

Peerless Funds Management Co. Ltd.
Annual Report & Accounts
2016-17

BOARD OF DIRECTORS

Mr. Partho Sarothly Datta
(Chairman)

Mr. Jayanta Roy

Mr. Malay Kumar Ghosh

Mr. Soumendra Mohan Basu

Mr. Harish Engineer

KEY MANAGERIAL PERSONNEL

Mr. Rajiv Shastri
Managing Director & CEO

Mr. S. Swaminathan
Chief Financial Officer

Mr. Manoj Kumar Bajoria
Head- Compliance & Company Secretary

SENIOR MANAGEMENT TEAM

Mr. Vilas Solanki
Head – Operations & Customer
Service

Mr. Amit Nigam
Head – Equities

Mr. Killol P Pandya
Head – Fixed Income

Mr. Aditya Biyani
Chief Marketing Officer

Mr. Debjit Guha
Head- East Zone

Mr. Rupen Shah
Head – IT & Telecom

BANKERS

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

STATUTORY AUDITORS

Mukund M. Chitale & Co
Chartered Accountants
2nd Floor, Kapur House,
Paranjape B Scheme
Road No. 1, Vile Parle (E),
Mumbai – 400 057

INTERNAL AUDITORS

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

SECRETARIAL AUDITOR

M/s. Anjan Kumar Roy & Co.
Company Secretaries
DPS Business Centre
9A Sebak Baidya Street
Kolkata – 700 029

REGISTERED OFFICE

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

**CORPORATE
IDENTIFICATION NO.**

U65990WB2009PLC134537

REPORT OF THE DIRECTORS

Dear Shareholders,

Your Directors are pleased to present the Eighth Annual Report and Audited Accounts of Peerless Funds Management Co. Limited for the year ended 31 March 2017.

Financial Results (Standalone)

(in Rupees)

Particulars	2016-17	2015-16
Income	12,33,08,837	8,45,36,329
Profit/(Loss) before Depreciation	(8,19,38,949)	(9,87,57,915)
Depreciation	10,16,166	13,14,862
Net Profit/(Loss)	(8,29,55,115)	(10,00,72,777)
Balance brought forward from previous year	(49,36,57,119)	(39,35,84,342)
Surplus/(Deficit) carried to Balance Sheet	(57,66,12,234)	(49,36,57,119)

Business and Financial Performance

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

During the year under review, PMF completed 7 years of operations with its continued focus on sustainable operational effectiveness, system based process, risk adjusted growth and emphasis on compliance & governance. Human resource strategy continued to be aligned towards efficacy and efficiency.

In its continuous effort to expand its reach, your Company increased its presence in the distribution community with new tie ups – both at national and at regional levels, with IFAs and with inclusion of retired senior citizens. Regular interactions between distributors and fund managers to share knowledge, philosophy and outlook, had gathered pace during the year and will intensify further.

Your Company undertook various investor awareness initiatives through investor meets and audio visual presentations, displayed on websites targeted at maximum investor reach.

Risk management systems, framework and mitigation process continued to be at “zero tolerance” parameters. This is covered in detail under the Section “Risk Management” of this Report.

Average assets managed by PMF were Rs. 1,062 crore for the quarter ended March 2017 compared to Rs. 985 crore for the quarter ended March 2016.

During the year under review, your company incurred a loss of Rs. 8,29,55,115 as against a loss of Rs. 10,00,72,777 in FY 2015-16. Your Company’s concerted efforts at increasing operating margins and cost rationalization measures helped in reduction of loss. This was augmented by buoyant capital markets yielding higher other income.

As on 31 March 2017, the Net Worth of the Company stood at Rs. 41.34 crore as against Rs. 49.63 crore as on 31 March 2016. Your Directors are aware of the regulatory requirements with regard to net worth of the Company and have informed the promoters of the same for appropriate action/direction.

Corporate developments

Your Company’s promoters, PGFI reached an understanding with Essel Finance Management LLP (EFM) for sale of the mutual fund business to EFM. An agreement dated 7 November 2016 was executed between PGFI and EFM for sale of the entire shareholding in your Company to EFM. The transaction will be completed upon receipt of relevant regulatory & statutory approvals.

EFM is part of the \$10 billion Essel Group and is the umbrella brand for the financial businesses comprising SME loans, housing finance, MF & insurance distribution, foreign exchange, private equity and investment banking services.

Dividend

In view of the loss, your Directors express their inability to recommend any dividend for the year ended 31 March 2017.

Industry Structure and Developments

The mutual fund industry continues to be amongst the most regulated industries with an active and informed distributor and investor community. SEBI placed utmost emphasis on transparency and disclosure requirements by bringing more information in the public domain, primarily on Company & AMFI websites. Stressed margins continue to be a deterrent for new entrants, with consolidation becoming the key mantra.

During the year, the capital markets witnessed both depressed as well as buoyant sentiments, which had its direct impact on the mutual fund industry. Demonetisation exercise announced on 8 November 2016 was one such event which adversely affected almost all industries. While the MF industry too was affected initially, the challenge was transformed into an opportunity with the addition of around Rs.1 lakh crore AUM between Oct'16 and Mar'17.

There were also cases in which certain securities were subject to rating downgrades or defaulted on interest servicing. While this affected some MF players, your Company had no impact on account of these downgrades or defaults. SEBI has taken serious note of these issues and intensified stringent disclosure mechanism.

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

1. Changes in guidelines related to performance related advertisements.
2. Allowing celebrity endorsements for mutual funds only at industry level and not at AMC or Scheme level.
3. Allowing mutual funds to invest in Infrastructure Investment Trust (InvIT) and Real Estate Investment Trust (REIT).
4. Implementation of Central KYC (CKYC) norms, where Central Registry of Securitization and Asset Reconstruction and Security interest of India (CERSAI), perform the functions of the Central KYC Records Registry (CKYCR)

MF utility platform

Investors availed ease of mutual fund transactions through the MF Utility (MFU) platform, a facility which is provided by your Company to its investors. Overall MFU transactions grew 522% to a staggering Rs.7.26 lakh crore.

Your Company's transactions on the MFU platform also grew 82 times to an aggregate value of Rs.2.36 crore. This is expected to increase further with greater acceptability by the investors.

Products and Services offered by PFMCL

Your Company offers a bouquet of products in liquid, fixed income and equity categories. Your Company also has an ELSS scheme providing tax benefits to investors under the Income Tax Act, 1961.

Further additions to PMF product line will be made during the forthcoming year to meet customer needs, which will include an Arbitrage Fund and an Equity oriented asset allocation Fund.

As on 31st March 2017, your company is present in 19 locations serving over 47,000 customers. Around 50% of these locations are outside the top 15 cities for the mutual fund industry. In many of these locations, your company has played a leading role in investor awareness and education.

Your Company's focus will continue to be deeper penetration into the retail segment by leveraging the distribution capabilities of its own network of Independent Financial Advisors, National Distributors, Regional Distributors and Agency Managers. The existing institutional team is also being strengthened across locations to target the institutional segment like banks, corporate and other non-retail entities.

Outlook

As on 31 March 2017, 42 Mutual Funds operate in the country, with combined quarterly average assets of Rs.18.30 lakh crore, compared to Rs.13.53 Lakh Crore as on 31 March 2016, representing an increase of 35.25%.

During the year, the mutual fund industry added close to 77 lakh folios across all categories, with equity funds adding over 48 lakh folios. Despite volatility in equity markets, inflows in equity mutual funds have remained steady. The equity funds have received net inflows close to Rs.70,000 crore during the year.

You Company's key driver for growth in future will be expanding investor reach through various means e.g. online, digital, app-based systems etc. Distribution will continue to be a vital cog in this endeavour towards retail asset acquisition. Customized niche products – different and innovative aimed at certain sections of the markets will be business drivers. Consolidation in existing markets and forays into other geographical areas will lead to wider presence and investor accessibility. Sustainability of the business model will hinge on governance aspect business sensitive practices.

Effective cost management and adaptable revenue / business models will help ease pressure on margins. Your Company will continue to focus on confidence building measures, fund performance and best service practices as primary means of fulfilling commitments to all stakeholders in the future.

