



ERA FINANCIAL SERVICES (INDIA) LIMITED

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*11th
Annual Report
2002-2003*


ERA FINANCIAL SERVICES (INDIA) LTD.
BOARD OF DIRECTORS
BIJANDER SINGH

Chairman & Director

A.K. BIRLA

Director

SANJAY GUPTA

Director

I.S. GULIA

Director

T.D. ARORA

Director

MAIN BANKERS
UNION BANK OF INDIA

Asaf Ali Road

New Delhi

AUDITORS
P.C. BINDAL & CO.

Chartered Accountants

REGISTERED OFFICE

370-371/2, Sahi Hospital Road

Jangpura Bhogal,

New Delhi-110 014

REGISTRAR & SHARE TRANSFER AGENT
BEETAL FINANCIAL &
COMPUTER SERVICES (P) LTD.

321-S, Chirag Delhi (Near Shahid Bhagat Singh College)

New Delhi-110 017

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ERA FINANCIAL SERVICES (INDIA) LTD.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 11th Annual General Meeting of the members of Era Financial Services (India) Limited, will be held on Monday, the 29th day of September, 2003 at 9.00 a.m. at Khasra No.436 & 451, Fateh Pur Beri, Mehrauli, New Delhi-110030, to transact the following business: -

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & Loss Account for the year ended on that date together with Reports of the Directors and the Auditors thereon.
2. To appoint Director in place of Sh. A.K. Birla, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. P.C. Bindal & Co., Chartered Accountants, the retiring Auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of next Annual General Meeting 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 Ordinary Resolution.
"Resolved that Sh. T.D. Arora who was co-opted by the Board as an Additional Director w.e.f. 25th March, 2003 and who holds the Office upto the date of ensuing Annual General Meeting and in respect of whom Notice under section 257 of the Companies Act, 1956 has been received from a member proposing Sh. T.D. Arora for the Office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as Ordinary Resolution.
"Resolved that Sh. I.S. Gulia who was co-opted by the Board as an Additional Director w.e.f. 25th March, 2003 and who holds the Office upto the date of ensuing Annual General Meeting and in respect of whom Notice under section 257 of the Companies Act, 1956 has been received from a member proposing Sh. I.S. Gulia for the Office of Director, be and is hereby appointed as Director of the Company liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as Special Resolution:
"Resolved that subject to the approval of the shareholders in Annual General Meeting and the Registrar of Companies u/s.21 and other applicable provisions, if any of the Companies Act, 1956, the name of the Company be and is hereby changed from "Era Financial Services (India) Ltd." to "EFSL Ltd" or any other name as Board in its absolute discretion decide and as may be made available by Registrar of Companies NCT of Delhi & Haryana."
"Resolved further that the Board be and is hereby authorised to do all such acts, deeds and things as may be required to give effect to above resolution."
"Resolved further that the name of the Company in the Memorandum & Articles of Association be changed as approved by the appropriate authority".

By Order of the Board of Directors
For ERA FINANCIAL SERVICES (INDIA) LTD

[BIJANDER SINGH]
CHAIRMAN

Regd. Office:
370-371/2, Sahi Hospital Road
Jangpura, Bhogal, New Delhi-110014

DATED : 30.06.2003

NOTE:

1. A MEMBER ENTITLED TO ATTEND & VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY SO APPOINTED-NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form duly executed and properly stamped, in order to be effective, should reach the company at its Registered Office at least 48 hours before the scheduled time of the meeting.
3. The Register of Member and the Share Transfer books of the Company will remain closed from 27th September 2003 to 29th September 2003 (Both days inclusive).

4. Only Registered Members carrying attendance slips and holders of valid proxies registered with the Company will be permitted to attend the meeting.
5. The Members are requested to :
(a) Intimate to the Company changes, if any in their registered address at an early date.
(b) Quote ledger folio no. or DP ID & Client ID in all their correspondence.
(c) Bring their copy of the Annual Report and the attendance slips with them at the Annual General Meeting.
6. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed herewith.

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

ITEM NO. 4

Sh. T.D. Arora was appointed as an Additional Director as per Provisions of Section 260 of the Companies Act, 1956, during the year and he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice proposing his appointment under section 257 of the Companies Act, 1956 as a candidate for the Office of the Director, liable to retire by rotation.

