho Sarothy Datta

Chairman

Soumendra Mohan Basu

Director

Rajiv Shastri

Managing Director &
Chief Executive Officer

Kolkata

28 April 2016

S. Swaminathan

Chief Financial
Officer

Manoj Kumar Bajoria

Company Secretary

Notes to Balance Sheet as at 31 March 2016

(Amount in Rupees)

	As at 31 March 2016		As at 31 March 2015	
	Number	Rs.	Number	Rs.
1. Share Capital				
(a) <u>Authorised</u>				
Equity Shares of Rs.10 each	10,00,00,000	100,00,00,000	10,00,00,000	100,00,00,000
		<u>100,00,00,000</u>		<u>100,00,00,000</u>
(b) <u>Issued, Subscribed and paid-up</u>				
Equity Shares of Rs.10 each, fully paid up	9,90,00,000	99,00,00,000	9,90,00,000	99,00,00,000
		<u>99,00,00,000</u>		<u>99,00,00,000</u>

(c) Additional Information:

The movement in subscribed and paid-up equity share capital is set out below:

	Number	Rs.	Number	Rs.
- At the beginning of the year	9,90,00,000	99,00,00,000	7,50,00,000	75,00,00,000
- Equity Shares allotted during the year	—	—	2,40,00,000	24,00,00,000
- At the end of the year	<u>9,90,00,000</u>	<u>99,00,00,000</u>	<u>9,90,00,000</u>	<u>99,00,00,000</u>

(d) The Company has only one class of equity shares of face value of Rs. 10 each and each share is entitled to one vote at general meetings.

(e) Details of the shareholders holding more than 5% of equity shares of the company
(Including reconciliation, if applicable, of outstanding shares, as in (c) above)

Number of Shareholders		As at 31 March 2016		As at 31 March 2015	
		No. of shares held		No. of shares held	
		(%)	(Number)	(%)	(Number)
1	The Peerless General Finance & Investment Company Limited, the Holding Company	99.9986	9,89,98,600	99.9986	9,89,98,600

	As at 31 March 2016	As at 31 March 2015
2. Reserves & Surplus		
Surplus		
Profit/(Loss) - balance brought forward from last account	(39,35,84,342)	(30,86,33,347)
Add: Profit/(Loss) for the year	(10,00,72,777)	(8,49,50,995)
Profit/(Loss) - balance as at 31.03.2016	<u>(49,36,57,119)</u>	<u>(39,35,84,342)</u>
3. Long Term Provisions		
(a) Provision for Gratuity	5,05,799	—
	<u>5,05,799</u>	<u>—</u>

Notes to Balance Sheet as at 31 March 2016

(Amount in Rupees)

	As at 31 March 2016	As at 31 March 2015
4. Trade Payables		
(a) Dues to other than Micro and Small Enterprise	44,67,728	55,56,767
	44,67,728	55,56,767
5. Other Current Liabilities		
(a) Statutory dues	23,56,771	20,10,450
	23,56,771	20,10,450
6. Short Term Provisions		
(b) Provision for Expenses	52,05,049	36,58,113
	52,05,049	36,58,113

7. Fixed Assets

(Amount in Rupees)