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

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

Internal Complaints Committee for Kolkata

<i>Name of the Member</i>	<i>Designation</i>
Ms. Vinita Taparia	Presiding Officer
Ms. Subhanita Bhattacharya	Member
Ms. Rima Mukherjee	Member
Mr. Manoj Kumar Bajoria	Member
Ms. Indrani Roy Mohanti	Member from NGO

Internal Complaints Committee for Mumbai

<i>Name of the Member</i>	<i>Designation</i>
Ms. Vinita Taparia	Presiding Officer
Ms. Flavia D'almeda	Member
Mr. Vilas Solanki	Member
Ms. Indrani Roy Mohanti	Member from NGO

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

Human Resources

Your company considers human resources as primary contributors to organizational growth and endeavours to provide continuous competency development and enrichment. Your company's human resource tenet aims to be fair, just, reasonable and equitable to all employees and to harmonize employee aspirations with organizational goals. The focus on building organization and people capability continues through robust processes and identifying, developing and deploying potential employees in critical positions. Your Company has completed an exercise to identify and finalise measurable performance indicators in line with industry parameters for these key positions linked to achievement of Company budgets, plans and goals.

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

The total number of employees in your company as on 31 March 2017 was 68.

Risk Management

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

Your Company has adequate internal controls for financial reporting as well as processes and systems to reduce risks arising out of human intervention for task completion. A task management software is successfully in use for more than a year to track progress of tasks with defined regulatory/internal timelines for various functions in the organization. This also helps in setting proper responsibility and accountability for the various functions and helps your Company in achievement of overall organisational goals.

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

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

Board Meetings

During the year under review, the Board of Directors of your company met 7 times. The maximum interval between any two Board Meetings did not exceed 120 days.

Details of Board meetings attended by the Directors during the financial year ended 31 March 2017:

Sl. No.	Name of the Director	Dates of Meetings	Board Meetings	
			Held	Attended
1.	Mr. Partho Sarothy Datta	28 April 2016	7	6
2.	Mr. Harish Engineer	13 June 2016	7	6
3.	Mr. Malay Kumar Ghosh	11 August 2016	7	7
4.	Mr. Soumendra Mohan Basu	20 October 2016	7	7
5.	Mr. Jayanta Roy	7 December 2016	7	7
6.	Mr. Rajiv Shastri	9 February 2017	7	5
		16 March 2017	7	7

Board Committees

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

As on date, their constitution is as under:

Audit Committee

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

Nomination and Remuneration Committee

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

Risk Management Committee

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

Business Plan & Monitoring Committee

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

The terms of reference of these committees including the number of meetings held during the financial year ended 31 March 2017 are given below:

1. Audit Committee

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

The Committee held six meetings during the year.

Details of Audit Committee meetings attended by the Directors during the financial year ended 31 March 2017:

Sl. No.	Name of the Member	Dates of Meetings	Audit Committee Meetings	
			Held	Attended
1.	Mr. Soumendra Mohan Basu	28 April 2016	6	6
2.	Mr. Partho Sarothy Datta	13 June 2016		
3.	Mr. Harish Engineer	10 August 2016	6	5
		20 October 2016	6	6
		7 December 2016		
		9 February 2017		

2. Nomination & Remuneration Committee

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

The Committee held four meetings during the year.

Details of Nomination & Remuneration Committee meetings attended by the Directors during the financial year ended 31 March 2017:

Sl. No.	Name of the Member	Dates of Meetings	Nomination & Remuneration Committee Meetings	
			Held	Attended
1.	Mr. Soumendra Mohan Basu	25 April 2016	4	4
2.	Mr. Partho Sarothy Datta	13 June 2016	4	3
3.	Mr. Jayanta Roy	19 October 2016 15 March 2017	4	3

3. Risk Management Committee

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

The Committee held four meetings during the year.

Details of Risk Management Committee meetings attended by the Directors during the financial year ended 31 March 2017:

Sl. No.	Name of the Member	Dates of Meetings	Risk Management Committee Meetings	
			Held	Attended
1.	Mr. Malay Kumar Ghosh	13 June 2016	4	4
2.	Mr. Harish Engineer	10 August 2016	4	3
3.	Mr. Soumendra Mohan Basu	7 December 2016	4	4
4.	Mr. Rajiv Shastri	15 March 2017	4	4

4. Business Plan & Monitoring Committee

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

The Committee held five meetings during the year.

Details of Business Plan & Monitoring Committee meetings attended by the Directors during the financial year ended 31 March 2017:

Sl. No.	Name of the Director	Dates of Meetings	Business Plan & Monitoring Committee Meetings	
			Held	Attended
1.	Mr. Malay Kumar Ghosh	28 April 2016	5	5
2.	Mr. Partho Sarothy Datta	22 July 2016	5	5
3.	Mr. Harish Engineer	19 October 2016	5	3
4.	Mr. Soumendra Mohan Basu	21 January 2017	5	4
5.	Mr. Jayanta Roy	15 March 2017	5	4
6.	Mr. Rajiv Shastri		5	5

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

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

Holding and Subsidiaries

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

Your company has no subsidiary as on date.

Statutory Auditors and their Reports

During the year M/s. L. B. Jha & Co., resigned from the office of statutory auditors of the Company. Pursuant to the aforesaid resignation, M/s Mukund M. Chitale & Co., Chartered Accountants, were appointed as statutory auditors of the Company in the Extra-Ordinary General Meeting (EGM) held on 21 January 2017, to hold office from the conclusion of EGM till the conclusion of the ensuing Annual General Meeting. The statutory auditors, M/s Mukund M. Chitale & Co., Chartered Accountants, shall retire at the ensuing Annual General Meeting and are eligible for re-appointment.

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

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

Internal Auditors and their Reports

M/s. M.P. Chitale & Co., Chartered Accountants had been appointed as Internal Auditors of your company for the financial year 2016-17 and their reports were placed before the Audit Committee and the Board for their consideration.

Share Capital

As on 31st March, 2017, the issued, subscribed and paid up share capital of your company stood at Rs.99,00,00,000/- (Ninety Nine Crore), comprising 9,90,00,000 Equity shares of Rs.10/- each.

Extract of Annual Return

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

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

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

Your company does not have any activity relating to conservation of energy, technology absorption or foreign exchange earnings and outgo for the year ended 31 March 2017.

Board of Directors and Key Managerial Personnel

(a) Changes in Directors

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

(b) Changes in Key Managerial Personnel

There have been no changes to the Key Managerial Personnel during the financial year 2016-17.

As on 31 March 2017, your company has the following whole time KMP under the provisions of Section 203 of the Companies Act, 2013:

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

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

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

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

(d) Formal Annual Evaluation

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

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

Nomination and Remuneration Policy

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

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

Particulars of loans, guarantees or investments under section 186

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

Related party transactions

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

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

Deposits

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

Material changes and commitments

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

Internal Controls over Financial Reporting

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

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

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

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

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

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

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

Particulars of Employees

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

Secretarial Auditors and their reports

In terms of Section 204 of the Companies Act, 2013 and Rules made there under, M/s. Anjan Kumar Roy & Co., Company Secretary in practice, have been appointed Secretarial Auditors of your company for the financial year 2016-17. The report of the Secretarial Auditors is enclosed as **Annexure 5** to this report. There are no qualifications, reservation or adverse remark or disclaimer made by the auditor in the report.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to the material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31 March 2017 and of the profit and loss of the company for the period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis; and

- (v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Appreciation

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

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

For and on behalf of the Board

Place : Kolkata
Date : 23 April 2017

Mr. Partho Sarathy Datta
Chairman

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017
of
PEERLESS FUNDS MANAGEMENT CO. LIMITED

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

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

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

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

(ii) Shareholding of Promoters

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

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

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

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

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year:				
	Mr. Jayanta Roy	200	0.0003	200	0.0003
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Nil	Nil	Nil	Nil
3	At the end of the year:				
	Mr. Jayanta Roy	200	0.0002	200	0.0002

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

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

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

Sl. No.	Particulars of Remuneration	Name of MD & CEO/WTD/Manager	Total Amount (Rs.)
		Mr. Rajiv Shastri	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,21,74,612 (cost to company)	1,21,74,612 (cost to company)
2.	Stock Option	NA	NA
3.	Sweat Equity	NA	NA
4.	Commission - as % of profit	NA	NA
5.	Others, please specify (Performance Bonus)	12,00,000	12,00,000
	Total (A)	1,33,74,672	1,33,74,672
	Ceiling as per the Act	As per resolutions passed by Nomination & Remuneration Committee, Board of Directors under section 196-198 of the Companies Act, 2013 and shareholder`s resolution.	