Sh. T.D. Arora is B.E. Civil and is highly experienced person. The Board is of the opinion that his knowledge and experience would be of immense help for the overall progress of the Company and hence recommends his appointment as director.

None of the directors of the Company except Sh. T.D. Arora himself is concerned or interested in this resolution.

ITEM NO. 5

Sh. I.S. Gulia was appointed as an Additional Director as per Provisions of Section 260 of the Companies Act, 1956, during the year and he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice proposing his appointment under section 257 of the Companies Act, 1956 as a candidate for the Office of the Director, liable to retire by rotation.

Sh. I.S. Gulia is an Arts Graduate and has rich experience in the field of Marketing. The Board considers it desirable that the Company should continue to avail his guidance and advise and hence recommends his appointment as Director of the Company.

None of the Directors of the Company except Sh. I.S. Gulia himself is concerned or interested in this Resolution.

ITEM NO.6

The Company was incorporated on 6th January, 1993 under the name "Era Financial Services (India) Ltd" at the time of incorporation, main objects of the Company includes carrying on the business as finance Company.

Now your Directors proposes to change the name of the Company from Era Financial Services (India) Ltd. to "EFSL Ltd", the abbreviated form of the present name of the Company or any other name as may be approved by Registrar of Companies NCT of Delhi & Haryana.

Provisions of Companies Act, 1956 enables the Company to make said change with the approval of Shareholders in General Meeting and therefore your Directors recommend the Resolution for your approval. After getting approval of members, Application will be made to Registrar of Companies for their approval u/s.21 of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the proposed Resolution.

By Order of the Board of Directors
For ERA FINANCIAL SERVICES (INDIA) LTD

[BIJANDER SINGH]
CHAIRMAN

Regd. Office:
370-371/2, Sahi Hospital Road
Jangpura, Bhogal, New Delhi-110014

DATED : 30.06.2003



ERA FINANCIAL SERVICES (INDIA) LTD.

DIRECTORS' REPORT

To,
THE MEMBERS
ERA FINANCIAL SERVICES (INDIA) LIMITED
NEW DELHI

Your Directors have pleasure in presenting the 11th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS :

Financial Results of the company for the year under review are summarised as below: (Rs. In lacs)

Particulars	Year ended 31.03.2003	Year ended 31.03.2002
Total Income	29.89	38.40
Profit before depreciation & tax	14.69	8.98
Depreciation	(15.01)	(17.41)
Profit/(Loss) before tax	(0.32)	(8.43)
Provision for Non Performing Assets (Written back)	13.03	34.78
Provision for tax - Current	---	---
Deferred Tax	(3.88)	(9.35)
Earlier year Taxes	---	0.01
Profit/(Loss) after tax	8.83	17.01
Surplus/(Deficit) carried to Balance Sheet	(51.15)	(59.91)

PERFORMANCE REVIEW :

During the year under review, the Company has achieved turnover of Rs.29.89 lacs as compared to Rs. 38.40 Lacs in the previous year. The profit after tax is Rs.8.83 Lacs as compared to net profit of Rs.17.01 Lacs in the previous year. Provision for deferred tax liability of Rs.3.88 Lacs is made in the Current year. Your Directors are making efforts to revive the Company and hope that the initiatives undertaken will result in improvement of financial results in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS :

Industry Structure and Development

The overall recession in the financial market in the preceding year had virtually swept the Non Banking Financial Companies (NBFC's) of the board with most of the NBFC's suffering huge losses due to defaults and consequently erosion in the net worth. However, the NBFC's which have professional expertise and efficiently focusing on core competence shall dominate the sector in future. Based on internal strengths, your Company concentrated in investment and finance as primary activity.

Outlook, Risk and Concern

The Company is likely to maintain its focus on investment, finance and hire purchase activities and will continue to consolidate its position. The Company will also keep a close watch at other alternative opportunities in other growth areas in the financial sector which should suit the strength and competence of the Company.

The Company is exposed to normal industry risk factors, economic, political and social risk. The Company shall however meet these challenges and concerns by adopting more prudent and comprehensive business policies.

