

6th Annual Report 1997-98

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**ERA FINANCIAL SERVICES
(INDIA) LIMITED**


ERA FINANCIAL SERVICES (INDIA) LTD.

BOARD OF DIRECTORS

H.S. BHARANA
CHAIRMAN & DIRECTOR

B. K. VINAYAK
Executive Director

MRS. MEENA BHARANA
Director

MAIN BANKERS
VIJAYA BANK

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AUDITORS
P.C. BINDAL & CO.
CHARTERED ACCOUNTANTS

REGISTERED OFFICE
370-371/2, SAHI HOSPITAL ROAD,
JANGPURA, BHOGAL, NEW DELHI - 110 014

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ERA FINANCIAL SERVICES (INDIA) LTD.

NOTICE

Notice is hereby given that the 6th Annual General Meeting of the Company shall be held on Friday, the 27th November, 1998 at 03:30 p.m. at Ashiana Farm, 25/19, Village Mandi, New Delhi - 110 030 to transact following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Accounts for the Financial Year ended on 31st March, 1998 and report of the Auditors and Directors thereon.
2. To appoint a Director in place Mr. H. S. Bharana who retires by rotation and be eligible offer himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution :-

"RESOLVED THAT Mr. B.K. Vinayak whose term of office as an Additional Director, pursuant to the provisions of section 260 of the Companies Act, 1956 expires at the conclusion of this Annual General Meeting and in respect of whom the Company has received a Notice under section 257 of the Companies Act, 1956, proposing his candidate for office of Director, be and is hereby appointed a Director of the Company whose period of Office shall be liable to retirement by rotation in accordance with the provision of Section 255 and 256 of Companies Act, 1956."

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a special resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 309, 310, 311, Schedule XIII and other applicable provision, if any, of the Companies Act, 1956, consent be and is hereby accorded for the appointment of Shri B.K. Vinayak as Executive Director of the Company for a term of two years w.e.f. 1st April, 1998 at a remuneration of Rs. 12,225/- per month in addition to the following perquisites.

The value of perquisites shall be restricted to an amount equal to the annual salary. For this purpose, perquisites are classified into three Categories :

CATEGORY - "A"

1. HOUSING :

- i) The Expenditure by the Company in hiring unfurnished accommodation will be subject to the ceiling of Sixty per cent of the salary.
- ii) In case no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent allowance subject to the ceiling laid down in Housing I.

2. MEDICAL REIMBURSEMENT :

Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

3. LEAVE TRAVEL CONCESSION :

For self and family once in a year incurred in accordance with the rules specified by the Company,

CATEGORY - "B"

NIL

CATEGORY - "C"

1. Conveyance : The conveyance allowance of Rs. 7,100/- per month will be paid from residence to office and vice-versa.

"RESOLVED FURTHER that the Board of Directors be and is hereby empowered to alter and vary the terms & conditions of the said appointment but so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (As existing specified in Schedule or re-enacted) from time to time and as may be agreed to between the Board and Mr. B.K. Vinayak.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution as may be otherwise considered by it to be in the best interest of the Company".

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:-

"RESOLVED THAT Mr. M.K. Aggarwal whose term of office as an Additional Director, pursuant



ERA FINANCIAL SERVICES (INDIA) LTD.

to the provisions of Section 260 of the Companies Act, 1956 expires at the conclusion of this Annual General Meeting and in respect of whom the Company has received a Notice under section 257 of the Companies Act, 1956, proposing his candidature for office of Director, be and is hereby appointed a Director of the Company whose period of Office shall be liable to retirement by rotation in accordance with the provision of Section 255 and 256 of Companies Act, 1956."