PARTICULARS	COST/BOOK VALUE				DEPRECIATION				WRITTEN DOWN VALUE	
	As on 01.04.2015	Additions	Deletion	As on 31.03.2016	As on 01.04.2015	Additions	Deletion	As on 31.03.2016	As on 31.03.2016	As on 01.04.2015
Tangible Assets										
Leasehold										
Improvement	1,48,55,819	1,14,179	—	1,49,69,998	1,46,19,445	3,17,812	—	1,49,37,257	32,741	2,36,374
Furniture & Fixture	29,37,617	2,05,749	(1,16,953)	30,26,413	26,51,668	75,192	(1,00,338)	26,26,522	3,99,891	2,85,949
Office Equipment	42,31,182	1,75,638	(53,009)	43,53,811	37,92,946	2,19,012	(52,647)	39,59,311	3,94,500	4,38,236
Computers	89,21,675	2,47,357	—	91,69,032	86,64,551	2,16,865	—	88,81,416	2,87,616	2,57,124
Vehicles	35,29,563	—	—	35,29,563	4,04,155	4,33,496	—	8,37,651	26,91,912	31,25,408
Sub-total	3,44,75,856	7,42,923	(1,69,962)	3,50,48,817	3,01,32,765	12,62,377	(1,52,985)	3,12,42,157	38,06,660	43,43,091
Intangible assets										
Computer software	40,79,016	57,950	—	41,36,966	40,33,690	52,485	—	40,86,175	50,791	45,326
Sub-total	40,79,016	57,950	—	41,36,966	40,33,690	52,485	—	40,86,175	50,791	45,326
Total	3,85,54,872	8,00,873	(1,69,962)	3,91,85,783	3,41,66,455	13,14,862	(1,52,985)	3,53,28,332	38,57,451	43,88,417
Previous Year	3,62,22,580	32,41,020	(9,08,728)	3,85,54,872	3,23,61,818	25,11,853	(7,07,216)	3,41,66,455	43,88,417	

8. Non-Current Investments**As at 31 March 2016**

As at 31 March 2015

	Number	Face Value of each instruments	Carrying Amount (Rs.)	Number	Face Value of each instruments	Carrying Amount (Rs.)
(a) Equity Shares of Companies (Unquoted)						
MF Utilities India Private Limited	5,00,000	1.00	5,00,000	5,00,000	1.00	5,00,00
(b) Mutual Funds (Unquoted)						
Peerless 3 in 1 Fund	90,581.346	—	13,04,000	90,581.346	—	13,04,000
Peerless Equity Fund	1,82,000.761	—	30,63,000	1,82,000.761	—	30,63,000
Peerless Flexible Income Fund	9,699.808	—	1,16,000	9,699.808	—	1,16,000
Peerless Income Plus Fund	3,29,663.084	—	50,00,000	3,29,663.084	—	50,00,000
Peerless Liquid Fund	3,260.114	—	50,00,000	3,260.114	—	50,00,000
Peerless Short Term Fund	3,16,842.726	—	50,00,000	3,16,842.726	—	50,00,000
Peerless Ultra Short Term Fund	3,231.475	—	50,00,000	3,231.475	—	50,00,000
Peerless Mid Cap Fund	4,02,731.369	—	40,40,040	—	—	—
Peerless Long Term Advantage Fund	2,50,000.000	—	25,00,000	—	—	—
			<u>3,15,23,040</u>			<u>2,49,83,000</u>

Notes to Balance Sheet as at 31 March 2016

(Amount in Rupees)

	As at 31 March 2016	As at 31 March 2015
9. Long-term loans and advances		
(Unsecured, considered good)		
(a) Security Deposits	38,43,574	37,34,574
(b) Other loans and advances:		
Due from employees	2,53,326	3,78,120
(c) Capital advance	—	14,420
	<u>40,96,900</u>	<u>41,27,114</u>

10. Current Investments**As at 31 March 2016**

As at 31 March 2015

[valued at cost or net realisable value, whichever is lower]

	Number	Face Value of each instruments	Carrying Amount (Rs.)	Number	Face Value of each instruments	Carrying Amount (Rs.)
(a) Mutual Funds (Unquoted)						
Peerless Liquid Fund	90,535.716	—	9,06,52,507	32,684.936	—	5,01,28,514
Peerless Equity Fund	—	—	—	25,11,474.298	—	4,00,00,000
Peerless Flexible Income Fund	—	—	—	84,74,583.548	—	10,13,13,707
Peerless Ultra Short Term Fund	1,75,564.340	—	17,79,92,676	92,550.467	—	14,32,01,571
Peerless 3 in 1 Fund	50,68,447.497	—	7,69,68,430	—	—	—
Peerless Long Term Advantage Fund	2,50,000.000	—	25,00,000	—	—	—
			<u>34,81,13,613</u>			<u>33,46,43,792</u>

