

Peerless Financial Products Distribution Ltd.
(Previously known as Peerless Developers Ltd.)
Annual Report & Accounts
2016-17

REGISTERED OFFICE

1(H-L), Chowringhee Square
4th Floor, Kolkata-700069
Ph. No. - (033) 4030 4700
E-mail : pfpdl.secretarial@peerless.co.in

CORPORATE IDENTIFICATION NO.

U70109WB1987PLC042819

BOARD OF DIRECTORS

Mr. Sunil Kanti Roy
Mr. Susim Mukul Datta
Mr. Patit Paban Ray
(Resigned - till 23rd May)
Mr. Ajay Kumar Doshi
Mr. Atanu Sen
Mr. Sudhin Roychowdhury
Mr. Jayanta Roy

CHAIRMAN

Mr. Susim Mukul Datta

**MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER**

Mr. Jayanta Roy

**COMPANY SECRETARY CUM
COMPLIANCE OFFICER**

Mr. Subhabrata Talukdar

AUDIT COMMITTEE

Mr. Ajay Kumar Doshi – Chairman
Mr. Susim Mukul Datta – Member
Mr. Jayanta Roy – Member

**NOMINATION &
REMUNERATION COMMITTEE**

Mr. Sudhin Roychowdhury – Chairman
Mr. Ajay Kumar Doshi – Member
Mr. Atanu Sen – Member

RISK MONITORING COMMITTEE

Mr. Atanu Sen – Chairman
Mr. Jayanta Roy - Member
Mr. Sudhin Roychowdhury-Member

KEY MANAGERIAL PERSONS

Mr. Jayanta Roy
*Managing Director &
Chief Executive Officer*
Mr. Subhabrata Talukdar
*Company Secretary cum
Compliance Officer*
Ms. Samadrita Chakravarty
Chief Financial Officer

BANKERS

State Bank of India
HDFC Bank
ICICI Bank
United Bank of India
Corporation Bank

STATUTORY AUDITOR

Walker Chandiok & Co. LLP
Chartered Accountants
Firm Reg. No: 001076N/N500013
6th Floor, Plot No. 19A
Sector 16A, Noida – 201301
Uttar Pradesh, India.
(Till 16th December, 2016)
Mookherjee Biswas & Pathak
Chartered Accountants
Firm Reg. No: 301138E
5 & 6 Fancy Lane,
Kolkata – 700001,
West Bengal, India
(Appointed w.e.f. 16th December,
2016)

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in placing before you the 29th Annual Report on the business and operations of the Company and the audited financial accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS :

A summary of the financial results for the year 2016-17, as compared to the previous year 2015-16, is summarized below:

Particulars	Amount	Amount
	(₹ in thousand)	(₹ in thousand)
	2016-17	2015-16
Total Revenue	239,806	230,796
Total Expenses	237,446	294,053
Profit/(Loss) before Tax	2,360	(63,257)
Less : Provision for Current Tax (incl. Deferred Tax)	—	—
Profit/(Loss) after Tax	2,360	(63,257)
Add : Balance brought forward from last year	(416,360)	(353,103)
Balance Profit/(Loss) transferred to Balance Sheet	(414,000)	(416,360)

BUSINESS ENVIRONMENT DURING THE YEAR:

The working environment of the Insurance intermediary has become increasingly challenging in recent times primarily because of regulatory shifts in solvency and capital adequacy requirements, increased competition as a result of market consolidation and online price comparison portals luring customers to buy cheaper products.

Currently, there are 24 Life Insurance companies and 29 Non-Life Insurers operating in India. Amongst the life insurers, Life Insurance Corporation of India (LIC) is the sole public sector company. Out of the 29 Non-Life Insurance Companies, there are four public sector Insurers. Moreover, there are five private sector Insurers which are registered to underwrite policies exclusively in Health, Personal Accident and Travel Insurance segments. In addition, General Insurance Corporation of India is the sole national Re-Insurer.

Insurance Laws (Amendment Act.) 2015, provides for enhancement of the foreign investment cap in an Indian Insurance Company from 26% to 49% with the safeguard of Indian ownership and control. According to IRDAI, Insurance penetration in India i.e. premium collected by insurers was 3.44% of GDP in FY 2015-16. Per Capita premium underwritten i.e. insurance density in India during the FY 2015-16 was US\$ 54.7.

COMPANY'S OPERATIONS:

Financial Products Distribution (FPD) business:

Your Company is presently engaged in the distribution of Insurance and Mutual Fund products of its Principals. The Insurance Laws (Amendment) Act, 2015 and the IRDAI (Registration of Corporate Agents) Regulations, 2015 transformed Corporate Agents like M/s. Peerless Financial Products Distribution Ltd (PFPDL) into an 'Insurance Intermediary'. The said Regulatory changes created an environment of 'Open Architecture' which granted the Insurance Intermediaries like PFPDL opportunities to solicit and distribute insurance policies of maximum three Principals in each of the three verticals i.e. in Life, General and Health Insurances; whereas prior to the Amendment Act, 2015 and Regulations of 2015, the Corporate Agents were permitted to have maximum one Insurer in each vertical. Considering the opportunities of Open Architecture, PFPDL has entered into arrangements with Max Life Insurance Co. Ltd. (MLI) along with Birla Sun Life Insurance Co. Ltd. (BSLI) for distribution of its life insurance products, Iffco Tokio General Insurance Co. Ltd. (ITGI) for general insurance products and Cigna TTK Health Insurance Co. Ltd. for the distribution of Health

Insurance products. During the period under review, IRDAI has introduced 'Point of Sales Person' (POSP) where the Insurance Intermediary like PFPDL can engage individuals for the distribution of some specific products of its Principal. These individuals will be registered with PFPDL as POSP as prescribed by IRDAI for the distribution of specific POSP products registered with IRDAI. Presently, the POSP specific products are under process of registration/clearance of IRDAI and are expected to be introduced by the 2nd quarter of FY 2017-2018. PFPDL has also initiated the process of registration of individuals as POSP. With the introduction of Open Architecture and POSP, scope of business opportunity of Insurance Intermediary like PFPDL will be enhanced.

During the period under review the Company has marginally increased its revenue in Insurance business. The Company was also successful in controlling its cost of operations and administration substantially which resulted in your Company posting a Profit of Rs. 23.60 lakhs for the FY 2016-2017 against a loss of Rs. 632.57 lakhs in the preceding year i.e. FY 2015-2016.

PFPDL is carrying out an in-depth study of the opportunities and challenges of Open Architecture in Insurance and reorganizing its business operation model to leverage the new opportunities provided. In the first year of Open Architecture, PFPDL has partnered simultaneously with two Life Insurers viz. MLI and BSLI.

EXTRACT OF ANNUAL RETURN:

Pursuant to Sections 92(3) and 134(3) of the Companies Act, 2013 and Companies (Management & Administration) Rules, 2014, the extract of the Annual Return for the financial year ended as on 31st March, 2017 is appended herewith as Annexure-1

DEPOSIT/FIXED DEPOSIT:

The Company has not accepted/renewed any public deposits during the period under review.

DIVIDEND:

The Board of Directors felt that the profit for the FY 2016-2017 was not sufficient and adequate to recommend for its distribution as dividend.

AMOUNT TRANSFERRED TO RESERVES:

As the amount of profit is not adequate, the Board was of the opinion that the same is not required to be transferred to the Company's reserves.

BOARD OF DIRECTORS & ITS MEETINGS:

The Board of Directors of the Company presently consists of six (6) Directors, out of which Mr. Jayanta Roy, is the MD & CEO. He is the sole Executive Director in the Board whereas the rest are non-Executive Directors. Currently, the composition of the Board is as under:

1.	Mr. S. M. Datta	Non-Executive, Independent Director
2.	Mr. S. K. Roy	Non-Executive Director
3.	Mr. A. K. Doshi	Non-Executive, Independent Director
4.	Mr. P. P. Ray*	Non-Executive Director
5.	Mr. Jayanta Roy	Executive Director
6.	Mr. Atanu Sen	Non-Executive, Independent Director
7.	Mr. Sudhin Roychowdhury	Non-Executive, Independent Director

* Resigned and till 23rd May, 2016

Mr. P. P. Ray, Director resigned from the Board of Directors from the end of business hours of 23rd May, 2016.

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Atanu Sen (DIN: 05339535) and Mr. Sudhin Roychowdhury (DIN: 00075114), were appointed as the Additional Directors of the Company at the Meeting of the Board dated 8th February, 2016 under Section 161(1) and 152(5)

PEERLESS FINANCIAL PRODUCTS DISTRIBUTION LIMITED
(Previously known as Peerless Developers Ltd.)

of the Companies Act, 2013 read with Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014. They were hereby appointed as non-executive Independent Directors of the Company at the Annual General Meeting held on 5th July, 2016, for a period of five years.