By order of the Board

[B. K. VINAYAK]

EXECUTIVE DIRECTOR

Registered Office

370-371/2, Sahi Hospital Road,
Jangpura, Bhogal, New Delhi-110 014

Place : New Delhi

Dated : August 6, 1998

NOTE:

1. A member entitled to attend & vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxies need not be member of the Company. The Proxies, in order to be valid should reach the Company's Registered Office at least 48 hours before the time of the meeting.
2. The register of Member and the share transfer book of the Company will remain closed from Monday 23rd November, 1998 to Friday 27th November, 1998 (both days inclusive).
3. Members desirous of having any information as regards accounts are requested to write to the Company at least 10 days in advance so as to enable the management to keep the information ready.
4. Members holding share in two or more folios are requested to write to the Company for consolidation of holding in one folio.
5. Members/Proxies are requested to bring copy of the Annual Report with them as copies of the report will not be distributed at the meeting.
6. No gifts/coupons would be distributed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ITEM 4 & 5

Sh. B.K. Vinayak was appointed as Additional Director pursuant to the provision of the Section 260 of the Companies Act, 1956 holding office upto the conclusion of ensuing Annual General Meeting. The Company has received the notice in writing from member proposing his candidature for the office of the Director under Section 257 of the Companies Act.

In view of his extensive experience in the field of finance, it is desirable that the Company should continue to avail his services as the member of the board. The Board of Directors of your Company solicit your approval to this resolution.

None of the Directors is interested in this resolution except Sh. B.K. Vinayak himself.

Sh. B.K. Vinayak was appointed as Additional Director in meeting of the Board of Directors held on 1st September, 1997. Subsequently he was appointed Executive Director w.e.f. 1st April, 1988 as per resolution passed by the Board of Directors of the Company at the meeting held on 1st April, 1998.

Mr. B.K. Vinayak aged about 60 years is a Cost Accountant having experience over three decades in the field of finance including at senior positions in Public Sector Undertakings. Considering his efficiency, knowledge and contribution in working of the company, the Board of Directors is of opinion that it will be expedient to appoint him as Executive Director on terms and conditions as set out in aforesaid resolution.

Accordingly the Board of Directors of the Company solicits your approval to this resolution.

None of the Director is interested in the resolution except Sh. B.K. Vinayak himself.

ITEM NO. 6

Shri M.K. Aggarwal was appointed as Additional Director in meeting of the Board of Directors held on 14th July, 1998.

Mr. M.K. Aggarwal aged about 40 years is a Chartered Accountant having experience over 17 years in the field of finance. Considering his efficiency, knowledge and contribution in working of the Company, the Board of Directors is of the opinion that it will be expedient to appoint him as Director.

Accordingly the Board of Directors of the Company solicits your approval to this resolution.

None of the Director is interested in the resolution except Sh. M.K. Aggarwal himself.



ERA FINANCIAL SERVICES (India) Ltd.

DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors have pleasure in presenting the 6th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

	31.03.98	31.03.97
	(Rs. in Lacs)	
Total Income	80.17	114.37
Profit before depreciation & tax	47.03	86.70
Provision for NPA	0.19	0.39
Depreciation	68.05	20.77
Profit/(Loss) for the year	(21.21)	65.54
Provision for taxation	1.09	8.60
Profit/(Loss) after tax	(22.30)	56.94
ADD:		
Profit brought forward	23.34	23.25
Profit/(Loss) available for		
Appropriation	1.04	80.19
Tax of earlier year	(0.50)	—
Proposed Dividend	—	42.60
Transfer to General Reserve	—	2.85
Transfer to Special Reserve	—	11.40
Balance Carried to Balance Sheet	0.54	23.34

PERFORMANCE HIGHLIGHTS

During the year under review the Company suffered net loss of Rs.21.21 Lacs as compared to profit of Rs.65.54 Lacs in the previous year. The loss was mainly attributed to lower income, provision of high depreciation on account of change in method and general recession in the industry.

Your directors are hopeful of better performance in the coming year.

DEPOSITS

The Fixed Deposit as on 31st March, 1998 stood at Rs.15.58 Lacs. There are no over due/unclaimed deposits.

DIRECTORS

Since the last Annual General Meeting, Sh. Mukesh Hans, Executive Director of the Company ceased to be Director by resigning on 1st September, 1997. Sh. N. V. Singh, Director of the Company resigned from the board on 1st September, 1997 due to his pre-occupation. The Board records appreciation for valuable services rendered by Sh. Mukesh Hans and Sh. N. V. Singh during their tenure as Directors.

Sh. B. K. Vinayak was appointed as Director of the Company w.e.f. 1st September, 1997 & Executive Director w.e.f. 1st April, 1998. Sh. H. S. Bharana retires by rotation and being eligible offers himself for re-appointment.