Investments in mutual funds are in the Schemes of Peerless Mutual Fund, for which the Company acts as the Investment Manager

(b) Corporate Bonds (Unquoted)						
8.27% RECSR-130 06FB25 (issued by Rural Electrification Corporation Limited)	—	—	—	50	10,00,000	5,03,28,518
Total			<u>34,81,13,613</u>			<u>38,49,72,310</u>

(Amount in Rupees)

	As at 31 March 2016	As at 31 March 2015
11. Trade receivables		
(Unsecured, Considered good)		
Debts less than six months	72,92,823	78,28,240
	<u>72,92,823</u>	<u>78,28,240</u>
12. Cash and cash equivalent		
Balances with banks		
– In Current Account	33,62,189	21,01,388
	<u>33,62,189</u>	<u>21,01,388</u>

Notes to Balance Sheet as at 31 March 2016

	As at 31 March 2016	(Amount in Rupees) As at 31 March 2015
13. Short term loans and advances		
(Unsecured, considered good)		
(a) Advance recoverable in cash or in kind	44,74,229	25,17,635
(b) Loans and advances to Related Party	—	15,25,36,390
(c) Tax deducted at source	2,64,11,480	2,07,60,696
(d) Prepaid Expenses	48,59,474	2,4,92,927
(e) Service Tax Credit	1,92,356	46,103
(f) Balance with Statutory Authorities	5,23,233	—
	<u>3,64,60,772</u>	<u>17,83,53,751</u>
14. Other Current Assets		
(a) Asset from Actuarial valuation	—	1,73,823
(b) Accrued interest on Corporate Bonds	—	3,96,507
(c) Accrued interest on Inter Corporate Deposits	—	3,16,438
(d) Receivable against sale of investments (Refer Note 20.5)	7,41,71,440	—
	<u>7,41,71,440</u>	<u>8,86,768</u>

Notes to Statement of Profit and Loss for the year ended 31 March 2016

	For the year ended 31 March 2016	(Amount in Rupees) For the year ended 31 March 2015
15. Revenue from operations		
Gross Management Fees	6,02,69,572	8,27,66,220
Less: Service Tax	(74,53,288)	(91,28,061)
Net Management Fees	<u>5,28,16,284</u>	<u>7,36,38,159</u>
16. Other income		
(a) Interest on Corporate Bonds	25,89,149	3,96,507
(b) Interest on Inter Corporate Deposits	33,00,000	3,16,438
(c) Net gain / (loss) on sale of investments	2,55,62,425	3,61,72,152
(d) Actuarial Gains from Gratuity Fund	—	63,963
(e) Other non-operating income (net of attributable expenses)	2,68,471	15,29,043
	<u>3,17,20,045</u>	<u>3,84,78,103</u>

Notes to Statement of Profit and Loss for the year ended 31 March 2016

	(Amount in Rupees)	
	For the year ended 31 March 2016	For the year ended 31 March 2015
17. Employee Benefit Expenses		
(a) Salaries, wages and bonus	8,48,69,652	7,33,61,867
(b) Contribution to provident and other funds	42,43,635	35,09,333
(c) Gratuity Expense	16,63,100	—
(d) Staff welfare expenses	11,48,916	9,80,701
	9,19,25,303	7,78,51,901
18. Other expenses		
(a) Professional and Consultancy	1,08,31,152	1,07,05,349
(b) SEBI fees & AMFI Fees	6,84,146	7,10,986
(c) Travelling and Conveyance	66,49,052	69,68,832
(d) Recruitment Charges	9,17,892	27,50,202
(e) Fund Accounting Expenses	8,78,283	25,04,806
(f) Scheme Expenses	89,54,349	4,57,36,635
(g) Rent	89,27,673	89,50,185
(h) Marketing advertisement and publicity	62,96,262	59,51,848
(i) Motor car expenses	12,65,855	29,75,328
(j) Repairs and maintenance	47,92,372	36,09,802
(k) Communication expenses	55,19,662	48,45,637
(l) Electricity	16,95,544	21,65,922
(m) Printing and stationery	23,46,351	23,20,527
(n) Electronic Subscription	32,11,416	32,14,398
(o) Bank Charges	28,61,026	34,59,949
(p) Director Fees	12,80,000	12,80,000
(q) Insurance	31,84,288	25,02,621
(r) Brokerage & Distribution Support	1,80,06,397	34,11,632
(s) Miscellaneous Expense	26,63,267	15,73,444
(t) Change in carrying cost of investments	—	7,65,400
(u) Audit Fees		
(v) – Statutory Audit	2,50,000	2,50,000
– Tax Audit	50,000	50,000
(w) Service Tax-Swachh Bharat Cess	1,03,954	—
	9,13,68,941	11,67,03,503