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs.) Per Annum
		Mr. Partho Sarothy Datta	Mr. Harish Engineer	Mr. Malay Kumar Ghosh	Mr. Soumendra Mohan Basu	
1	Independent Directors					
A	Fee for attending Board Meetings	1,20,000	1,20,000	1,40,000	1,40,000	5,20,000
B	Fee for attending Committee Meetings	1,30,000	1,20,000	90,000	1,80,000	5,20,000
C	Commission	N.A.	N.A.	N.A.	N.A.	N.A.
D	Others: Independent Directors' Meeting	10,000	10,000	10,000	10,000	40,000
	Total (1)	260,000	2,50,000	2,40,000	3,30,000	10,80,000

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount (Rs.) Per Annum
2.	Other Non-Executive Directors	Mr. Jayanta Roy	
A	Fee for attending Board Meetings	1,00,000	1,00,000
B	Fee for attending Committee Meetings	70,000	70,000
C	Commission	N.A.	N.A.
D	Others	N.A.	N.A.
	Total (2)	1,70,000	1,70,000
	Total (B)=(1+2)		12,50,000

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total (Rs. per annum)
		Manoj Kumar Bajoria	S. Swaminathan	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	18,39,450 (Cost to company)	34,23,760 (Cost to company)	52,63,210
2.	Stock Option	NA	NA	NA
3.	Sweat Equity	NA	NA	NA
4.	Commission – as % of profit – others, specify	NA	NA	NA
5.	Others, please specify	NA	NA	NA
	Total	18,39,450	34,23,760	52,63,210

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

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

Nomination & Remuneration Policy**Introduction**

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

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

Objectives and purpose of the Policy:

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

Effective Date

This policy shall be effective from 27 April 2015.

Constitution of the Nomination and Remuneration Committee

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

The Nomination and Remuneration Committee comprises of the following Directors:

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

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

Applicability

The Policy is applicable to:

- Directors
- Key Managerial Personnel
- Senior Management Personnel

General

This Policy is divided in three parts:

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

Part- B covers the appointment and nomination

Part- C covers remuneration and perquisites etc.

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

PART- A

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

The following matters shall be dealt by the Committee:

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

PART- B

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

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

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

Qualifications for Directors (including Independent Directors)

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

Positive attributes of Directors (including Independent Directors)

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

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

Criteria for appointment of KMP/Senior Management

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

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

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

Term/Tenure:

1. Managing Director/Whole-time Director

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

2. Independent Director:

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

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

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

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

Evaluation:

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

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

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

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

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

Removal:

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

Retirement:

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

PART – C

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

General:

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

Remuneration to Managing Director & CEO

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

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

Minimum Remuneration to Managing Director & CEO:

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

Provisions for excess remuneration:

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

Annual Performance Bonus

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

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

Remuneration to KMPs and Senior Management personnel

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

Fixed Pay

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

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

Variable Pay

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

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

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

Remuneration to Non- Executive/Independent Directors:

1. Remuneration/Commission:

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

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

2. Sitting Fees:

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

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

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

Review

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

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

Annexure 3

Form AOC-2

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

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

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

Sl. No.	Name	Designation Nature of Duties	Remuneration Received (Rs. per annum)	Qualification	Experi- ence in years	Age in years	Date of commen- cement of employment	Last Employment held
1	2	3	4	5	6	7	8	9
1.	Rajiv Shastri	Managing Director & CEO	13,374,672	Chartered Accountant	18 years	46 years	01.09.2014	Director & Business Head – Portfolio Management Services and Products at Pramerica Mutual Fund
2	Killol Pandya	Head-Fixed Income	6,173,766	Masters in Management Studies with specialization in Finance	17 years	42 years	08.09.2015	Senior Fund Manager- Debt at LIC Nomura MF
3	Amit Nigam	Head-Equities	5,951,150	B.E. Mechanical and PGDM	17 years	43 years	01.10.2014	Senior Equity Portfolio Manager at BNP Paribas Mutual Fund (earlier known as Fortis Investments & ABN AMRO Mutual Fund)
4	Suresh Ranout	National Head-Business Strategies & Head-West and South Zone	4,815,864	MBA/PGDM (Marketing)	18 years	44 years	24.11.2014	National Sales Head at Indiabulls Asset Management Co. Ltd.
5	S.Swaminathan	Chief Financial Officer	3,423,760	MBA in Finance, Cost Accountant and Company Secretary	22 years	47 years	06.12.2010	Company Secretary at VISA Power Ltd.
6	Vilas Solanki	Head Operations & Customer Service	3,177,810	Diploma in Post Graduate, NIIT	21 years	44 years	01.06.2009	Vice President -Operations at ING Investment Management (I) Pvt. Ltd
7	Debjit Guha	Head East Zone	2,920,380	Post Graduate, M.Com	21 years	48 years	02.11.2009	Regional Manager at Principal (PNB) Asset Management Co. Ltd.
8	Kamlesh Dixit	Regional Head West Zone	2,395,314	MBA/PGDM (Marketing & Finance)	15 years	38 years	07.01.2015	VP, Sales at Earth Infrastructure Ltd.

PEERLESS FUNDS MANAGEMENT COMPANY LTD.

Sl. No.	Name	Designation Nature of Duties	Remuneration Received (Rs. per annum)	Qualification	Experience in years	Age in years	Date of commencement of employment	Last Employment held
1	2	3	4	5	6	7	8	9
9	Vikram Pamnani	Fund Manager-Fixed Income	2,124,214	Post Graduate Diploma in Management with specialization in Finance	8 years	30 years	22.08.2014	Fixed Income Trader at Canara Robecco Mutual Fund
10	Manoj Kumar Bajoria	Head-Compliance & Company Secretary	1,839,450	MBL, LLB and Company Secretary	9 years	35 years	01.10.2013	Principal Officer and Company Secretary at Peerless Trust Management Co. Limited

Notes:

1. Remuneration includes salary, house rent allowance, medical reimbursement, LTA, company's contribution to provident fund and perquisites. Value of perquisites has been calculated on the basis of Income-Tax Act, 1961.
2. Information about qualification, experience and last employment are based on particulars furnished by the employee concerned.
3. None of the employee or their spouse or dependent children holds any equity shares in the company.
4. Employment in all cases is contractual in nature.
5. The Managerial Personnel are not relatives of any of the Directors of the company.

For and on behalf of the Board

Place : Kolkata
Date : 23 April 2017

Mr. Partho Sarothy Datta
Chairman

SECRETARIAL AUDIT REPORT

Annexure 5

FOR THE FINANCIAL YEAR ENDED ON 31st March, 2017

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

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

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Peerless Funds Management Co. Limited** (hereinafter called ‘the Company’) during the financial year ended 31st March 2017. Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. On the basis of aforesaid verification of the secretarial compliance and on the basis of secretarial audit of Company’s books, papers, minute books, forms and returns filed and other records maintained by the company, as shown to us during the said audit and also based on the information provided by the Company, its officers, agents, and authorized representatives during the conduct of the instant secretarial audit, we hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has adequate Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We further report that compliance with applicable laws is the responsibility of the Company and our Report constitutes an independent opinion. Our report is neither an assurance for future viability of the company nor a confirmation of efficient management by the company.
4. (a) We have examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Peerless Funds Management Co. Limited for the financial year ended on 31st March, 2017 according to the provisions of the following laws and as shown to us during our audit, as also referred in above paragraphs of this report;
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (b) We have also examined the secretarial compliance on test check basis of the books, papers, minute books, forms and returns filed and other records maintained by M/s. Peerless Funds Management Co. Limited for the financial year ended on 31st March, 2017 according to the provisions of the following law specifically applicable to the company and as shown to us during our audit, as also referred in above paragraphs of this report;
 - (i) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
5. We have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India under Section 118 of the Companies Act 2013.