Opportunities and Threats

The market for NBFCs is totally in depressed mode. The strict regulations by regulatory authorities and non recovery of dues due to lack of favourable recovery mechanism coupled with uncertain market conditions for NBFCs have further added to depression of the market as a whole.

However, being a developing country Indian economy provides several growth opportunities in the years to come. The Company is also taking various steps to mitigate market adversities. Over a period of time stock markets are consolidating and growing and it is expected that Company shall make full use of its potential in investments and finance related activities to improve operations of the Company.

Adequacy of Internal Control System

The Company has proper and adequate system of internal control to monitor proper recording of transaction according to policies and procedures laid down by the Company. The Company regularly monitors that all regulatory guidelines are complied with at all levels.

The Audit Committee constituted by the Board reviews the adequacy of Internal Control System.

FINANCIAL PERFORMANCE :

The Company has clocked a gross turnover of Rs.29.89 Lacs in the year ending 31st March, 2003 as compared to Rs.38.40 Lacs in the year ending 31st March, 2002.

However, the Net Profit after tax of the Company amounting to Rs.8.83 Lacs as compared to Rs.17.01 Lacs in the previous year, which represents a Net Profit / Gross sales ratio of 29.54% as against 44.30% in the last year.

Your Directors are hopeful that further initiative undertaken will result in improvement of financial results in coming years.

SEGMENTWISE PERFORMANCE :

Company operates only in one segment.

DIVIDEND :

Your directors regret their inability to recommend any dividend in view of low profits during the year.

FIXED DEPOSITS :

During the year, the Company has not accepted any deposits from public. There were no unclaimed deposits outstanding as on 31st March, 2003.

DIRECTORS :

During the year, Sh. Dhiraj Singh, Sh. H.S. Bharana & Sh. B.K. Vinayak resigned from the Board of the Company, Board placed on record its sincere appreciation for the valuable services renders by them during their tenure.

Sh. A.K. Birla, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. During the year, Sh. I.S. Gulia and Sh. T.D. Arora were co-opted by the Board as Additional Directors of the Company. In accordance with



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Provisions of Section 260 they holds office upto the date of ensuing Annual General Meeting. The Company has received a notice u/s. 257 of the Companies Act, 1956 for their appointment at the said meeting as Directors of the Company.

AUDITORS :

The auditors of the company M/s. P.C. Bindal & Co., Chartered Accountants, retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for reappointment. The company has received letter from them to the effect that their appointment if made, would be within prescribed limit u/s 224(1B) of the Companies Act, 1956.

The notes on accounts appearing in the schedule and referred to in the Auditors Report are self explanatory and therefore do not call for any further comments or explanations. The Audit Committee and your Board recommend their re-appointment as Auditors of the Company.

MATERIAL CHANGES :

There are no material changes and commitments, affecting the financial position of the Company between the end of the financial year of your Company and the date of Director's Report.

PERSONNEL :

The relation with employees continued to be cordial throughout the year. Your Directors wish to place on record their sincere appreciation for the dedicated team work by its employees.

Your company has no employee drawing a remuneration as prescribed under section 217(2A) of the Companies Act, 1956 during the year under review.

PARTICULARS OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO :

The company has no activities relating to conservation of energy and technology absorption. There were no Foreign Exchange Earnings/Outgo.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required by Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- (I) That in the preparation of the accounts for the financial year ended 31st March, 2003 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (II) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- (III) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (IV) That the Directors have prepared the accounts for the financial year ended 31st March 2003 on going concern basis.

AUDIT COMMITTEE :

Code of Corporate Governance introduced by SEBI by way of amendment to Listing Agreement with the Stock Exchanges is applicable to the Company from the Financial year ending 31.03.2003.

An Audit Committee has been in existence since 2001. Terms of the reference of the existing Audit Committee have been modified in line with the new requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

CORPORATE GOVERNANCE :

A separate section on the Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

ACKNOWLEDGEMENT :

Your Directors place on record their appreciation to its bankers, business associates, employees and shareholders.

For and on behalf of the Board

[BIJANDER SINGH]
CHAIRMAN

PLACE : NEW DELHI

DATED : 30.06.2003



ERA FINANCIAL SERVICES (INDIA) LTD. CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Philosophy of Era Financial Services (India) Ltd (EFSL) on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity in all facets of its operations. Your Company is committed to integrity as the corner stone of the way it does business. Company and its employees have a commitment to its customers, suppliers, local communities, competitors, shareholders and the nation to conduct the business in an ethical and legal manner. EFSL believes that its operation and actions must serve the underlying goal of enhancing overall shareholders value over a sustained period of time.