Note 19**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 (Accounts) Rules, 2014 and applicable rules framed under the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013.

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 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 future periods.

FIXED ASSETS

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

Intangible Assets acquired by the Company are measured initially at cost and stated at its cost less any accumulated amortization and accumulated impairment loss.

DEPRECIATION

Depreciation on fixed assets is provided on the basis of useful life specified and in the manner, as prescribed by Schedule II of the Companies Act, 2013:

CLASS OF FIXED ASSET	USEFUL LIFE OF ASSET
Computers, Hardware & Intangible Assets	3 years
Furniture & Fixture	10 years
Office Equipment	5 years
Vehicles	8 years
Improvement to leasehold or rented premises (including electrical installations)	The primary period of the lease term or 5 Years whichever is less

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 Statement of Profit and Loss. 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

Provident fund, being a defined benefit contribution plan, is being maintained with the Regional Provident Fund Commissioner for its employees. The Company's obligations are accounted for on an accrual basis and charged to the Statement of Profit and Loss.

Gratuity

Gratuity is a post employment defined benefit plan. 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

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 Statement of Profit and Loss 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 statements nor disclosed.

Note 20**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2016****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 period, the company has recognized an amount of Rs. 42,03,451 (FY 2014-15: Rs. 34,67,729) in the Statement of Profit and Loss as contribution to provident fund maintained with Regional Provident Fund Commissioner, Kolkata.

b. Gratuity

Obligation in respect of employee's gratuity fund managed by Life Insurance Corporation of India is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The following disclosure has been set out in accordance with requirement of the Accounting Standard (AS) 15 Employee Benefits embodied in the Companies (Accounts) Rules, 2014:

Changes in the Present Value of Obligation

Amount in Rupees

Particulars	For the period ending	
	31 March 2016	31 March 2015
	Funded	Funded
Present value of Obligation as at the beginning	18,48,686	19,18,916
Interest Cost	1,75,892	1,50,704
Current Service Cost	10,08,570	6,79,602
Benefit paid	(10,80,229)	—
Actuarial (Gain)/Loss on the Obligation	5,83,681	(9,00,536)
Present value of Obligation as at the end	25,36,600	18,48,686

Note 20 (Contd.)**Changes in the Present Value of Assets**

Amount in Rupees

Particulars	For the period ending	
	31 March 2016	31 March 2015
	Funded	Funded
Fair Value of Plan Assets as at the beginning	20,22,509	—
Expected Return on Plan Assets	1,59,361	81,078
Employer's Contributions	9,14,190	20,13,167
Benefit paid	(10,80,229)	—
Actuarial (Gain) / Loss on the Plan Assets	(54,318)	(71,736)
Fair Value of Plan Assets as at the end	19,61,513	20,22,509

Fair Value of Plan Assets

Amount in Rupees

Particulars	For the period ending	
	31 March 2016	31 March 2015
	Funded	Funded
Fair Value of Plan Assets as at the beginning	20,22,509	—
Actual Return on Plan Assets	1,05,044	9,342
Employer's Contributions	9,14,190	20,13,167
Benefit paid	(10,80,229)	—
Fair Value of Plan Assets as at the end	19,61,513	20,22,509