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

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

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

Place: Kolkata
Date: 19/04/2017

‘Annexure A’

**(To the Secretarial Audit Report of M/s. Peerless Funds Management Co. Limited
for the Financial Year ended 31/03/2017)**

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

Our Secretarial Audit Report for the financial year ended 31/03/2017 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc, and we have relied on such representation, in forming our opinion.
5. We have taken copies of the other reports of the audits conducted during the period under review, such as, internal audits and audits under SEBI regulations and we have relied on the audit observations, in forming our opinion.
6. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis. We would not be liable for any business decision or any consequences arising out of that made on the basis of our report.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

Place: Kolkata
Date: 19 April 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PEERLESS FUNDS MANAGEMENT CO. LIMITED

Report on the Financial Statements

1. We have audited the accompanying Financial Statements of **Peerless Funds Management Company Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss, 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

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

Auditor's Responsibility

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

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 disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 and fair presentation 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 accounting policies used and the reasonableness of the accounting estimates made by 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

4. 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:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;

- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 5. As required by the Companies (Auditor's Report) Order, 2016 (the "Order"), issued by the Central Government of India in terms of Section 143(11) of the Companies Act, 2013, and on the basis of verification of the books and records as considered appropriate and available and according to the information and explanations given to us, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said order.
- 6. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from directors as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as 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 operating effectiveness of such controls, we enclose 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 does not have any pending litigations which would have an impact on its financial position.
 - ii) The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses and thus no provision is required under the applicable law or Accounting Standards towards material foreseeable losses.
 - iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 08th November 2016 to 30th December 2016 – Refer Note 20.5 of Financial Statements

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No. 106655W

(M. M. Chitale)
Partner
M. No. 14054

Place : Kolkata
Date : 23rd April 2017

Annexure – A: to the Auditors’ Report**Statement on the matters specified in paragraphs 3 and 4 of Companies (Auditor’s Report) Order, 2016 (Referred to in paragraph 5 of our Audit Report of even date)**

- i). (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) According to information and explanations given to us, fixed assets of the Company are being physically verified according to a phased programme of verification so as to verify all assets within a period of two years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed, during the year no material discrepancies to the extent reconciled with the records available in this respect were noticed on such verifications.
- c) According to information and explanations given to us the Company does not own any immovable properties.
- ii) As informed to us, the Company does not have any inventories and accordingly provisions of clause 3 (ii) of the Order are not applicable to the Company.
- iii) a) According to the information and explanations given to us, the Company had granted an unsecured loan of Rs. 2,00,00,000/- to one of the parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, to information and explanations given to us the terms and conditions of the loan given are prima facie not prejudicial to the Company’s interest.
- b) The unsecured loan granted during the year has been fully repaid back along with interest within stipulated time and thus the schedule of principal and payment of interest are regular.
- c) Since the entire unsecured loan along with interest has been repaid during the year, there are no overdue amounts pending to be recovered.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of investments made by it.
- v) As informed, the Company has not accepted any deposits during the year from public within the meaning of the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under. Accordingly, the provisions relating to same contained in Clause 3 (v) of the Order are not applicable.
- vi) According to information and explanations given to us the Company is not required to maintain cost records as prescribed by the Central Government under section 148 of the Companies Act, 2013. Accordingly provisions of clause 3 (vi) of the Order are not applicable to the Company.
- vii) a) According to the information and explanations given to us the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues applicable to it as per the available records as far as ascertained by us on our verification.
- b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of outstanding statutory dues as aforesaid as at 31st March 2017 for a period of more than six months from the date they became payable.
- c) According to the records examined by us and as per the information and explanations given to us, there are no statutory dues as at March 31, 2017 which have not been deposited on account of disputes.
- viii) According to information and explanation provided to us, the Company has not taken loans or borrowings from any Financial Institutions or banks or government and accordingly provisions of clause 3 (viii) of the Order are not applicable to the Company.

- ix) According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions relating to same contained in Clause 3 (ix) of the Order are not applicable.
- x) During the course of our examination of books of account and as far as records/details made available and verified by us and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company.
- xi) According to the information and explanations given to us, the Company has paid/provided for managerial remuneration within the limits specified under Section 197 of the Companies Act, 2013 read with Schedule V.
- xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, provisions of Clause 3 (xii) of the order are not applicable to the Company.
- xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- 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 person connected with them. Accordingly provisions of clause 3 (xv) of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. According to the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No. 106655W

(M. M. Chitale)
Partner
M. No. 14054

Place : Kolkata
Date : 23rd April 2017

ANNEXURE – 'B' TO THE AUDITORS' REPORT –

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

(Referred to in paragraph 6 (f) of our Audit Report of even date)

1. We have audited the internal financial controls over financial reporting of Peerless Funds Management Company 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

2. The Company's management is responsible for establishing and maintaining internal financial controls 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” (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

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Standards on Auditing, to the extent applicable to an audit of internal financial controls and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) 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

4. 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

5. 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

6. 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 Mukund M. Chitale & Co.
Chartered Accountants
Firm Registration No. 106655W

(M. M. Chitale)
Partner
M. No. 14054

Place : Kolkata
Date : 23rd April, 2017

BALANCE SHEET

AS AT 31 MARCH, 2017

(Amount in Rupees)

Particulars	Note No.	As At 31 March 2017		As At 31 March 2016	
1	2	3		4	
I. EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	2	99,00,00,000		99,00,00,000	
(b) Reserves and surplus	3	(57,66,12,234)	41,33,87,766	(49,36,57,119)	49,63,42,881
(2) Non-current liabilities					
(a) Long-term provisions	4		26,84,047		—
(3) Current liabilities					
(a) Trade payables	5	54,96,147		32,94,437	
(b) Other current liabilities	6	1,87,90,306		86,65,823	
(c) Short-term provisions	7	1,69,177	2,44,55,630	5,75,087	1,25,35,347
TOTAL			44,05,27,443		50,88,78,228
II. ASSETS					
(1) Non-current assets					
(a) Fixed assets					
(i) Tangible assets	8	35,81,170		38,06,660	
(ii) Intangible assets	8	14,98,604	50,79,774	50,791	38,57,451
(c) Non-current Investments	9		31,5,23,040		3,15,23,040
(b) Long-term loans and advances	10		39,53,855		41,12,893
(2) Current assets					
(a) Current investments	11	36,58,96,674		34,81,13,613	
(b) Trade receivables	12	11,75,023		72,92,823	
(c) Cash and cash equivalents	13	16,17,102		33,62,189	
(d) Short-term loans and advances	14	3,12,81,975		3,64,44,779	
(e) Other current assets	15	—	39,99,70,774	7,41,71,440	46,93,84,844
TOTAL			44,05,27,443		50,88,78,228

Significant Accounting Policies 1
Notes to Accounts 20

The Significant Accounting Policies & Notes referred to above form an integral part of the Balance Sheet

For and on behalf of the Board

As per our Report of even date
For Mukund M. Chitale & Co
Chartered Accountants
Firm's Registration No. 106655W

Partho Sarothy Datta
Chairman
DIN : 00040345

Soumendra Mohan Basu
Director
DIN : 01125409

(M.M.Chitale)
Partner
Membership No. 14054

Rajiv Shastri
Managing Director &
Chief Executive Officer
DIN : 02143422

S. Swaminathan **Manoj Kumar Bajoria**
Chief Financial Officer **Company Secretary**

Date : 23rd April 2017
Place : Kolkata

Date : 23rd April 2017
Place : Kolkata

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2017

(Amount in Rupees)

Particulars	Note No.	Year ended 31 March 2017	Year ended 31 March 2016
1	2	3	4
I. Revenue from operations	16	7,12,45,515	5,28,16,284
II. Other income	17	5,20,63,322	3,17,20,045
III. Total Revenue (I + II)		12,33,08,837	8,45,36,329
IV. Expenses:			
Employee benefit expenses	18	9,45,88,541	9,30,69,074
Depreciation and amortization expense	8	10,16,166	13,14,862
Other expenses	19	11,06,59,245	9,02,25,170
Total expenses		20,62,63,952	18,46,09,106
V. Profit before tax (III – IV)		(8,29,55,115)	(10,00,72,777)
VI. Tax expense:			
(1) Current tax		—	—
(2) Deferred tax		—	—
VII. Profit/(Loss) for the period (V – VI)		(8,29,55,115)	(10,00,72,777)
VIII. Earnings per equity share:			
(1) Basic		(0.84)	(1.01)
(2) Diluted		(0.84)	(1.01)
Significant Accounting Policies	1		
Notes to Accounts	20		