Pursuant to the provisions of Section 152(6) of the Companies Act, 2013, Mr. S. K. Roy, Director will retire by rotation at the ensuing Annual General Meeting of the shareholders and the Board is recommending for reappointment of Mr. S. K. Roy at the ensuing Annual General Meeting.

The Board met five (5) times during the year under review viz. 23rd May 2016; 16th September 2016; 2nd December, 2016; 9th February, 2017 and on 21st March, 2017.

The details of the Board meetings of F.Y. 2016-17 are:

Name of Director	Date of Meeting and Attendance				
	23rd May, 2016	16th September, 2016 Adjourn to 27th September, 2016	2nd December, 2016	9th February, 2017	21st March, 2017
Mr. S. M. Datta	Yes	Yes	Yes	Yes	Yes
Mr. S. K. Roy	Yes	Yes	Yes	Yes	Yes
Mr. P. P. Ray (Resigned on 23/5/2016)	Yes	—	—	—	—
Mr. A. K. Doshi	Yes	Yes	Yes	Yes	Yes
Mr. Jayanta Roy	Yes	Yes	Yes	Yes	Yes
Mr. Atanu Sen	Yes	Yes	Yes	Yes	Yes
Mr. S. Roychowdhury	Yes	Yes	Yes	Yes	Yes

Mr. P. P. Ray resigned on 23rd May 2016 for personal reason. The Company expressed its gratitude to Mr Ray for his immense contribution in the journey and growth of the company.

COMMITTEES OF THE BOARD:

There are currently three (3) Committees of the Board:- (i) Audit Committee, (ii) Nomination and Remuneration Committee and (iii) Risk Monitoring Committee. The details of the Committees alongwith their composition and meetings held during the year are provided herein below.

• Audit Committee:

Pursuant to the provisions of Section 177 of the Companies Act, 2013, the Audit Committee comprises of Mr. A. K. Doshi, Mr. Jayanta Roy and Mr. S. M. Datta. Mr. A. K. Doshi is the Chairman of the Committee. The Composition of the Audit Committee and its terms of reference are in conformity with Section 177 of the Companies Act, 2013. The Committee held four (4) meetings during the year under review, i.e. on 21st May, 2016, 5th July, 2016, 1st December, 2016 and on 21st March, 2017.

Name of Director	Date of Meeting and its Attendance			
	21st May, 2016	5th July, 2016	1st December, 2016	21st March, 2017
Mr. A. K. Doshi	Yes	Yes	Yes	Yes
Mr. S. M. Datta	Yes	Yes	Yes	Yes
Mr. Jayanta Roy	Yes	Yes	Yes	Yes

All recommendations of Audit Committee were accepted by the Board of Directors.

• Nomination and Remuneration Committee

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Nomination and Remuneration Committee consisted of Mr. Sudhin Roychowdhury as its Chairman with Mr. A. K. Doshi and Mr. Atanu Sen as its members.

The composition of the Committee and its terms of reference are in conformity with the Companies Act, 2013. The committee held one meeting during the year under review, i.e., on 18th January, 2017

Name of Director	Date of Meeting and Attendance	
	18th January, 2017	
Mr. Sudhin Roychowdhury	Yes	
Mr. A.K.Doshi	Yes	
Mr. Atanu Sen	Yes	

The Company recognizes the importance of aligning business objects with the specific and measurable individual objects and targets. The Board through Nomination & Remuneration Committee is under the process of formulating the remuneration policy for its Directors, Key Managerial Personnel and such other officials keeping in view of the following objects:-

- 1) Ensuring that the level and position of remuneration is reasonable and sufficient to attract, retain and motivate, to run the Company successfully;
- 2) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmark;
- 3) Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives properly to the working of the Company and its goal.

The Committee and the Board believes that the present composition structure is commensurate with industry best practices in terms of remunerating non-executive/independent Directors of a Company of similar size, and adequately compensates for the time and contribution made by our non-executive/independent Directors.

Risk Monitoring Committee:

Pursuant to the provisions of Section 134(3)(n) of the Companies Act, 2013, the Risk Monitoring Committee comprises of Mr. Atanu Sen, Mr. Jayanta Roy and Mr. Sudhin Roychowdhury. Mr. Atanu Sen is the Chairman of the Committee. Mr. Subhabrata Talukdar, Company Secretary cum Compliance Officer has been appointed as the Chief Risk Officer. The Composition of the Committee and its terms of reference are guided by the Companies Act, 2013. The Committee held its meeting on 5th May, 2016, 26th September, 2016 and on 20th March, 2017.

Name of Director	Date of Meeting and Attendance		
	5th May, 2016	26th September, 2016	20th March, 2017
Mr. Atanu Sen	Yes	Yes	Yes
Mr. Jayanta Roy	Yes	Yes	Yes
Mr. Sudhin Roychowdhury	Yes	Yes	Yes

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

Pursuant to Section 186 of the Companies Act, 2013, the company has not given any loans, guarantees or investments during the period under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Your Directors draw attention of the Members to Note 24 from the Notes to the Financial Statements of the Annual

Audited Financial Statements for the year ended 31st March, 2017 which set out related party transactions and its disclosures during the period under review. All the transactions, contracts and arrangements were entered into by the Company with its Holding Company (which holds 100% of its share capital) and also with the subsidiaries of that Holding Company as well as with the Companies under common control. All the transactions were done on arms length basis and the transactions entered into between the Holding Company and its wholly owned subsidiary whose accounts are consolidated with such Holding Company and placed before the Shareholders at the General Meeting for approval, hence, such transactions are not considered under the purview of the Section 188 of the Companies Act, 2013. During the period under review the Company has not entered into any transaction which is within the purview of Section 188 of the Companies Act, 2013 as related party transactions since all the transactions were made on arms length basis and on market value.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments, affecting the financial position of the Company for the period under review which took place between the end of the financial year to which the financial statements relate and the date of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company is only utilizing the energy for running its offices. However, the Company does not have any manufacturing facilities, hence, to that extent the provision of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 does apply to the Company. During the period under review the Company has no foreign exchange earnings, however, there was foreign exchange outgo of Rs. 5047083.03 (equivalent to US\$ 74004.15) for the purpose of annual maintenance of software.

SECRETARIAL AUDIT REPORT:

Pursuant to the provision of Section 204 of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Anjan Kumar Roy & Co., Company Secretary-in-Practice (FCS 5684 / CP No. 4557) having office at DPS Business Centre, 9A, Sebak Baidya Street, Kolkata – 700 029 for Secretarial Audit for the year ended 31st March, 2017. The copy of the Secretarial Audit Report as submitted in the Board meeting dated 23rd May, 2017 is annexed herewith as Annexure-2. There is no material qualification in the said Audit Report, except a typo error, it is indicated that relating to the date of the Board meeting dated 16th September 2016 has been mentioned as 27th September, 2016, which was adjourned Board meeting. It has been mentioned in the report that during the period under review the company has complied with the provisions of the Companies Act, 2013, Rules, Regulations, Guidelines, Standards, etc. The management has taken note of the said report.

INTERNAL AUDITOR:

Mr. Shibaji Majumder, is the Head- Internal Audit and has been voluntarily appointed as the Internal Auditor of the Company for better governance. However the appointment of internal Auditor in terms of Section 138 of the Companies Act, 2013 is under process of consideration of the Board.

FURTHER ISSUE OF SHARES:

During the period under review the Company has offered 10015570 numbers of Equity Shares of Rs. 10/- each aggregating to Rs. 100155700.00. The Peerless General Finance and Investment Company Ltd., (PGFI) the Holding Company subscribed 30,00,000 numbers of Equity Shares of Rs. 10/- each aggregating to Rs. 3,00,00,000.00 (three crores) and the balance numbers of Equity Shares remain un-subscribed. The Board of Directors in its meeting dated 2nd December, 2016 has allotted 3000000 numbers of Equity Shares of Rs. 10/- each to M/s. The Peerless General Finance & Investment Company Ltd. aggregating to Rs. 3,00,00,000.00. With the subscription and issue of said 3000000 Equity Shares on right basis the total amount of issued, subscribed and Paid-up Share Capital is presently 47068536 numbers of Equity Shares of Rs. 10/- each aggregating Equity Share Capital to Rs. 47,06,85,360.00 and total Share Capital of Rs. 51,56,85,360.00.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT:

During the year, your Directors have formulated a Risk Management Policy effective 23rd May, 2016. The Committee has been entrusted with the responsibility to assist the Board in overseeing that all the risks that the organization faces such as product risk, talent risk, regulatory risk, fraud risk, establishment and other risks have been identified, assessed and there is adequate risk management infrastructure in place which is capable of addressing or minimizing those risks. The Policy works by identifying the risk at an early stage, grading, prioritizing and reporting the same to the Board through the Risk Monitoring Committee.

The Risk Policy will be reviewed by the Board periodically. The Risk Monitoring Committee of the Board is responsible for preparation of Risk Management Plan, reviewing and monitoring the same on regular basis, indentifying and reviewing critical risks, updating the risk register on periodical basis, reporting of key changes in critical risks to the Board on an ongoing basis.