PROJECTION VIZ. PERFORMANCE

The projection as set out in Company's prospectus dated 16.01.96 report total income of Rs.262.17 Lacs profit after tax Rs.82.30 Lacs and EPS of Rs.1.57 for the year ended on 31st March, 1998. Against this, company has earned total income of Rs.80.17 Lacs & net loss of Rs. 21.21 Lacs. The variations are due to changes in money market and depressed capital market.

DIVIDEND

Your Directors regret that due to loss incurred by the Company, no dividend is being recommended.

AUDITORS

M/s P. C. Bindal & Co., Chartered Accountants, Auditors of Company retire at the conclusion of this Annual General Meeting and being eligible offers themselves for re appointment. The auditors report is itself explanatory and therefore do not call for any comments.

PARTICULARS OF ENERGY CONSERVATION TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your Company is not engaged in any manufacturing activities. Hence, these particulars are not applicable. There are no foreign exchange earnings/outgo

PERSONNEL

The relation with employees continued to be cordial through out the year. Your Directors wish to place on record their sincere appreciation for the excellent team work with which employees of the Company at all levels contributed for the satisfactory performance.

In accordance with section 217 (2A) of Companies Act, 1956, read with the Companies (Particular of employees) Rules, 1975, the particulars of employees are set out in the attached annexure forming part of the Report.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, particularly Vijaya Bank our valued Customer's Deposit holders and Shareholders during the year under review. Your Directors also wish to place on record their deep appreciation of contribution of the employees at all levels for the success, growth and development of the Company.

By order of the Board

Place : New Delhi
Dated : May 29, 1998

[B. K. VINAYAK]
EXECUTIVE DIRECTOR



ERA FINANCIAL SERVICES (INDIA) LTD.

ANNEXURE TO THE DIRECTORS' REPORT

Statement of particulars under 217 (2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report.

S. No.	Name	Designation & Nature of duties	Age (Yrs)	Qualification	Remuneration (Rs.)	Date of Employment	Experience (Yrs.)	Particulars of Employer	Last Employment Designation
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Employed for Part of the Year

1.	Mukesh Hans	Executive Director Post Graduate Diploma in International Management	37	I.C.W.A.(Inter)	157686.60	01.06.93	15 Yrs.	Span Holding Ltd.	Asst. Vice President (Finance)
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ERA FINANCIAL SERVICES (INDIA) LTD.

AUDITORS' REPORT

To
The Members,
ERA FINANCIAL SERVICES (INDIA) LIMITED
New Delhi.

REPORT ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 1998 IN COMPLIANCE WITH SECTION 227(2) OF THE COMPANIES ACT, 1956.

We have audited the attached balance sheet of Era Financial Services (India) Limited, New Delhi as at 31st March, 1998 and the annexed Profit and Loss Account for the year ended on that date and report that :

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by the law have been maintained by the Company so far as appears from our examination of these books.
3. The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanation given to us, the Statements of Accounts subject to notes appearing in Schedule M give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) In the case of Balance Sheet, of the State of Affairs of the Company as at 31st March, 1998 and
 - b) In the case of Profit and Loss Account of the loss of the Company for the year ended on that date.
5. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, to the extent, it is applicable to the Company, we report as under:

- i) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets. The fixed assets of the company have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory has been noticed.
- ii) None of the fixed assets have been revalued during the year.
- iii) The stock of shares and debentures have been physically verified by the management at the reasonable intervals during the year under audit. No major discrepancies were noticed on physical verification of shares and securities as compared to the book records. In our Opinion and according to the information & explanation given to us, the procedure of physical verification of share & securities followed by the management is reasonable, proper and adequate in relation to nature of its business and accounting principle.
- iv) The Company has not taken any loans, secured or unsecured from companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956
- v) The Company has granted unsecured loans to parties in the register maintained under section 301 of the Companies Act, 1956 and the terms and conditions of such loans are not prima-facie prejudicial to the interest of the Company.
- vi) In respect of loans or advances in the nature of loans given by the Company, parties have been regular in payment of the loans as per stipulation, if any and interest wherever applicable, except in some cases for which the Company has followed the guidelines issued by the Reserve Bank of India to all Non Banking Financial Companies for assets classification and provisioning for and Income Recognition on non performing assets.
- vii) In our Opinion and according to the information and explanation given to us, the Company has an internal control procedure commensurate