The Significant Accounting Policies & Notes referred to above form an integral part of the Statement of Profit and Loss

For and on behalf of the Board

As per our Report of even date
For Mukund M. Chitale & Co
Chartered Accountants
Firm's Registration No. 106655W

(M.M.Chitale)
Partner
Membership No. 14054

Date : 23rd April 2017
Place : Kolkata

Partho Sarothly Datta
Chairman
DIN : 00040345

Rajiv Shastri
Managing Director &
Chief Executive Officer
DIN : 02143422

Soumendra Mohan Basu
Director
DIN : 01125409

S. Swaminathan **Manoj Kumar Bajoria**
Chief Financial Company Secretary
Officer

Date : 23rd April 2017
Place : Kolkata

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Year ended 31 March 2017 (Amount in Rupees)	Year ended 31 March 2016 (Amount in Rupees)
A. Cash flows from Operating Activities		
Net profit/(loss) before tax for the year	(8,29,55,115)	(10,00,72,777)
<i>Adjustment for:</i>		
Depreciation	10,16,166	13,14,862
Dividend Income	(61,268)	—
Other non-operating income	(7,90,436)	(5,523)
Profit on Sale of Investments	(5,06,50,355)	(2,55,62,425)
Interest income	(3,34,247)	(58,89,149)
Operating profit before working capital changes	(13,37,75,255)	(13,02,15,012)
Adjustment for changes in working capital:		
(Increase)/decrease in Trade Receivables	61,17,800	535,417
(increase)/decrease in loans and advances	(77,27,488)	141,923,193
Increase/(decrease) in trade payables	22,01,710	(1,089,039)
Increase/(decrease) in liabilities & provisions	1,24,02,620	2,399,056
Cash (Utilised In)/Generated from Operations	(120,780,613)	1,35,53,615
Direct Tax Refund/(Paid)	13,049,330	—
Net Cash (Used In)/Generated from Operating Activities (A)	(10,77,31,283)	1,35,53,615
B. Cash flow from investing activities		
Purchase of fixed assets	(22,82,126)	(8,00,873)
(Purchase)/Sale Non-current investments	—	(65,40,040)
Proceeds from sale of Assets	1,44,080	22,500
(Purchase)/Sale of Current Investments	10,70,38,734	(1,08,63,550)
Dividend Income	61,268	—
Interest income	10,24,240	58,89,149
Net cash used in investing activities (B)	10,59,86,196	(1,22,92,814)
C. Cash flow from financing activities		
Proceeds from issue of Share Capital	—	—
Net cash generated from financing activities (C)	—	—
Net (decrease)/increase in cash and cash equivalents (A)+(B)+(C)	(17,45,087)	12,60,801
Cash and cash equivalents at beginning of year	33,62,189	21,01,388
Cash and cash equivalents at end of year	16,17,102	33,62,189

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

Significant Accounting Policies 1

Notes to Accounts 20

The Significant Accounting Policies & Notes referred to above form an integral part of the Cash Flow Statement

For and on behalf of the Board

As per our Report of even date

For Mukund M. Chitale & Co
Chartered Accountants
Firm's Registration No. 106655W

(M.M.Chitale)
Partner
Membership No. 14054

Date : 23rd April 2017
Place : Kolkata

Partho Sarothy Datta
Chairman
DIN : 00040345

Rajiv Shastri
Managing Director &
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Soumendra Mohan Basu
Director
DIN : 01125409

S. Swaminathan **Manoj Kumar Bajoria**
Chief Financial Officer **Company Secretary**

Date : 23rd April 2017
Place : Kolkata

Note 1**SIGNIFICANT ACCOUNTING POLICIES****1.1 BASIS OF ACCOUNTING**

The financial statements of the Company are prepared under the historical cost convention, on an accrual basis of accounting and in compliance with the applicable accounting standards prescribed by the Companies (Accounts) Rules, 2014 and applicable rules framed under the Companies Act, 2013.

The Company has classified all its assets/liabilities into current/non-current portion based on the time frame of 12 months from the date of Financial Statements. Accordingly, assets/liabilities expected to be realized/settled within 12 months from the date of financial statements are classified as current and other assets/liabilities are classified as non-current.

1.2 USE OF ESTIMATES

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

1.3 FIXED ASSETS

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

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

1.4 DEPRECIATION

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

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

1.5 IMPAIRMENT OF FIXED ASSETS

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

1.6 INVESTMENTS

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

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

Current investments are stated at the lower of cost and net realizable value.

1.7 RETIREMENT BENEFITS

1.7.1 Provident Fund

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

1.7.2 Gratuity

Gratuity is a post employment defined benefit plan. The liability recognized in the balance sheet in respect of the same is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the Projected Unit Credit Method. Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year in which such gains or losses arises.

1.7.3 Leave (Non-vesting)

Long-term employee benefits in the nature of leave is determined at close of the year at present value using actuarial valuation techniques.

1.8 LEASE

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

1.9 FOREIGN CURRENCY TRANSACTIONS

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

1.10 REVENUE RECOGNITION

1.10.1 Management and Advisory Fees

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

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

1.10.2 Other Income

Interest income is accounted for on a time proportionate basis.

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

1.11 SCHEME EXPENSES

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

1.12 TAXATION

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

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

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

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

1.13 EARNINGS PER SHARE

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

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

1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

Notes to Balance Sheet as at 31 March 2017

(Amount in Rupees)

	As at 31 March 2017		As at 31 March 2016	
	Number	Rs.	Number	Rs.
2. Share Capital				
(a) <u>Authorised</u>				
Equity Shares of Rs.10 each	10,00,00,000	100,00,00,000	10,00,00,000	100,00,00,000
		<u>100,00,00,000</u>		<u>100,00,00,000</u>
(b) <u>Issued, Subscribed and paid-up</u>				
Equity Shares of Rs.10 each, fully paid up	9,90,00,000	99,00,00,000	9,90,00,000	99,00,00,000
		<u>99,00,00,000</u>		<u>99,00,00,000</u>
(c) Additional Information: The movement in subscribed and paid-up equity share capital is set out below:				
	Number	Rs.	Number	Rs.
– At the beginning of the year	9,90,00,000	99,00,00,000	9,90,00,000	99,00,00,000
– Equity Shares allotted during the year	—	—	—	—
– At the end of the year	<u>9,90,00,000</u>	<u>99,00,00,000</u>	<u>9,90,00,000</u>	<u>99,00,00,000</u>

Notes to Balance Sheet as at 31 March 2017

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

(e) Details of the shareholders holding more than 5% of equity shares of the company

Number of Shareholders		As at 31 March 2017		As at 31 March 2016	
		No. of shares held		No. of shares held	
		(%)	(Number)	(%)	(Number)
1	The Peerless General Finance & Investment Company Limited, the Holding Company	99.9986	9,89,98,600	99.9986	9,89,98,600

(Amount in Rupees)

	As at 31 March 2017	As at 31 March 2016
3. Reserves & Surplus		
Surplus/(Defecit) in Statement of Profit and Loss		
Profit / (Loss) - Balance as at beginning of the year	(49,36,57,119)	(39,35,84,342)
Add: Profit / (Loss) for the year	(8,29,55,115)	(10,00,72,777)
Profit / (Loss) - Balance as at end of the year	<u>(57,66,12,234)</u>	<u>(49,36,57,119)</u>
4. Long Term Provisions		
(a) Provision for Gratuity	10,33,573	—
(b) Provision for Leave Salary (Non-vesting)	16,50,474	—
	<u>26,84,047</u>	<u>—</u>
5. Trade Payables		
(a) Dues to Micro and Small Enterprise	—	—
(b) Dues to Other than Micro and Small Enterprise	54,96,147	32,94,437
	<u>54,96,147</u>	<u>32,94,437</u>
6. Other Current Liabilities		
(a) Statutory dues	22,48,120	23,56,771
(b) Creditor for Expenses	14,54,916	11,73,291
(c) Provision for Expenses	1,50,87,270	51,35,761
	<u>1,87,90,306</u>	<u>86,65,823</u>
7. Short Term Provisions		
(a) Provision for Gratuity	—	5,75,087
(b) Provision for Leave Salary (Non-vesting)	1,69,177	—
	<u>1,69,177</u>	<u>5,75,087</u>

Notes to Balance Sheet as at 31 March 2017**8. Fixed Assets**

(Amount in Rupees)