The Committee holds periodical meetings to review the critical risks indentified. The risks faced by the Company, their impact and their minimization procedures are assessed categorically under the broad heads of High, Medium and Low risks. The non-critical risks faced by the Company and their mitigation are also reviewed by the Committee on a periodical basis. The Risk Register of the Company is also under the purview of audit by the internal auditors of the Company. The risk control systems are instituted to ensure that the risks in each business processes are mitigated.

In the opinion of the Board there has been no identification of elements of risk that may threaten the existence of the Company.

KEY MANAGERIAL PERSONNEL (KMP's):

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 Key Managerial Personnel of the company are:

Sl. No.	Name of Key Managerial Personnel	Designation
1.	Mr. Jayanta Roy	Managing Director & Chief Executive Officer (MD & CEO)
2.	Mr. Subhabrata Talukdar	Company Secretary cum Compliance Officer
3.	Ms. Samadrita Chakravarty	Chief Financial Officer

PARTICULARS OF EMPLOYEES:

Information in accordance with the provisions of Rule 5(2)(i) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out hereunder:

(Amount in thousand)

Name	Remuneration (Gross) (In Rupees).	Designation	Qualifications	Date of commencement of employment	Total Experience (years)	Age (years)	Last Employment
Mr. Jayanta Roy	12758	Managing Director & Chief Executive Officer (MD & CEO)	M.Com (Cal) M.B.A. (Cardiff)	01/09/2012	20	41	The Peerless General Finance & Investment Co. Ltd

Note: 1. Pursuant to the provisions of sub-section (12) of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the name of the top ten (10) employees in terms of remuneration drawn during the F/Y 2016-17 are attached hereunder as Annexure-3.

2. The nature of employment is contractual in nature. Pursuant to the provisions of Sections 196, 203 and Schedule V of the Companies Act, 2013 read with Companies (Appointment and Remuneration of the Managerial Personnel) Rules, 2014 Mr. Jayanta Roy was appointed in the Company on 01/09/2012 as MD & CEO for a period of 3(three) years and the said tenure expired on 31st August, 2015. Thereafter Mr. Roy was reappointed with the approval of the shareholders for a further period of 3(three) years with effect from 1st September, 2015 on existing terms and conditions.
3. Mr. Jayanta Roy holds 40(forty) equity shares of Rs 10/- each jointly with The Peerless General Finance & Investment Company Ltd as its nominee.
4. Mr. S. K. Roy, Director being father is relative of Mr. Jayanta Roy.

STATEMENT INDICATING THE MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE, ITS DIRECTORS, AND THAT OF ITS COMMITTEES:

The Board through its Nomination and Remuneration Committee is formulating a policy for evaluating its own performance, its Directors and the Committees. The Board believes that the present composition structure is commensurate with industry based practices in terms of remunerating non-executive / independent Directors of a Company of similar size, and adequately compensates for the time and contribution made by our non-executive / independent Directors.

INTERNAL FINANCIAL CONTROL:

According to Section 134(5)(e) of the Companies Act, 2013, the term Internal Financial Control (IFC) means the policies and procedure adopted by the Company 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.

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

IMPLEMENTATION OF ANTI-FRAUD FRAMEWORK:

The Company has adopted a comprehensive fraud monitoring policy for detection and prevention of fraud. The anti-fraud framework encompasses within itself the need and its importance in today's scenario with respect to serious fraud risks within which customer, stakeholders play a major role. The Insurance Regulatory and Development Authority of India (IRDAI) has notified a Regulation which states that Companies engaged in the Insurance business require to set up a comprehensive fraud monitoring framework. As an Insurance Intermediary of Life Insurance, General Insurance, Health Insurance and distributor of Mutual Fund products wherein the communications and transactions are carried on between the Company and the customers, precautionary measures have been taken for their protection. Considering amendments in the Insurance Laws and IRDAI regulations, it was felt to formulate and implement an anti-fraud framework, to safeguard the trust reposed by customers on us. The anti-fraud policy as designed has been implemented and in operation. The Statutory Auditors or Secretarial Auditors of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Companies Act, 2013 including Rules made thereunder.

DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declarations pursuant to Section 149(6) of the Companies Act, 2013 from all the Independent directors. During the period under review Mr. Atanu Sen and Mr. Sudhin Roychowdhury were appointed as Independent Directors on the Board with effect from 5th July 2016. Independent Directors confirming that they meet the criteria of Independence as prescribed under the Act and the same has been recorded by the Board.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS PROVIDED UNDER SUB-SECTION(3) OF SECTION 178:

Pursuant to the Companies Act, 2013 the draft policy of formulating the criteria for determining qualifications, positive attributes and independence of a Director and recommendation of Directors, Key Managerial Personnel and other officials for their appointment has been submitted to the Nomination and Remuneration Committee of the Board at its meeting

dated 18th January, 2017. The Committee reviewing the same in view of its objectives as mentioned in the Committee's terms of reference and will be recommended to the Board after the next meeting of the Committee in F/Y 2017-18. The Company 'PFPDL' recognizes the importance of aligning business objectives with specific and measurable individual objectives and targets.

AUDITORS:

During the year pursuant to the provisions of Section 140 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, made thereon, M/s. Walker Chandiook & Co. LLP, having office at 7th floor, Plot No. 19A, Sector 16A, Noida – 201301 (UP) India, was appointed as the Auditors of the company in the year 2014 for a period of five (5) years, have resigned as the Statutory Auditors vide letter dated 10th November, 2016.

Consequent to their resignation, the Board appointed M/s. Mookherjee, Biswas & Pathak, Chartered Accountants (Membership No. 301138E) having office at 5 & 6, Fancy Lane, Kolkata – 700001, pursuant to the provision of section 139, 141, 142, 143, 144 and other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 to hold office till the conclusion of the 29th Annual General Meeting scheduled to be held in the year 2017. The Auditors have expressed their consent and willingness to be re-appointed as the Auditors of the Company, if appointed. The Board has recommended for the appointment of M/s. Mookherjee, Biswas & Pathak, Chartered Accountants (Membership No. 301138E) as the Statutory Auditors from the conclusion of the ensuing 29th Annual General Meeting of the Shareholders for a period of four (4) years.

EXPLANATION BY THE BOARD ON COMMENTS MADE IN THE AUDITORS' REPORT:

Pursuant to Section 143 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the notes to the Accounts referred to in the Auditors' Report are self-explanatory, and does not contain any adverse remark, therefore, does not call for any further comment by the Board.

SIGNIFICANT OR MATERIAL ORDER PASSED BY THE COURT, TRIBUNAL:

During the year under review the Company has not received any significant or material orders passed by any Regulatory Authority, Court or Tribunal which shall impact the going concern status and Company's operation in future.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to provisions of Sections 134 (3)(c) and 134(5) of the Companies Act, 2013, the Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) The directors have 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;
- d) The directors have prepared the annual accounts on a going concern basis; and
- e) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

PREVENTION OF SEXUAL HARASSMENT COMMITTEE:

Pursuant to the provisions of the Sexual Harassment of the Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Board has promulgated a policy on Sexual Harassment of Women at Workplace and has also constituted Internal Complaints Committee consisting of four employees and two external philanthropists working for the cause of women. During the period under review the Committee held one meeting on 8th December, 2016 and during the period the company has not received any complaint from any employees or others.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their sincere thanks to the Customers, Insurance Regulatory and Development Authority of India (IRDAI), Association of Mutual Funds in India (AMFI), Government of different States, Union Government of India, Principal Insurers and Banks for their patronage as well as valued support and co-operation.

The patronage and co-operation received from the principals of the insurance business, M/s. Max Life Insurance Co. Ltd., M/s. Iffco-Tokio General Insurance Co. Ltd., Cigna TTK Health Insurance Co. Ltd. and Birla Sun Life Insurance Co. Ltd., are thankfully acknowledged by the Directors, as also the trust reposed by them in the Company.

Your Directors recognize the devotion and contribution of the employees at all levels and look forward to their increased involvement and dedicated services in the journey ahead.

Your Directors take this opportunity to express their appreciation and thanks for the continued support, co-operation and guidance received from the holding company, viz, The Peerless General Finance & Investment Co. Ltd.

Registered Office :
1(H-L) Chowringhee Square, 4th Floor
Kolkata-700 069

Dated : 23rd May, 2017

For and on behalf of the Board

Atanu Sen — *Director*

Jayanta Roy — *Managing Director & CEO*

Annexure – 1

Form No. MGT-9
EXTRACT OF ANNUAL RETURN as on financial year ended on 31st March, 2017

[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 : U70109WB1987PLC042819
 ii) Registration Date : 10th August, 1987
 iii) Name of the company : M/s. Peerless Financial Products Distribution Limited
(formerly known as Peerless Developers Ltd)
 iv) Category/Sub-Category of the company : Public Company/ Limited by Shares
 v) Address of the Registered Office and contact details : 1(H-L), Chowringhee Square, 4th Floor, Kolkata- 700069.
Ph. No:(033) 4030 4700
 vi) Whether listed company Yes/No : No
 vii) Name, Address and contact details of Registrar & Transfer Agents, if any : N.A.