Expenses recognized in the Statement of Profit and Loss

Amount in Rupees

Particulars	For the period ending	
	31 March 2016	31 March 2015
	Funded	Funded
Current Service Cost	10,08,570	6,79,602
Interest Cost	1,75,892	1,50,704
Expected Return on Plan Assets	(1,59,361)	(81,078)
Net Actuarial (Gain)/Loss recognized in the period	6,37,999	(8,28,800)
Expenses recognized in statement of Profit and Loss	16,63,100	(79,572)

Note 20 (Contd.)**Amount for the current period**

Amount in Rupees

Particulars	For the period ending	
	31 March 2016	31 March 2015
	Funded	Funded
Actuarial (Gain)/Loss for the period – Present Value of Obligation	5,83,681	(9,00,536)
% of Opening Present Value of Obligation	31.57%	(46.93%)
Actuarial (Gain)/Loss for the period – Fair Value of Plan Assets	(54,318)	(71,736)
% of Opening Fair Value of Plan Assets	(2.69%)	0.00%
Total Actuarial (Gain)/Loss for the period	6,37,999	(8,28,800)
Actuarial (Gain)/Loss recognized in the period	6,37,999	(8,28,800)
Experience Adjustment on Present Value of Obligation		
– Loss/(Gain)	3,12,417	64,444
Experience Adjustment on Fair Value of Plan Assets		
– Loss/(Gain)	(54,318)	(71,736)

Movement in the Liability recognized in the Balance Sheet

Amount in Rupees

Particulars	As on	
	31 March 2016	31 March 2015
	Funded	Funded
Present value of Obligation as at the beginning	18,48,686	19,18,916
Expenses recognized in statement of Profit and Loss	16,63,100	(79,572)
Benefit paid	(10,80,229)	---
Actual Return on Plan Assets	1,05,043	9,342
Present value of Obligation as at the end	25,36,600	18,48,686
Funds Managed by Insurer	100.00%	100.00%

Asset and Liability (Balance Sheet portion)

Amount in Rupees

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Present value of Defined Benefit Obligation	25,36,600	18,48,686	19,18,916	17,14,498	15,75,559
Fair value of plan assets	19,61,513	20,22,509	—	—	—
Net asset/(liability)	(5,75,087)	1,73,823	(19,18,916)	(17,14,498)	(15,75,559)

Note 20 (Contd.)**Experience Adjustments on Present Value of Benefit Obligation and Plan Assets** Amount in Rupees

Asset and Liability (Balance Sheet portion)	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
(Gain)/Loss on Plan Liabilities	3,12,417	64,444	4,75,092	—	—
% of Opening Plan Liabilities	16.90%	3.36%	27.71%	—	—
(Gain)/Loss on Plan Assets	(54,318)	(71,736)	—	—	—
% of Opening Plan Assets	(2.69%)	0.00%	—	—	—

Principal assumptions used in the valuation

Amount in Rupees

Particulars	As on	
	31 March 2016	31 March 2015
	Funded	Funded
Discount Rate per annum Compound	8.25%	8.00%
Rate of increase of salaries	6.00%	6.00%
Expected rate of return on Plan Assets (per annum)	8.00%	8.00%
Expected average remaining working lives of employees (years)	21.96	23.80
Retirement Age	58 years	58 years

Mortality rates are in accordance with the standard table Indian Assured Lives Mortality (2006-2008) ultimate

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 (Accounts) Rules, 2014.