PARTICULARS	COST				DEPRECIATION				WRITTEN DOWN VALUE	
	As on 01.04.2016	Additions	Deletion	As on 31.03.2017	As on 01.04.2016	Additions	Deletion	As on 31.03.2017	As on 31.03.2017	As on 01.04.2016
Tangible Assets										
Leasehold Improvement	1,49,69,998	—		1,49,69,998	1,49,37,257	1,19,936	2,04,282	1,48,52,911	1,17,087	32,741
Furniture & Fixture	30,26,413	4,400	1,92,340	28,38,473	26,26,522	69,583	1,74,522	25,21,583	3,16,890	3,99,891
Office Equipment	43,53,811	1,11,986	4,10,386	40,55,411	39,59,311	1,44,161	3,92,025	37,11,447	3,43,964	3,94,500
Computers	91,69,032	5,19,009	10,56,046	86,31,995	88,81,416	2,55,538	10,48,588	80,88,366	5,43,629	2,87,616
Vehicles	35,29,563	—	—	35,29,563	8,37,651	4,32,312	—	12,69,963	22,59,600	26,91,912
Sub-total	3,50,48,817	6,35,395	16,58,772	3,40,25,440	3,12,42,157	10,21,530	18,19,417	3,04,44,270	35,81,170	38,06,660
Intangible assets										
Computer software	41,36,966	16,46,731	—	57,83,697	40,86,175	1,98,918	—	42,85,093	14,98,604	50,791
Sub-total	41,36,966	16,46,731	—	57,83,697	40,86,175	1,98,918	—	42,85,093	14,98,604	50,791
Total	3,91,85,783	22,82,126	16,58,772	3,98,09,137	3,53,28,332	12,20,448	18,19,417	3,47,29,363	50,79,774	38,57,451
Previous Year	3,85,54,872	8,00,873	1,69,962	3,91,85,783	3,41,66,455	13,14,862	1,52,985	3,53,28,332	38,57,451	

Note: In case of Leasehold Improvement additional depreciation was wrongly charged in earlier years has been reversed in current year of Rs. 2,04,282/- and has been reflected under Deletions.

The total depreciation and amortisation of Rs. 10,16,166 in Statement of Profit and Loss is after reduction of this amount of Rs. 2,04,282/- from total depreciation of Rs. 12,20,448/-

9. Non-Current Investments**As at 31 March 2017**

As at 31 March 2016

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

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

[# These investments in mutual funds have been made in accordance with SEBI regulations and cannot be redeemed unless the schemes of Mutual Fund are wound up.]

Notes to Balance Sheet as at 31 March 2017

(Amount in Rupees)

	As at 31 March 2017	As at 31 March 2016
10. Long-term loans and advances		
(Unsecured, considered good)		
(a) Security Deposits	38,53,604	38,43,574
(b) Advance recoverable in cash or in kind		
– Due from employees	62,500	2,53,326
(c) Prepaid Expenses	37,751	15,993
	<u>39,53,855</u>	<u>41,12,893</u>

11. Current Investments**As at 31 March 2017**

As at 31 March 2016

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

	As at 31 March 2017			As at 31 March 2016		
	Number	Face Value per instrument (Rs.)	Amount (Rs.)	Number	Face Value per instrument (Rs.)	Amount (Rs.)
(a) Mutual Funds (Unquoted)*						
Peerless Liquid Fund	54,431.277	—	97,440,581	90,535.716	—	90,652,507
Peerless Equity Fund	1,158,299.246	—	24,570,770	—	—	—
Peerless Flexible Income Fund	3,831,826.830	—	55,577,965	—	—	—
Peerless Ultra Short Term Fund	75,461.156	—	137,146,658	175,564.340	—	177,992,676
Peerless 3 in 1 Fund	1,564,616.309	—	26,700,803	5,068,447.497	—	76,968,430
Peerless Long Term Advantage Fund	250,000.000	—	2,500,000	250,000.0	—	2,500,000
Peerless Midcap Fund	1,595,771.996	—	21,959,897			
Total			<u>365,896,674</u>			<u>348,113,613</u>

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

(Amount in Rupees)

	As at 31 March 2017	As at 31 March 2016
12. Trade receivables		
(Unsecured, Considered good)		
Debts more than six months	—	—
Debts less than six months *	11,75,023	72,92,823
	<u>11,75,023</u>	<u>72,92,823</u>

* receivable from related party.

13. Cash and Cash EquivalentBalances with banks
– In Current Account
Cheques in Hand

14,65,567	33,62,189
1,51,535	—
<u>16,17,102</u>	<u>33,62,189</u>

Notes to Balance Sheet as at 31 March 2017

	As at 31 March 2017	(Amount in Rupees) As at 31 March 2016
14. Short term loans and advances		
(Unsecured, considered good)		
(a) Advance recoverable in cash or in kind		
– Due from employees	8,79,991	5,13,262
– Due from Related Parties	44,76,861	28,50,625
– Due from Others	12,66,732	11,10,342
(b) Tax deducted at source	2,12,14,623	2,64,11,480
(c) Prepaid Expenses	30,16,411	48,43,481
(d) Service Tax Credit	4,27,357	1,92,356
(e) Balance with Statutory Authorities	—	5,23,233
	<u>3,12,81,975</u>	<u>3,64,44,779</u>
15. Other Current Assets		
(a) Receivable against sale of investments	—	7,41,71,440
	<u>—</u>	<u>7,41,71,440</u>

Notes to Statement of Profit and Loss for the year ended 31 March 2017

	For the year ended 31 March 2017	(Amount in Rupees) For the year ended 31 March 2016
16. Revenue from operations		
(a) Management Fees	7,12,45,515	5,28,16,284
	<u>7,12,45,515</u>	<u>5,28,16,284</u>
17. Other income		
(a) Interest on Corporate Bonds	—	25,89,149
(b) Interest on Inter Corporate Deposits	3,34,247	33,00,000
(c) Profit / (loss) on Sale of Investments - Current Investments	5,06,50,355	2,55,62,425
(d) Dividend Income from Mutual Funds - Current Investments	61,268	
(e) Other non-operating income (net of attributable expenses)	10,17,452	2,68,471
	<u>5,20,63,322</u>	<u>3,17,20,045</u>

Notes to Statement of Profit and Loss for the year ended 31 March 2017

	(Amount in Rupees)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
18. Employee Benefit Expenses		
(a) Salaries, Wages and Bonus	8,66,80,290	8,60,13,423
(b) Contribution to provident and other funds	37,07,036	42,43,635
(c) Gratuity and Accumulated Leave Expense	29,94,234	16,63,100
(d) Staff welfare expenses	12,06,981	11,48,916
	9,45,88,541	9,30,69,074
19. Other expenses		
(a) Professional and Consultancy	1,20,59,291	1,08,31,152
(b) SEBI fees & AMFI Fees	6,50,000	6,84,146
(c) Travelling and Conveyance	74,65,417	66,49,052
(d) Recruitment Charges	45,000	9,17,892
(e) Fund Accounting Expenses	6,50,004	8,78,283
(f) Scheme Expenses	1,44,11,112	89,54,349
(g) Rent	89,40,321	89,27,673
(h) Marketing advertisement and publicity	58,67,590	62,96,262
(i) Motor car expenses	1,11,465	1,22,084
(j) Repairs and maintenance	28,04,107	47,92,372
(k) Communication expenses	45,55,366	55,19,662
(l) Electricity	14,49,105	16,95,544
(m) Printing and stationery	28,66,181	23,46,351
(n) Electronic Subscription	38,64,024	32,11,416
(o) Bank Charges	22,60,549	28,61,026
(p) Director Fees	12,50,000	12,80,000
(q) Insurance	25,10,428	31,84,288
(r) Brokerage & Distribution Support	3,65,34,005	1,80,06,397
(s) Miscellaneous Expense	18,55,064	26,63,267
(t) Audit Fees		
– Statutory Audit	2,50,000	2,50,000
(u) – Tax Audit	50,000	50,000
(w) Service Tax-Swachh Bharat Cess	2,09,816	1,03,954
(x) Service Tax-Krishi Kalyan Cess	400	—
	11,06,59,245	9,02,25,170

Note 20**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2017****20.1 Retirement Benefits to Employees****a. Provident Fund**