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	% to total turnover of the company
1.	Commission on soliciting and procuring Insurance Products as Corporate Agent	66220 - Activities of insurance agents and brokers	96.60

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	U66010WB1932PLC007490	Holding Company	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

- a) All the Equity shares are held by our Holding Company, M/s. The Peerless General Finance & Investment Company Ltd. (PGFI), a Body Corporate & its nominees.
 b) No shares are pledged or encumbered during the period under review.

PEERLESS FINANCIAL PRODUCTS DISTRIBUTION LIMITED
(Previously known as Peerless Developers Ltd.)

- c) There has been no change in the Promoter's shareholding during the period under review. However allotment of shares on rights basis has been done.

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Company	No. of shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Company	
1	The Peerless General Finance & Investment Co. Ltd.(PGFI) & its nominees	44068536	100	0	47068536	100	0	0
	Total	44068536	100	0	47068536	100	0	0

3000000 nos. of equity shares of Rs. 10 each were allotted to The Peerless General Finance & Investment Company Ltd.(PGFI) on Rights basis on 2.12.2016

- d) The Directors and Key Managerial Personnel do not hold any shares individually except Mr. Jayanta Roy, MD & CEO, Mr. S.K.Roy and Mr. P.P. Ray, Directors each hold 40 shares jointly with PGFI as its nominees. Other than MD & CEO no other KMP hold any shares.

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amount in thousands)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Jayanta Roy	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10557.00	10557.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1136	1136
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NA	NA
2	Stock Option	NA	NA
3	Sweat Equity	NA	NA
4	Commission	NA	NA
5	Others, please specify	NA	NA
	Income exempted under IT Act	1065	1065
	Total (A)	12758	12758
6	Ceiling as per the Act	Pursuant to Rule 7 sub rule (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	

PEERLESS FINANCIAL PRODUCTS DISTRIBUTION LIMITED
(Previously known as Peerless Developers Ltd.)

B. Remuneration to other directors :

(Amount in thousands)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. S.M. Datta	Mr. A.K. Doshi	Mr. A Sen	Mr. S. Roy chowdhury	
1	Independent Directors	Mr. S.M. Datta	Mr. A.K. Doshi	Mr. A Sen	Mr. S. Roy chowdhury	
	Fee for attending board committee meetings	90	100	80	90	360
	Commission	NA	NA	NA	NA	NA
	Others, please specify	NA	NA	NA	NA	NA
	Total (1)	90	100	80	90	360
2	Other Non-Executive Directors	Mr. S.K. Roy	Mr. P.P. Ray			
	Fee for attending board committee meetings	50	10			60
	Commission	NA	NA			
	Others, please specify	NA	NA			
	Total (2)	50	10			60
	Total (B)=(1+2)	140	110	80	90	420
	Total Managerial Remuneration	140	110	80	90	420
	Overall Ceiling as per the Act	Maximum sitting fees of Rs. 100000 each Director for attending each meeting.				

* Mr. P. P. Ray, Director resigned from the Board w.e.f. 23.05.2016.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amounts in thousands)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross salary	Mr. Subhabrata Talukdar	Ms. Samadrita Chakravarty	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,545.00	2,565.00	4,110.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	99	128	227
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NA	NA	
2	Stock Option	NA	NA	
3	Sweat Equity	NA	NA	
4	Commission	NA	NA	
	– as % of profit	NA	NA	
	others, specify...	NA	NA	
5	Others, please specify	NA	NA	
	Income exempted under IT Act	115	79	194
	Total	1759	2772	4531

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

The company has not paid any penalties, nor has been punished or compounded for any offences during the year under review.

* NA denotes Not Applicable

Registered Office:
1 (H-L) Chowringhee Square, 4th Floor
Kolkata – 700 069
Date: 23rd May, 2017

For and on behalf of the Board

Atanu Sen — *Director*
Jayanta Roy — *Managing Director & CEO*

A statement showing the name of top ten employees in terms of remuneration drawn during the Financial Year 2016-17, pursuant to the provisions of sub-section 12 of Section 197 of the Companies Act 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Annexure-3

(Amount in thousands)

Sl. No.	Name of the Employee	Designation	Remuneration received during the year	Nature of employment (contractual or others)	Qualification	Experience (in years)	Date of commencement of present employment	Age of the Employee	Last employment	% of Equity Shares held by the Employee	Relative of any other Directors
1.	Mr. Jayanta Roy	Managing Director & Chief Executive Officer (MD & CEO)	12758	Contractual	M.Com (Cal) M.B.A. (Cardiff)	20 years	01/09/2012	41 years	The Peerless General Finance & Investment Co. Ltd.(PGFI)	40 equity shares jointly with PGFI (Holding Company)	Yes.
2.	Mr. Vineet Agarwal	President (National Sales Head)	7580	Regular	B.E, PG Diploma in Journalism and Mass Communication	19 years	11.7.2014	42 years	Future Generali India Life Insurance Co. Ltd.	Nil	No
3.	Mr. Satyaki Bhattacharya	Head- Strategic Initiative and Principal Relationship	1126	Regular	B. Sc, PG Diploma in Business Administration Mkt & Systems	17 years	4.11.2016	43 years	Future Generali India Life Insurance Co. Ltd.	NIL	No
4.	Ms. Samadrita Chakravarty	CFO	2772	Regular	B.Com, CWA, CA	22 years	1.02.2012	47 years	The Peerless General Finance & Investment Co. Ltd.(PGFI)	NIL	No
5.	Mr. Kausik Das	Deputy General Manager- IT	2134	Regular	B. Com, Diploma in Software Application	14 years	18.06.2013	44 years	ABP Pvt. Ltd.	NIL	No

PEERLESS FINANCIAL PRODUCTS DISTRIBUTION LIMITED
(Previously known as Peerless Developers Ltd.)

Sl. No.	Name of the Employee	Designation	Remuneration received during the year	Nature of employment (contractual or others)	Qualification	Experience (in years)	Date of commencement of present employment	Age of the Employee	Last employment	% of Equity Shares held by the Employee	Relative of any other Directors
6.	Mr. B. Natarajan	Sr. Manager-Distribution	2090	Regular	B. Com, LLB, Accounting Technician Certificate by ICAI	29 years	1.03.2016	57 years	The Peerless General Finance & Investment Co. Ltd.(PGFI)	NIL	No
7.	Mr. Ambarish Nag	GM- HR & Admin.	1899	Regular	B. Com, PGD in Personnel Management	28 years	20.03.2013	49 years	Indian Hotels Co. Ltd.(Taj Group of Hotels)	NIL	No
8.	Mr. Subhabrata Talukdar	Company Secretary cum Compliance Officer	1759	Regular	B.Com, LLB, ACS	23 years	02.02.2012	46 years	TIL Ltd.	NIL	No
9.	Mr. Shibaji Majumder	DGM-Internal Audit	1280	Regular	B. Com, CA	11 years	11.03.2015	37 years	Indian Explosives Ltd.	NIL	No
10.	Mr. Indranil Das	Sr. Manager-Systems	1224	Regular	B. Tech (Electronics & Communication Engineering)	13 years	20.05.2014	37 yrs	Tata Consultancy Services Ltd.	NIL	No

INDEPENDENT AUDITORS' REPORT

To the Members of Peerless Financial Products Distribution Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Peerless Financial Products Distribution Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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.

Management's Responsibility for the Financial Statements

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

Our responsibility is to express an opinion on these financial statements based on our audit.

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.

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.

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.

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

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, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 (as amended).
 - e) On the basis of the written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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'.
 - g) With respect to the other matters 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:
 - i. The Company, in Note no. 17 of the financial statements, has disclosed the impact of pending litigations in its financial positions.
 - ii. The Company did not have any long-term contracts including derivative contract for which there were any foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016, which is in accordance with the books of accounts maintained by the company.