3. Related Party Information**Holding company**

- i. The Peerless General Finance & Investment Company Limited (PGFI)

Fellow subsidiaries, associates & group enterprise

- ii. Peerless Trust Management Co Ltd. (PTMCL)
- iii. Peerless Financial Products Distribution Ltd. (formerly known as Peerless Developers Ltd.) (PFPDL)
- iv. Peerless Hospitex Hospital & Research Center Ltd
- v. Peerless Securities Ltd.
- vi. Peerless Hotels Ltd (PHL)
- vii. Kaizen Leisure & Holidays Ltd (KLHL)
- viii. Peerless Financial Services Ltd (PFSL)
- ix. Bengal Peerless Housing Development Co Ltd
- x. Kaizen Hotels & Resorts Ltd

Key Managerial Personnel (KMP):

1. Rajiv Shastri – Managing Director & Chief Executive Officer
2. S. Swaminathan – Chief Financial Officer
3. Manoj Kumar Bajoria – Company Secretary

Note 20 (Contd.)

Disclosure of transactions between the company and related parties and the status of outstanding balances as at the year-end:

Nature of transaction	Rent	Other Admin Expense	Recovery of Common Expenses	Remuneration to KMP	Inter Corporate Deposits (ICDs)	Receivable /(Payable)
Holding Company	38,49,419 76,57,373	13,30,103 12,64,882	— —	— —	— —	(80,688) (97,572)
KLHL	— —	27,67,597 32,15,874	— —	— —	— —	(62,218) (1,01,284)
PHL	— —	8,68,992 5,10,244	— —	— —	— —	(82,661) (1,40,302)
PTMCL	— —	— —	(2,52,998) (2,13,462)	— —	— —	94,781 25,36,390
PFPDL	— —	37,050 44,214	— —	— —	— —	(10,500) (11,833)
PFSL (3)(4)	— —	— —	— —	— —	(15,00,00,000) 15,00,00,000	— 15,00,00,000
KMP	— —	— —	— —	1,80,36,708 1,33,37,021	— —	— —
Total	38,49,419 76,57,373	50,03,742 50,35,214	(2,52,998) (2,13,462)	1,80,36,708 1,33,37,021	(15,00,00,000) 15,00,00,000	(15,01,41,286) 15,21,85,399

Note: (1) Figures in the bottom of each cell denotes previous year figures.

(2) The transaction figures in brackets denote Income for the Company.

(3) Interest accrued on ICDs issued by PFSL for the year: Rs.33,00,000 (2014-15: Rs.3,16,438)

(4) Principal amount of Rs.15,00,00,000 together with interest of Rs.36,16,438 received on maturity

4. Managerial Remuneration

Remuneration paid/payable to the Company's Managing Director & Chief Executive Officer, appointed w.e.f. 1 September 2014 is in compliance with the provisions of Section 197 read with Schedule V of the Companies Act, 2013.

5. Other Current Assets

Represents amount receivable against switch of investments from Peerless Midcap Fund-Direct Growth Plan and Peerless Equity Fund-Direct Growth Plan to Peerless Ultra Short Term Fund-Direct Growth Plan, due to spill over of settlement cycle over the end of financial year 2015-16. [Refer Note 14(d)]

Note 20 (Contd.)**6. 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 (Accounts) Rules, 2014:

	Amount in Rupees	
	2015-16	2014-15
Net Profit/(Loss) after tax	(10,00,72,777)	(8,49,50,995)
Weighted average number of equity shares outstanding during the year in <i>Units</i>	9,90,00,000	8,20,35,616
Basic and Diluted earnings per share	(1.01)	(1.04)

7. 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.

8. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

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

9. Previous year figures have been regrouped / re-arranged, wherever necessary.**For and on behalf of the Board**

In terms of on report of even date

For **L.B. Jha & Co.**

Chartered Accountants

Firm's Registration No. 301088E

K.K. Bhanja

Partner

Membership No. 14722

Kolkata

28 April 2016

Partho Sarothy Datta

Chairman

Rajiv Shastri

Managing Director &

Chief Executive Officer

Kolkata

28 April 2016

Soumendra Mohan Basu

Director

S. Swaminathan

Chief Financial

Officer

Manoj Kumar Bajoria

Company Secretary