The company makes monthly contributions to provident fund which is under a defined contribution plan. During the period, the company has recognized an amount of Rs.36,85,786 (FY 2015-16: Rs.42,03,451) in the Statement of Profit and Loss as contribution to provident fund maintained with Regional Provident Fund Commissioner, Kolkata.

b. Gratuity

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

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

Changes in the Present Value of Obligation

Amount in Rupees

Particulars	For the period ending	
	31 March 2017	31 March 2016
	Funded	Funded
Present value of Obligation as at the beginning	25,36,600	18,48,686
Interest Cost	2,11,221	1,75,892
Current Service Cost	10,20,944	10,08,570
Benefit paid	(3,22,634)	(10,80,229)
Actuarial (Gain)/Loss on the Obligation	52,142	5,83,681
Present value of Obligation as at the end	34,98,273	2,5,36,600

Changes in the Present Value of Assets

Amount in Rupees

Particulars	For the period ending	
	31 March 2017	31 March 2016
	Funded	Funded
Fair Value of Plan Assets as at the beginning	19,61,513	20,22,509
Expected Return on Plan Assets	1,54,917	1,59,361
Employer's Contributions	7,16,097	9,14,190
Benefit paid	(3,22,634)	(10,80,229)
Actuarial (Gain)/Loss on the Plan Assets	(45,193)	(54,318)
Fair Value of Plan Assets as at the end	24,64,700	19,61,513

Note 20 (Contd.)**Fair Value of Plan Assets**

Amount in Rupees

Particulars	For the period ending	
	31 March 2017	31 March 2016
	Funded	Funded
Fair Value of Plan Assets as at the beginning	19,61,513	20,22,509
Actual Return on Plan Assets	1,09,724	1,05,043
Employer's Contributions	7,16,097	9,14,190
Benefit paid	(3,22,634)	(10,80,229)
Fair Value of Plan Assets as at the end	24,64,700	19,61,513

Expenses recognized in the Statement of Profit and Loss

Amount in Rupees

Particulars	For the period ending	
	31 March 2017	31 March 2016
	Funded	Funded
Current Service Cost	10,20,944	10,08,570
Interest Cost	2,11,221	1,75,892
Expected Return on Plan Assets	(1,54,917)	(1,59,361)
Net Actuarial (Gain)/Loss recognized in the period	97,335	6,37,999
Expenses recognized in statement of Profit and Loss	11,74,583	16,63,100

Amount for the current period

Amount in Rupees

Particulars	For the period ending	
	31 March 2017	31 March 2016
	Funded	Funded
Actuarial (Gain)/Loss for the period – Present Value of Obligation	52,142	5,83,681
% of Opening Present Value of Obligation	2.06%	31.57%
Actuarial (Gain)/Loss for the period – Fair Value of Plan Assets	(45,193)	(54,318)
% of Opening Fair Value of Plan Assets	(2.30%)	(2.69%)
Total Actuarial (Gain)/Loss for the period	97,335	6,37,999
Actuarial (Gain)/Loss recognized in the period	97,335	6,37,999
Experience Adjustment on Present Value of Obligation		
– Loss/(Gain)	3,72,254	3,12,417
Experience Adjustment on Fair Value of Plan Assets		
– Loss/(Gain)	(45,193)	(54,318)

Note 20 (Contd.)**Movement in the Net Liability recognized in the Balance Sheet**

Amount in Rupees

Particulars	For the period ending	
	31 March 2017	31 March 2016
	Funded	Funded
Opening Net Liability/(Asset) as at the beginning	5,75,087	(1,73,823)
Expenses recognized in statement of Profit and Loss	1,174,583	16,63,100
Employers Contribution	(7,16,097)	(9,14,190)
Closing Net Liability as at the end	10,33,573	5,75,087
Funds Managed by Insurer	100.00%	100.00%

Asset and Liability (Balance Sheet portion)

Amount in Rupees

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Present value of Defined Benefit Obligation	3,498,273	2,536,600	1,848,686	1,918,916	1,714,498
Fair value of plan assets	2,464,700	1,961,513	2,022,509	—	—
Net asset/(liability)	(1,033,573)	(575,087)	173,823	(1,918,916)	(1,714,498)

Experience Adjustments on Present Value of Benefit Obligation and Plan Assets

Amount in Rupees

Asset and Liability (Balance Sheet portion)	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
(Gain)/Loss on Plan Liabilities	3,72,254	3,12,417	64,444	4,75,092	—
% of Opening Plan Liabilities	14.68%	16.90%	3.36%	27.71%	—
(Gain)/Loss on Plan Assets	(45,193)	(54,318)	(71,736)	—	—
% of Opening Plan Assets	(2.30%)	(2.69%)	0.00%	—	—

Principal assumptions used in the valuation

Amount in Rupees

Particulars	As on	
	31 March 2017	31 March 2016
	Funded	Funded
Discount Rate per annum Compound	7.00%	8.00%
Rate of increase of salaries	6.00%	6.00%
Expected rate of return on Plan Assets (per annum)	7.00%	8.00%
Expected average remaining working lives of employees (years)	20.24	21.96
Retirement Age	58 years	58 years

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

Note 20 (Contd.)**c. Compensated Absences**

The obligation for compensated absences (non-vesting) is determined based on actuarial valuation using the Projected Unit Credit Method. The actuarial liability for compensated absences (unfunded) of accumulated privilege leaves of the employees of the Company is given as below:

Amount in Rupees

Particulars	As on	
	31 March 2017	31 March 2016
Present value of Obligation	1,819,651	—
Fair Value of Plan Assets	—	—
Net Asset/(Liability)	(1,819,651)	—

Principal assumptions used in the valuation

Amount in Rupees

Particulars	As on	
	31 March 2017	31 March 2016
Discount Rate per annum Compound	7.00%	—
Rate of increase of salaries	6.00%	—
Retirement Age	58 years	58 years
Mortality rates are in accordance with the standard table Indian Assured Lives Mortality (2006-2008) ultimate		

Notes: i) Assumptions relating to future salary increases, attrition, interest rate for discount and overall expected rate of return on Assets have been considered based on relevant economic factors such as inflation, market growth & other factors applicable to the period over which the obligation is expected to be settled.

ii) The Company expects to contribute Rs. 10,00,000/- to Gratuity fund in 2017-18.

20.2 Segmental Reporting

The Company's operations predominantly relate to providing Asset Management Services to Peerless Mutual Fund in India. Therefore, separate disclosure of segmental reporting is not applicable as required under Accounting Standard (AS)17 on "Segment Reporting" embodied in the Companies (Accounts) Rules, 2014.

20.3 Related Party Information**Holding company**

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

Fellow subsidiaries, associates & group enterprise

- ii. Peerless Trust Management Co Ltd. (PTMCL)
- iii. Peerless Financial Products Distribution Ltd. (formerly known as Peerless Developers Ltd.) (PFDDL)
- iv. Peerless Hospitex Hospital & Research Center Ltd
- v. Peerless Securities Ltd.
- vi. Peerless Hotels Ltd (PHL)
- vii. Kaizen Leisure & Holidays Ltd (KLHL)
- viii. Peerless Financial Services Ltd (PFSL)
- ix. Bengal Peerless Housing Development Co Ltd
- x. Kaizen Hotels & Resorts Ltd (KHRL)
- xi. Peerless Mutual Fund - Schemes of Mutual Fund (Managed by the Company)

Note 20 (Contd.)