For Mookherjee Biswas & Pathak
Chartered Accountants
(Firm's Registration No. 301138E)

(Sudersan Mukherjee)

Partner

Membership No. 059159

Place : Kolkata
Date : 23rd May, 2017

**‘ANNEXURE A’
TO THE AUDITOR’S REPORT**

(Referred to in paragraph no. 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, title deeds of immovable properties are held in the name of the Company. In respect of the D.D.A Flat, situated at Delhi, an allotment letter was issued in the name of the Company on the basis of which mutation was done by the East Delhi Municipal Corporation. However, the execution of the Conveyance Deed/ Lease Deed as stipulated in clause no. 2 of the allotment letter is pending.
- ii. The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, and limited liability partnerships or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies act, 2013 are applicable and hence are not commented upon.
- v. The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at March 31, 2017 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- vii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Service Tax, and Value Added Tax, duty of Customs, duty of Excise, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) The dues outstanding in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in thousands)	Amount Paid Under Protest (Rs. in thousands)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	2,217	Nil	1992-1993	High Court, Kolkata
Finance Act, 1994 (read with Service Tax Rules, 1994)	Service Tax	16,676	1,590	2006-2007 to 2010-2011	CESTAT

- viii. The Company has not taken any loan from any bank and there was no outstanding dues to any financial institutions, government or debenture holders during the year, hence, this clause is not applicable to the Company.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year.
- x. According to the information and explanations given to us, a few complaints with allegation of misconduct have been received by the Company, against which investigation is in progress. Hence, till the conclusion of such investigation, which might take some time, it cannot be inferred whether those were in the nature of frauds or not.
- xi. Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. The provisions of clause 3(xii) are not applicable and hence not commented upon.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause 3(xiv) are not applicable.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For Mookherjee Biswas & Pathak
Chartered Accountants
(Firm's Registration No. 301138E)

(Sudersan Mukherjee)
Partner
Membership No. 059159

Place : Kolkata
Date : 23rd May, 2017

‘ANNEXURE B’
TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE
FINANCIAL STATEMENTS
OF
PEERLESS FINANCIAL PRODUCTS DISTRIBUTION LIMITED

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Peerless Financial Products Distribution Limited (“the Company”) as of March 31, 2017 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 Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on 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 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 Companies Act, 2013.

Auditors’ Responsibility

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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 maintained and if such controls operated effectively in all material respects.

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 included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

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 Controls over Financial Reporting

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 statements 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 records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls 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

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 issued by the Institute of Chartered Accountants of India.

For Mookherjee Biswas & Pathak
Chartered Accountants
(Firm's Registration No. 301138E)

(Sudersan Mukherjee)
Partner
Membership No. 059159

Place : Kolkata
Date : 23rd May, 2017

BALANCE SHEET

AS AT 31ST MARCH, 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	Notes	As at 31st March 2017	As at 31st March 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	515,685	485,685
Reserves and surplus	4	(414,000)	(416,360)
		<u>101,685</u>	<u>69,325</u>
Non-Current Liabilities			
Long-term provisions	5	13,964	11,802
		<u>13,964</u>	<u>11,802</u>
Current Liabilities			
Trade payables	6	—	—
Total Outstanding dues of micro enterprises and small enterprises		—	—
Total Outstanding dues of creditors other than micro enterprises and small enterprises		260	15,927
Other current liabilities	7	44,578	68,691
Short-term provisions	5	1,236	739
		<u>46,074</u>	<u>85,357</u>
TOTAL ASSETS		<u>161,723</u>	<u>166,484</u>
Non-Current Assets			
Property Plant and Equipment	8	4,001	7,624
Intangible assets	9	1,868	5,547
Non-current investments	10	3,452	3,452
Deferred tax assets (net)	11	—	—
Long-term loans and advances	12	27,112	43,775
Other non current assets	13	2,000	1,500
		<u>38,433</u>	<u>61,898</u>
Current Assets			
Trade receivables	14	32,477	23,766
Cash and bank balances	15	78,636	72,309
Short-term loans and advances	12	11,347	8,169
Other current assets	16	830	342
		<u>123,290</u>	<u>104,586</u>
TOTAL		<u>161,723</u>	<u>166,484</u>
Contingent liabilities and commitments	17		

Notes 1 to 27 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

For Mookherjee Biswas & Pathak

Chartered Accountants

FRN: 301138E

per Sudersan Mukherjee

Partner

Membership No. 059159

Kolkata

23 May, 2017

For and on behalf of the Board of Directors

Ajay Kumar Doshi

Director

DIN : 00199710

Jayanta Roy

Managing Director & CEO

DIN : 00022191

Subhabrata Talukdar

Company Secretary cum

Compliance Officer

Samadrita Chakravarty

Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	Notes	Year ended 31st March 2017	Year ended 31st March 2016
Revenue			
Revenue from operations	18	198,852	217,824
Other income	19	40,954	12,972
Total revenue		239,806	230,796
Expenses			
Employee benefit expenses	20	150,323	147,513
Depreciation and amortisation expense	21	8,069	10,297
Other expenses	22	79,054	136,243
Total expenses		237,446	294,053
Profit/(Loss) before tax		2,360	(63,257)
Tax expense			
Deferred tax		—	—
Current tax		—	—
Income tax paid relating to earlier years		—	—
Profit / (Loss) for the year		2,360	(63,257)
Earnings per equity share			
Basic and diluted	23	(0.36)	(1.44)

Notes 1 to 27 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date.

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN:301138E
per Sudersan Mukherjee
Partner
Membership No. 059159
Kolkata
23 May, 2017

For and on behalf of the Board of Directors

Ajay Kumar Doshi
Director
DIN : 00199710

Jayanta Roy
Managing Director & CEO
DIN : 00022191

Subhabrata Talukdar
Company Secretary cum
Compliance Officer

Samadrita Chakravarty
Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	Year ended 31st March 2017	Year ended 31st March 2016
Cash flows from operating activities		
Profit/(Loss) before tax	2,360	(63,257)
Adjustments for non-cash transactions		
Depreciation and amortisation expense	8,069	10,297
(Profit)/Loss on sale of assets (net)	(1)	6
(Profit)/Loss on sale of investments (net)	(622)	(1,169)
Interest expense	334	—
Liabilities no longer required written back	(11,554)	(5,325)
Interest income	(3,240)	(465)
Dividend income	(1,381)	(1,756)
	(8,395)	1,588
Operating loss before working capital changes	(6,035)	(61,669)
(Increase)/decrease in trade receivables	(8,711)	(2,087)
(Increase)/decrease in long-term loans and advances	(907)	(1,285)
(Increase)/decrease in short-term loans and advances	(3,178)	5,693
(Increase)/decrease in other current assets	(488)	(120)
Increase/(decrease) in long-term provisions	2,162	(217)
Increase/(decrease) in short-term provisions	497	(563)
Increase/(decrease) in trade payables	(4,113)	4,267
Increase/(decrease) in current liabilities	(24,113)	10,088
Cash flow from Operations	(44,886)	(45,893)
Income taxes paid	17,570	(7,366)
Net cash from operating activities	(27,316)	(53,259)
Cash flows from investing activities		
Purchase of fixed assets	(916)	(2,356)
Proceeds from sale of fixed assets	150	219
Purchase of investments	(192,285)	(294,895)
Proceeds from sale of investments	192,907	296,064
Fixed deposits taken	(500)	(300)
Redemption of fixed deposits	(20,000)	60,000
Interest received	3,240	465
Dividends received	1,381	1,756
Net cash flow from investing activities	(16,023)	60,953
Cash flow from financing activities	—	—
Issue of Right Shares	30,000	—
Inter corporate deposit taken during the year	20,000	—
Repayment of Inter corporate deposit (principal amount)	(20,000)	—
Repayment of Inter corporate deposit (interest)	(334)	—
Net cash from /(used) in financing activities	29,666	—

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	Year ended 31st March 2017	Year ended 31st March 2016
Net increase/(decrease) in cash and cash equivalents	(13,673)	7,694
Cash and cash equivalents as at the beginning of the period	42,309	34,615
Cash and cash equivalents as at the end of the year	28,636	42,309
Reconciliation of cash and cash equivalents		
Cash and bank balances as per Note 15	78,636	72,309
Less: Other bank balances	50,000	30,000
Cash and cash equivalents considered for cash flow	28,636	42,309

Note :

The above Cash Flow Statement has been prepared under the indirect method as set out in AS 3 on Cash Flow Statements as notified under Section 133 of the Companies Act, 2013 and reallocation required for this purpose are as made by the Company.

This is the cash flow statement referred to in our report of even date

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E
per Sudersan Mukherjee
Partner
Membership No. 059159
Kolkata
23 May, 2017

For and on behalf of the Board of Directors

Ajay Kumar Doshi
Director
DIN : 00199710

Jayanta Roy
Managing Director & CEO
DIN : 00022191

Subhabrata Talukdar
Company Secretary cum
Compliance Officer

Samadrita Chakravarty
Chief Financial Officer

Notes to the financial statements for the year ended 31st March 2017

1 Company overview

Peerless Financial Products Distribution Limited ("the Company") (formerly known as Peerless Developers Limited) was incorporated in 1987 and is presently engaged in the business of financial products distribution. The distributed products include life insurance, general insurance and mutual funds. The Company was previously engaged in the business of real estate development which has been discontinued since the year 2013-14.

2 Significant accounting policies:

a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act and pronouncements of the Institute of Chartered Accountants of India ("ICAI"). The accounting policies applied by the Company are consistent with those used in the prior period.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of work, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Example of such estimates includes classification of assets and liabilities into current and non-current and the useful life of fixed assets.

Actual results could differ from these estimates. Any change in the accounting estimates is adjusted prospectively in the current and future periods.

c) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the recoverability is reasonably assured.

- Commission on insurance products is recognized on the commencement or renewal of the related policies after receipt of necessary approval from the Insurer.
- Brokerage and commission on other financial products are recognized on confirmation of the transactions.
- Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable.

d) Property Plant and Equipment

Property Plant and Equipments are stated at cost (cost model), net of depreciation/amortization. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use. Subsequent expenditures, if any, related to an item of fixed asset are added to its book value only if they increase the future benefits from existing asset beyond its previously assessed standard of performance.

e) Intangible Assets

Intangible assets are stated at cost, net of amortization. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use. Subsequent expenditures, if any, related to an item of fixed asset are added to its book value only if they increase the future benefits from existing asset beyond its previously assessed standard of performance.

Notes to the financial statements for the year ended 31st March 2017

f) Depreciation and amortization

Depreciation on Property Plant and Equipments is provided on written down value method over the following useful lives of assets as prescribed under Schedule II of the Act.

Buildings :	60 years
Electrical Installations & Equipments :	10 years
Furniture and fixtures :	10 years
Vehicles :	8 years
Office Equipments :	5 years
Computers and data processing units :	
- End user devices :	3 years
- Servers and networks :	6 years

Furniture & fixtures in leasehold premises are depreciated over a period of 3 years on Straight Line Basis. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation. Written down value of all assets acquired prior to 1 April 2014 are being depreciated over their remaining useful life as prescribed in Schedule II of the Act. Intangible assets (computer software) are amortized over a period of 3 years on straight line basis.

g) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognize a decline other than temporary in value of the long-term investments.

h) Impairment of 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 then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

i) Transactions in foreign exchange

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary item is recognized in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet and resultant gain/loss, if any, is recorded as an income or expense in the period in which they arise.

j) Accounting for taxes on income

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however,

Notes to the financial statements for the year ended 31st March 2017

where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

k) Provisions, contingent assets and contingent liabilities:

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

l) Employee retirement benefits:

The Company's obligation towards various employee benefits has been recognized as follows:

Short-term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognized in the statement of profit and loss in the period in which the employee renders the related service.

Defined contribution plan

Contribution to provident fund/national pension fund is a defined contribution plan. Such contributions are deposited with the Fund Commissioner and charged to the statement of profit and loss.

Defined benefit plan

Gratuity and compensated absences are defined benefit plans. The present value of obligations under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary 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 obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plan, is based on market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations

Treatment of actuarial gains or losses

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

m) Leases:

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss on a straight line basis over the lease term.

n) Earnings per share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

3 Share Capital

	As at 31st March 2017		As at 31st March 2016	
	Number	Amount	Number	Amount
Authorised share capital				
Equity Shares of ₹ 10 each	55,000,000	550,000	55,000,000	550,000
Preference shares of ₹ 100 each				
12% Non-Cumulative Preference Shares	100,000	10,000	100,000	10,000
7% Redeemable Cumulative Preference Shares	500,000	50,000	500,000	50,000
	55,600,000	610,000	55,600,000	610,000
Issued, Subscribed and Fully Paid up				
Equity shares of ₹ 10 each	47,068,536	470,685	44,068,536	440,685
Preference shares of ₹ 100 each				
7% Redeemable Cumulative Preference Shares (Refer Note (a) below)	250,000	25,000	250,000	25,000
7% Redeemable Cumulative Preference Shares (Refer Note (b) below)	200,000	20,000	200,000	20,000
	47,518,536	515,685	44,518,536	485,685
TOTAL	47,518,536	515,685	44,518,536	485,685

Note:

- (a) These shares are held by the Holding Company of the Company. In terms of the Scheme of Arrangement, these shares are to be redeemed within five years from the same being effective i.e. 2nd December, 2010, the earliest date of redemption. The Company had approached the Parent Company for deferment of redemption of these preference shares which was approved by it in its board meeting held on 26 November 2015 and subsequently vide order of the Hon'ble High court dated 22 December 2015, the redemption of these preference shares has been extended to 2nd December 2017.
- (b) These shares are held by the Holding Company of the Company. In terms of the Scheme of Arrangement, these shares are to be redeemed at a premium of ₹ 20 per share within seven years from the same being effective i.e. 2nd December, 2010.

	As at 31st March 2017		As at 31st March 2016	
	Number	Amount	Number	Amount
(c) Reconciliation of Share Capital :				
i) Reconciliation of Equity share capital				
Balance at the beginning of the year	44,068,536	440,685	44,068,536	440,685
Add : Right Shares Issued during the year	3,000,000	30,000	—	—
Balance at the end of the year	47,068,536	470,685	44,068,536	440,685
ii) Reconciliation of 7% Redeemable Cumulative Preference Shares				
Balance at the beginning of the year	250,000	25,000	250,000	25,000
Add : Issued during the year	—	—	—	—
Balance at the end of the year	250,000	25,000	250,000	25,000

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

iii) Reconciliation of 7% Redeemable Cumulative Preference Shares

	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Balance at the beginning of the year	200,000	20,000	200,000	20,000
Add : Issued during the year	—	—	—	—
Balance at the end of the year	<u>200,000</u>	<u>20,000</u>	<u>200,000</u>	<u>20,000</u>

d) No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract without payment being received in cash during the last five years. Further, none of the shares were bought back by the Company during the last five years.

(e) Shares held by Holding Company (holding more than 5% of the shares)

	Number	% of holding	Number	% of holding
Equity shares of ₹ 10 each				
The Peerless General Finance & Investment Company Limited 7% Redeemable Cumulative Preference Shares of ₹ 100 each	47,068,536	100	44,068,536	100
The Peerless General Finance & Investment Company Limited 7% Redeemable Cumulative Preference Shares of ₹ 100 each	250,000	100	250,000	100
The Peerless General Finance & Investment Company Limited	200,000	100	200,000	100

f) Terms and rights attached to shares

Equity Shares: The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. During the current financial year the company has not proposed/declared any dividend.

Preference Shares: Redeemable preference shares carry 7% fixed dividend on cumulative basis on outstanding unredeemed portion of the amount. In the event of liquidation of the Company, the holder of preference shares shall be entitled to receive assets of the Company, before its distribution to equity shareholders. The distribution will be in proportion to the number of preference shares held by preference shareholders.

As at 31st March 2017 **As at 31st March 2016**

4 Reserves and surplus

Surplus in the statement of profit and loss

Balance at the beginning of the year	(416,360)	(353,103)
Add : Transferred from the statement of profit and loss	2,360	(63,257)
Balance at the end of the year	<u>(414,000)</u>	<u>(416,360)</u>

As at 31st March 2017 **As at 31st March 2016**
Non-current Current Non-current Current

5 Provisions

Provisions for gratuity (Also refer note (a) below)	4,863	—	3,889	—
Provisions for compensated absences	9,101	1,236	7,913	739
	<u>13,964</u>	<u>1,236</u>	<u>11,802</u>	<u>739</u>

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

a) Employee benefits

The Company has taken a group gratuity for its employees with the Life Insurance Corporation of India (LIC). Under this policy the eligible employees are entitled to receive gratuity payments upon their resignation, retirement or death in lump sum.

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	As at 31st March 2017	As at 31st March 2016
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	6,032	4,576
Service cost	1,530	1,922
Interest cost	478	510
Actuarial (gain) / loss	127	(976)
Benefits paid	(52)	—
Projected benefit obligation at the end of the year	<u>8,115</u>	<u>6,032</u>
Change in plan assets		
Fair value of plan assets at the beginning of the year	2,143	1,250
Expected return on plan assets	195	125
Actuarial gain / (loss)	—	(30)
Employer contributions	966	798
Benefits paid	(52)	—
Fair value of plan assets at the end of the year	<u>3,252</u>	<u>2,143</u>
Actual return on Plan Assets	195	96
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	8,115	6,032
Funded status of the plans	3,252	2,143
Liability/(asset) recognized in the balance sheet	<u>4,863</u>	<u>3,889</u>
Components of net gratuity costs are		
Service cost	1,530	1,922
Interest cost	478	510
Expected returns on plan assets	(195)	(125)
Recognized net actuarial (gain)/ loss	127	(946)
Net gratuity costs	<u>1,940</u>	<u>1,361</u>
Assumptions used		
Discount rate	7.20%	7.95%
Rate of return on plan assets	7.50%	7.50%
Experience adjustments on plan liabilities	507	(733)
Experience adjustments on plan assets	—	(30)

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

Table for 5 years actuarial valuation disclosures for Gratuity

	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation	8,115	6,032	4,576	3,536	6,318
Plan assets	3,252	2,143	1,250	258	526
(Surplus)/Deficit	4,863	3,889	3,326	3,278	5,792
Net actuarial loss/(gain) recognized during the current year	127	(946)	(134)	(4,130)	(767)

Notes

- i) Assumptions relating to future salary increases, attrition, interest rate for discount & overall expected return on Assets have been considered based on relevant economic factors such as inflation, market growth and other factors applicable to the period over which the obligation is expected to be settled. Expected rate of return on Plan Assets is based on actuaries expectation of the above long term rate of return expected on investment of the fund during the estimated term of the obligations.
- ii) As per AS-15, liability for leave encashment have been categorized as other long term employee benefits and therefore above disclosure as made for gratuity are not applicable in this respect.
- iii) For major employees, the company has taken a gratuity policy with Life Insurance Corporation of India, the funds of which are managed by the insurer. Therefore, the percentage of investments in GOI securities, public financial institutions etc. are not ascertainable.