Key Managerial Personnel (KMP):

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

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

The Company's related party transactions are herein disclosed below:

Sr No.	Nature of transaction	Holding Company -PGFI	KLHL	PHL	PTMCL	PFPDL	PPSL	KHRL	KMP	Peerless Mutual Fund (Schemes of Mutual Fund)	Grand Total
1	EXPENSES										
	Rent Expenses	30,10,389	-	-	-	-	-	-	-	-	30,10,389
	Previous Year	33,81,036	-	-	-	-	-	-	-	-	33,81,036
	Electricity Expenses	9,24,978	-	-	-	-	-	-	-	-	9,24,978
	Previous Year	11,86,856	-	-	-	-	-	-	-	-	11,86,856
	Board Meeting Expenses	-	-	1,17,761	-	-	-	-	-	-	1,17,761
	Previous Year	-	-	1,41,984	-	-	-	-	-	-	1,41,984
	Fund Expenses	-	-	-	-	-	-	-	-	38,87,407	38,87,407
	Previous Year	-	-	-	-	-	-	-	-	11,77,895	11,77,895
	Rates & Taxes	-	-	-	-	-	-	-	-	2,939	2,939
	Previous Year	-	-	-	-	-	-	-	-	15,788	15,788
	Bank Charges	-	-	-	-	-	-	-	-	3,30,908	3,30,908
	Previous Year	-	-	-	-	10,177	-	-	-	19,80,957	19,91,134
	Travelling Expenses	-	32,26,955	7,22,548	-	-	-	17,986	-	-	3,9,67,489
	Previous Year	-	25,83,304	6,20,685	-	-	-	-	-	-	32,03,989
	Distribution/Marketing Support	-	20,346	-	-	-	-	-	-	42,307	62,653
	Previous Year	-	-	1,06,323	-	-	-	-	-	-	1,06,323
	Remuneration	-	-	-	-	-	-	-	1,86,37,882	-	1,86,37,882
	Previous Year	-	-	-	-	-	-	-	1,80,36,708	-	1,80,36,708
	Training Expenses	-	-	-	-	59,500	-	-	-	-	59,500
	Previous Year	-	-	-	-	20,500	-	-	-	-	20,500
	Total - Current Year	39,35,367	32,47,301	8,40,309	-	59,500	-	17,986	1,86,37,882	42,63,561	3,10,01,906
	Total - Previous Year	45,67,892	25,83,304	8,68,992	-	30,677	-	-	1,80,36,708	31,74,640	2,92,62,213
2	INCOME										
	Management Fees	-	-	-	-	-	-	-	-	7,12,45,515	7,12,45,515
	Previous Year	-	-	-	-	-	-	-	-	5,28,16,284	5,28,16,284
	Recovery of Common Expenses	-	-	-	2,25,016	-	-	-	-	-	2,25,016
	Previous Year	-	-	-	2,52,998	-	-	-	-	-	2,52,998
	Distribution Support expenses recovered	-	-	-	-	-	-	-	-	59,68,173	59,68,173
	Previous Year	-	-	-	-	-	-	-	-	50,33,238	50,33,238
	Interest on Inter Corporate Deposit	-	-	-	-	3,34,247	-	-	-	-	3,34,247
	Previous Year	-	-	-	-	-	33,00,000	-	-	-	33,00,000
	Dividend on Mutual Fund Units	-	-	-	-	-	-	-	-	61,268	61,268
	Previous Year	-	-	-	-	-	-	-	-	-	-
	Total - Current Year	-	-	-	2,25,016	3,34,247	-	-	-	7,72,74,956	7,78,34,219
	Total - Previous Year	-	-	-	2,52,998	-	33,00,000	-	-	57,8,49,522	6,14,02,520

The Company's related party transactions are herein disclosed below: (Contd.)

Sr No.	Nature of transaction	Holding Company -PGFI	KLHL	PHL	PTMCL	PFPDL	PFSL	KHRL	KMP	Peerless Mutual Fund (Schemes of Mutual Fund)	Grand Total
3	ASSETS										
	Trade Receivables	—	—	—	—	—	—	—	—	11,75,023	11,75,023
	Previous Year	—	—	—	—	—	—	—	—	72,92,823	72,92,823
	Other Receivables	—	—	21,482	—	—	—	—	1,33,335	43,22,044	44,76,861
	Previous Year	—	—	94,781	—	—	—	—	30,000	27,25,844	28,50,625
	Total - Current Year	—	—	21,482	—	—	—	—	1,33,335	54,97,067	56,51,884
Total - Previous Year	—	—	94,781	—	—	—	—	30,000	1,00,18,667	1,01,43,448	
4	INVESTMENTS										
	Mutual Fund Units										
	Previous Year									39,74,19,714	39,74,19,714
	Total - Current Year	—	—	—	—	—	—	—	—	37,96,36,653	37,96,36,653
	Previous Year	—	—	—	—	—	—	—	—	39,85,94,737	39,85,94,737
	Total - Previous Year	—	—	—	—	—	—	—	—	38,69,29,476	38,69,29,476
5	LIABILITY										
	Amounts Payable	86,131	82,580	65,488	—	—	—	—	—	—	2,34,199
	Previous Year	80,688	62,218	82,661	—	10,500	—	—	—	—	2,36,067
	Total - Current Year	86,131	82,580	65,488	—	—	—	—	—	—	2,34,199
	Previous Year	80,688	62,218	82,661	—	10,500	—	—	—	—	2,36,067
	Total - Previous Year	—	—	—	—	—	—	—	—	—	—
5	TRANSACTIONS										
	Inter Corporate Deposit Given	—	—	—	—	2,00,00,000	—	—	—	—	2,00,00,000
	Previous Year	—	—	—	—	—	15,00,00,000	—	—	—	15,00,00,000
	Inter Corporate Deposit received back	—	—	—	—	2,00,00,000	—	—	—	—	2,00,00,000
	Previous Year	—	—	—	—	—	15,00,00,000	—	—	—	15,00,00,000
	Purchase of Mutual Fund	—	—	—	—	—	—	—	—	474,48,85,848	474,48,85,848
	Previous Year	—	—	—	—	—	—	—	—	220,89,65,516	220,89,65,516
	Sale of Mutual Fund	—	—	—	—	—	—	—	—	477,77,59,503	477,77,59,503
	Previous Year	—	—	—	—	—	—	—	—	226,20,39,250	226,20,39,250
	Total	—	—	—	—	—	—	—	—	—	—

Note 20 (Contd.)**20.4 Managerial Remuneration**

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

20.5 Specified Bank Notes

The Company has not dealt with Specified Bank Note during the period 8 November 2017 to 31 December 2017 and accordingly no disclosures are required to be made.

20.6 Earnings Per Share

Basic and Diluted earnings per share as required in accordance with the Accounting Standard on "Earnings Per Share" (AS-20) prescribed by The Companies (Accounts) Rules, 2014:

	Amount in Rupees	
	2016-17	2015-16
Net Profit/(Loss) after tax attributable to Equity Shareholders	(8,29,55,115)	(10,00,72,777)
Weighted average number of equity shares outstanding during the year	9,90,00,000	9,90,00,000
Basic and Diluted earnings per share	(0.84)	(1.01)

20.7 Deferred Tax

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

20.8 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro, Small and Medium Enterprises, to whom the Company owes any dues. Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the Balance sheet date. Relevant disclosures as required under the Act are as follows:

Note 20 (Contd.)

Amount in Rupees

Particulars	As at 31 March 2017	As at 31 March 2016
a i) Principal amount remaining unpaid to supplier under the MSMED Act 2006	Nil	Nil
a ii) Interest on a) (i) above	Nil	Nil
b i) Amount of Principal paid beyond the appointed Date	Nil	Nil
b ii) Amount of interest paid beyond the appointed date (as per Section 16 of the said Act)	Nil	Nil
c) Amount of Interest due and payable for the period of delay in making payment, but without adding the interest specified under section 16 of the said Act	Nil	Nil
d) Amount of Interest accrued and due	Nil	Nil
e) Amount of further interest remaining due and payable Even in succeeding years	Nil	Nil

20.9 Net Worth

In accordance with SEBI Notification No. LAD-NRO/GN/2014-15/01, dated 06th May 2014, every Asset Management Company has to ensure maintenance of net worth of Rs. 50,00,00,000/- within a period of three years from the date of notification i.e. 06th May 2017. The net worth of the Company as at 31st March 2017 is Rs. 41,33,87,766/- (Previous year Rs. 49,63,42,881/-).

20.10 Previous year figures have been regrouped/re-arranged, wherever necessary.

For and on behalf of the Board

For Mukund M. Chitale & Co
Chartered Accountants
Firm's Registration No. 106655W

(M.M.Chitale)
Partner
Membership No. 14054

Date : 23rd April 2017
Place : Kolkata

Partho Sarothy Datta
Chairman
DIN : 00040345

Rajiv Shastri
Managing Director &
Chief Executive Officer
DIN : 02143422

Soumendra Mohan Basu
Director
DIN : 01125409

S. Swaminathan **Manoj Kumar Bajoria**
Chief Financial Officer Company Secretary

Date : 23rd April 2017
Place : Kolkata