	As at 31st March 2017	As at 31st March 2016
6 Trade payables		
Total Outstanding dues of micro enterprises and small enterprises	—	—
Total Outstanding dues of creditors other than micro enterprises and small enterprises	260	15,927
	260	15,927
7 Other current liabilities		
Amount payable to insurance companies	20,671	23,057
Statutory dues to Government Authorities	1,396	3,159
Other payables	22,511	42,475
	44,578	68,691

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

8 Property Plant and Equipment

Gross block	Buildings	Electric Installations and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers and Data Processing Units	Total
Balance as at 1st April 2015	3,508	27	8,312	3,505	1,752	9,104	26,208
Additions	—	17	99	—	423	1,817	2,356
Disposals	—	—	13	955	224	155	1,347
Balance as at 1st April 2016	3,508	44	8,398	2,550	1,951	10,766	27,217
Additions	—	6	—	—	157	753	916
Disposals	—	—	—	436	30	2	468
Balance as at 31st March 2017	3,508	50	8,398	2,114	2,078	11,517	27,665
Accumulated depreciation and amortization							
Balance as at 31st March 2015	2,039	7	3,313	2,293	1,241	6,927	15,820
Depreciation charge	45	8	2,774	236	136	1,696	4,895
Reversal on disposal of assets	—	—	13	783	181	145	1,122
Balance as at 31st March 2016	2,084	15	6,074	1,746	1,196	8,478	19,593
Depreciation charge	69	28	1,981	241	486	1,585	4,390
Reversal on disposal of assets	—	—	—	298	19	2	319
Balance as at 31st March 2017	2,153	43	8,055	1,689	1,663	10,061	23,664
Net block							
Balance as at 31st March 2016	1,424	29	2,324	804	755	2,288	7,624
Balance as at 31st March 2017	1,355	7	343	425	415	1,456	4,001

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

9 Intangible assets

Gross block	Computer Software	Total
Balance as at 1st April 2015	21,550	21,550
Additions	—	—
Disposals	—	—
Balance as at 1st April 2016	21,550	21,550
Additions	—	—
Disposals	—	—
Balance as at 31st March 2017	21,550	21,550
Accumulated depreciation and amortization		
Balance as at 31st March 2015	10,601	10,601
Depreciation charge	5,402	5,402
Reversal on disposal of assets	—	—
Balance as at 31st March 2016	16,003	16,003
Depreciation charge	3,679	3,679
Reversal on disposal of assets	—	—
Balance as at 31st March 2017	19,682	19,682
Net block		
Balance as at 31st March 2016	5,547	5,547
Balance as at 31st March 2017	1,868	1,868

As at 31st March 2017		As at 31st March 2016	
Number	Amount	Number	Amount

10 Non-current investments (non-trade)

(Face Value ₹ 10 each unless otherwise stated)

Investments in equity instruments - (Quoted)

Shristi Infrastructure Development Corporation Limited	40	2	40	2
--	----	---	----	---

Investments in equity instruments - (Unquoted)

Peerless Hotels Limited	240	2	240	2
Peerless Financial Services Limited	5,72,000	3,448	5,72,000	3,448
	<u>5,72,280</u>	<u>3,452</u>	<u>5,72,280</u>	<u>3,452</u>

Aggregate amount of

Quoted investments	2	2
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Market value of quoted investments	14	4
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Unquoted investments	3,450	3,450
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Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	As at 31st March 2017	As at 31st March 2016
11 Deferred taxes		
Deferred tax liabilities		
Difference between depreciation as per the Companies Act, 2013 and Income-tax Act, 1961	—	(304)
Total	<u>—</u>	<u>(304)</u>
Deferred tax assets		
Expense allowable on payment basis under the Income-tax Act, 1961	—	304
Total	<u>—</u>	<u>304</u>
Net deferred tax asset/(liability)	<u>—</u>	<u>—</u>

In accordance with AS 22, Accounting for Taxes on Income, deferred tax assets have not been recognised due to lack of reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	As at 31st March 2017		As at 31st March 2016	
	Non-current	Current	Non-current	Current
12 Loans and advances				
Security deposits				
- Unsecured, considered good	1,476	—	—	—
	<u>1,476</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loans and advances to related parties				
- Unsecured, considered good	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other loans and advances				
- Unsecured, considered good				
Advance tax (net of provision)	24,230	—	41,800	—
Capital advances	—	—	—	—
Loans and advances to employees	172	246	303	357
Advance to suppliers	198	2,090	100	127
Prepaid expenses	—	8,538	—	5,713
Other receivables	1,036	473	96	1,972
	<u>25,636</u>	<u>11,347</u>	<u>42,299</u>	<u>8,169</u>
	<u>27,112</u>	<u>11,347</u>	<u>43,775</u>	<u>8,169</u>
13 Other non current assets				
Balances with banks				
- in deposit accounts with maturity more than 12 months		2,000		1,500
		<u>2,000</u>		<u>1,500</u>

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	As at 31st March 2017	As at 31st March 2016
14 Trade receivables		
Balance outstanding for a period more than six months from the date they are due for payment	—	—
Other debts		
-Unsecured considered good	32,477	23,766
Total	32,477	23,766
15 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	21,334	23,219
Balances with banks		
- in current accounts	7,302	19,090
	<u>28,636</u>	<u>42,309</u>
Other bank balances		
- in deposit accounts with maturity less than 3 months	50,000	30,000
	<u>50,000</u>	<u>30,000</u>
Total	78,636	72,309
16 Other current assets		
Interest receivable	316	197
Rent receivable	514	145
	<u>830</u>	<u>342</u>
17 Contingent liabilities and commitments		
i) Income Tax matters pending before High Court (Net of Provision ₹1,905 thousand) (Decided in favour of the company at appellate level)	2,217	2,217
ii) Service Tax matter pending in appeal (excluding interest)	16,676	16,676
iii) Cumulative dividend on Preference Shares (Including dividend distribution tax)	18,565	14,774
iv) Writ Petition relating to Bonus payment has been filed by the Company before the Calcutta High Court.	1,490	1,490
v) Suit filed by employee in City Civil Court, Hyderabad against termination	2,500	—
vi) Complain before District Consumer Redressal Forum vide case no. cc/104/2016	250	—
vii) Dispute related to receiver fee in Serampore -matter vide order no. 24 dated 15.09.2015 of Civil Judge Court, Serampore, Hooghly	90	—
viii) Notice received from Panihati Municipality, North 24 pgs for payment of arrears of municipal taxes along with interest (Principle amount ₹10580 thousand and interest amount ₹11296 thousand) related to financial year prior to 2003. The demand is not yet finalised and matter is subjudice	21,876	—

Note:-

In the opinion of the management, the above claims/demands in (i) to (viii) above are not tenable and future cash outflows in respect of the same are determinable on receipt of decisions/judgments pending with various forums/authorities.

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	Year ended 31st March 2017	Year ended 31st March 2016
18 Revenue		
Revenue from operations		
Commission on insurance products (also, refer note a)	192,094	211,133
Brokerage on other financial products	6,758	6,691
Revenue from operations	<u>198,852</u>	<u>217,824</u>
Note		
a) Commission on insurance products insurer-wise		
i) Commission as per new contract		
- MLI	61,425	—
- BSLI	26,173	—
- ITGI	12,104	—
- CIGNA TTK	2,978	—
	<u>102,680</u>	<u>—</u>
ii) Commission as per old contract		
- MLI	89,414	195,984
- BSLI	—	—
- ITGI	—	14,231
- CIGNA TTK	—	918
	<u>89,414</u>	<u>211,133</u>
iii) Total	<u>192,094</u>	<u>211,133</u>
19 Other income		
Interest income		
- on fixed deposit with banks	167	258
- on refund of income tax	3,004	—
- on loans/advances to employees	69	207
Liability no longer required written back		
- Stale Cheque written back	11,554	5,325
- Panihati Municipality Tax written back	21,876	-
Dividend income from current investments	1,381	1,755
Dividend income from non-current investments	—	1
Gain on sale of current investments	622	1,169
Gain on sale of fixed assets	1	—
Miscellaneous income	2,280	4,257
	<u>40,954</u>	<u>12,972</u>
20 Employee benefit expense		
Salaries, wages and bonus	129,152	128,890
Contribution to provident and other funds	11,902	10,541
Staff welfare expenses	9,269	8,082
	<u>150,323</u>	<u>147,513</u>

Notes to the financial statements for the year ended 31st March 2016

(All amounts are ₹ in Thousand, unless otherwise stated)

	Year ended 31st March 2017	Year ended 31st March 2016
21 Depreciation and amortisation expense		
Depreciation of tangible assets (also, refer note 8)	4,390	4,895
Amortisation of intangible assets (also, refer note 9)	3,679	5,402
	8,069	10,297
22 Other expenses		
Electricity Charges	2,742	3,618
Rent (refer note (i) below)	15,873	16,288
Repairs and maintenance		
- Others	17,152	17,150
Insurance	2,872	832
Rates and taxes (also refer note (ii) below)	2,452	12,733
Support Service Expense	—	41,523
Recruitment Expenses	308	175
Training Expenses	1,572	645
Sales Promotion and Distribution Expenses	973	9,844
Audit Fees (refer note (iii) below)	633	910
Legal and Professional Fees	7,795	7,759
Travelling Expenses	11,603	9,848
Motor Car Expenses	1,654	1,848
Communication Expenses	3,690	4,013
Printing & Stationery Expenses	1,789	1,704
Interest on Inter Corporate Deposit	334	—
Loss on sale of fixed assets	—	6
Miscellaneous expenses	7,612	7,347
	79,054	136,243

Note

- i) The company has certain cancellable operating lease arrangements for office accommodation and use of certain furniture and fixtures with tenure extending one to three years. Terms of arrangements in this respect include option for renewal on specified terms and conditions. Expenditure incurred on account of operating lease rentals during the year and recognized in Statement of Profit and Loss amount to ₹15873 (Previous Year ₹16288)
- ii) Amount includes NIL (previous year ₹11296 thousand) for interest and penalty on arrears of municipality taxes. The Company had received a notice from Panihati Municipality for payment of arrears of municipal taxes related to the financial years prior to 2003 and a provision of ₹ 21876 thousand towards the municipal taxes was made in the previous financial years (FY 14-15 and FY 15-16). The Company has approached the municipality for providing details of calculations and valuation reports on the basis of which the above arrears have been arrived upon which are awaited.

iii) Payment to auditors

- Statutory audit fees	575	773
- Tax audit fees	58	137
	633	910

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

	Year ended 31st March 2017	Year ended 31st March 2016
23 Earning per share		
a) Computation of profit for computing EPS		
Net loss for the year	2,360	(63,257)
Less: Cumulative Preference dividend not provided	(18,565)	—
Loss attributable to equity shareholder	<u>(16,205)</u>	<u>(63,257)</u>
Weighted Average No. of Shares Outstanding	45,506,892	44,068,536
Basic and diluted earnings per share	(0.36)	(1.44)
Face value per equity share (₹)	10.00	10.00

24 Related parties

a) Name of the related parties

Relationship	Name
Holding company	The Peerless General Finance & Investment Company Ltd
Group Enterprises and Companies under common control	Peerless Hotels Ltd
	Peerless Securities Ltd
	Peerless Hospitex Hospital & Research Center Ltd
	Peerless Financial Services Ltd
	Peerless Funds Management Co. Ltd
	Peerless Trust Management Co. Ltd
	Kaizen Hotels & Resorts Ltd
	Bengal Peerless Housing Development Co. Ltd
	Peerless Mutual Fund (Managed by Peerless Fund Mgmt. Co. Ltd)
Kaizen Leisure & Holidays Ltd	
Key management personnel (KMP)	Mr. Jayanta Roy, Managing Director and Chief Executive Officer
	Mrs. Samadrita Chakravarty, Chief Financial Officer
	Mr. Subhabrata Talukdar, Company Secretary cum Legal and Compliance Officer

PEERLESS FINANCIAL PRODUCTS DISTRIBUTION LIMITED
(Previously known as Peerless Developers Ltd.)

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

b) Transactions with related parties:

Nature of Transactions	Holding Company	Group Enterprises and Companies under common control								
		The Peerless General Finance & Investment Co. Ltd.	Peerless Hotels Ltd.	Peerless Securities Ltd.	Peerless Hospitex Hospital & Research Center Ltd.	Peerless Financial Services Ltd.	Kaizen Hotels & Resorts Ltd.	Peerless Mutual Fund (Managed by Peerless Fund Mgmt. Co. Ltd.)	Bengal Peerless Housing Development Co. Ltd.	Kaizen Leisure & Holidays Ltd.
1. Revenue from Operations:										
Real estate	—	—	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	—	—	—	—	—
2. Other Income:										
a) Miscellaneous Income	—	—	—	—	—	—	—	—	—	—
b) Reimbursement of Expenses	352 (5,989)	—	—	—	—	—	72 (40)	—	—	—
c) Dividend Income	—	—	—	—	—	—	1,381 (1,755)	—	—	—
d) Brokerage & commission on Other Financial Products	—	—	—	—	—	—	6,537 (6,421)	—	—	—
Total	352 (5,989)	—	—	—	—	—	7,990 (8,216)	—	—	—
3. Expenses:										
a) Rent Paid	13,306 (13,609)	—	—	—	—	—	—	—	—	—
b) Other Expenses (including Prepaid)	9,336 (10,952)	499 (282)	1 (10)	—	—	—	— (784)	—	—	226 (4,972)
c) Dividend on Preference Shares	—	—	—	—	—	—	—	—	—	—
Total	22,642 (24,561)	499 (282)	1 (10)	—	—	—	— (784)	—	—	226 (4,972)
4. Investments:										
a) Purchase	—	—	—	—	—	—	192,285 (294,895)	—	—	—
b) Sales	—	—	—	—	—	—	192,907 (296,064)	—	—	—
5. Advance Paid	—	—	—	—	—	—	—	—	—	181
6. Loan Taken	—	—	—	—	—	—	20,000	—	—	—
7. Repayment of Loan with Interest	—	—	—	—	—	—	20,334	—	—	—

(Figures in bracket () is related to previous year)

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

c) Balances with related parties at year end

Nature of Transaction	Holding Company	Group Enterprises and Companies under common control							
	The Peerless General Finance & Investment Co. Ltd.	Peerless Hotels Ltd.	Peerless Securities Ltd.	Peerless Hospitex Hospital & Research Center Ltd.	Peerless Financial Services Ltd.	Kaizen Hotels & Resorts Ltd.	Peerless Mutual Fund (Managed by Peerless Fund Mgmt. Co. Ltd.)	Bengal Peerless Housing Development Co. Ltd.	Kaizen Leisure & Holidays Ltd.
a) Trade Receivables	33 (33)	—	—	—	—	—	2 (578)	—	—
b) Loans and Advances	—	—	—	—	—	—	—	—	181
c) Other Payable	865 (2,605)	21	1 (5)	—	—	—	—	—	3 (164)
d) Equity Share Capital	470,685 (440,685)	—	—	—	—	—	—	—	—
e) 7% Redeemable Cumulative Preference Shares	45,000 (45,000)	—	—	—	—	—	—	—	—
f) Investments in Equity Shares	—	2 (2)	—	—	3,448 (3,448)	—	—	—	—
g) Investments in Mutual Funds	—	—	—	—	—	—	—	—	—

(Figures in bracket () is related to previous year)

d) Transactions with key management personnel:

Particulars	Year ended on 31.03.2017	Year ended on 31.03.2016
Remuneration		
Mr. Jayanta Roy	12,758	11,980
Mr. Arnab Basu	—	1,026
Mrs. Samadrita Chakravarty	2,772	2,426
Mr. Subhabrata Talukdar	1,759	1,591

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

e) No amount has been written off or written back during the year in respect of above parties.

25 Disclosure On Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	3,081,500.00	172,385.25	3,253,885.25
(+) Permitted receipts		76,264,447.19	76,264,447.19
(-) Permitted payments		184,321.00	184,321.00
(-) Amount deposited in Banks	3,081,500.00	76,166,685.19	79,248,185.19
Closing cash in hand as on 30.12.2016	—	85,826.25	85,826.25

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated the 8th November, 2016.

Notes to the financial statements for the year ended 31st March 2017

(All amounts are ₹ in Thousand, unless otherwise stated)

26 The Company's business activities include distribution of financial products and is a single segment company.

27 Previous year figures have been regrouped or rearranged wherever necessary.

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E
per Sudersan Mukherjee
Partner
Membership No. 059159
Kolkata
23 May, 2017

For and on behalf of the Board of Directors

Ajay Kumar Doshi
Director
DIN : 00199710

Jayanta Roy
Managing Director & CEO
DIN : 00022191

Subhabrata Talukdar
Company Secretary cum
Compliance Officer

Samadrita Chakravarty
Chief Financial Officer