2. BOARD OF DIRECTORS :

As on 31.03.03, the Board of your Company consisted of 5 Directors, out of whom 4 are non-executive Directors all being independent. Sh. Bijander Singh, Chairman of the Company is an Executive Director.

Sl. No.	Name of the Director	Status	Date of appointment	Date of Cessation	No. of Board Meetings held*	No. of Board Meetings attended	Last AGM attended	No. of other directorship and committee membership and chairmanship.		
								Other Directorship	Committee Membership	Committee Chairmanship
1.	Dheeraj Singh	Non Executive	31.5.99	30.6.02	1	1	N.A.	1	---	---
2.	H.S. Bharana	Non Executive	6.1.93	30.6.02	1	1	N.A.	2	---	---
3.	B.K. Vinayak	Independent	1.9.97	25.6.02	1	1	N.A.	---	2	1
4.	A.K. Birla	Independent	24.06.02	N.A.	6	5	Yes	---	---	2
5.	Sanjay Gupta	Non Executive	24.06.02	N.A.	6	5	Yes	---	2	1
6.	Bijander Singh	Executive	24.06.02	N.A.	6	5	Yes	1	---	---
7.	T.D. Arora	Independent	25.03.03	N.A.	---	---	N.A.	---	1	---
8.	I.S. Gulia	Non Executive	25.03.03	N.A.	---	---	N.A.	---	2	---

* Meetings held during tenure of Director.

DATE & NUMBER OF BOARD MEETINGS HELD

Six Board Meetings were held during the year i.e. on 24th June'02, 25th June'02, 31st July'02, 31st October'02, 31st January'03 and 25th March'03.

3. AUDIT COMMITTEE :

Company constituted the Audit Committee of Directors during 2000-01 in terms of Section 292A of the Companies Act, 1956. The terms of reference of the existing Audit Committee have been revised to conform to the Provisions of Clause 49 of the Listing Agreement applicable on the Company from the Financial year ended 31.03.2003.

Present Audit Committee of your Company conforms to the Provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Meetings

Five Meetings of Audit Committee was held during the year 2002-03, on 25th June 02, 31st July'02, 31st October'02, 31st January'03 and 25th March'03. In addition one meeting of Audit Committee was held on 30th June, 03 to consider the Final Accounts for the year ended 31st March, 2003

Composition

The Audit Committee of Directors as on 31.03.2003 comprises of three members, all non-executive independent Directors. Composition of Committee as on date and changes therein taking place during the year are as follows:

S.No.	Name Of Members	Designation	No. of meetings held *	No. of meetings attended
1.	H.S. Bharana	Chairman	1	1
2.	B.K. Vinayak	Member	-	-
3.	Dhiraj Singh	Member	1	1
4.	A.K. Birla	Member	4	4
5.	Sanjay Gupta	Chairman	5	5
6.	Bijander Singh	Member	4	4
7.	T.D. Arora	Member	1	1
8.	I.S. Gulia	Member	1	1

* Meetings held during tenure of Membership

i) Mr. B.K. Vinayak resigned from the Committee w.e.f. 25.06.2002 and Mr. H.S. Bharana and Mr. Dhiraj Singh resigned w.e.f. 30.06.2002.

ii) Mr. A.K. Birla, Mr. Sanjay Gupta and Mr. Bijander Singh inducted in the Committee w.e.f. 25.06.2002.

iii) Mr. T.D. Arora and Mr. I.S. Gulia inducted in the Committee w.e.f. 25.03.2003.

iv) Mr. A.K. Birla and Mr. Bijander Singh resigned from the Committee w.e.f. 25.03.2003.

Revised Terms of Reference

The Revised Terms of Reference for the Committee as laid down by the Board include the following:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval of payment for any other services.



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c) Reviewing with management the annual financial statement before submission to the Board, focusing primarily on:

- Any change in accounting policies and practices
- Major accounting entries based on exercise of judgement by management
- Qualification in draft audit report
- Significant adjustments arising out of the audit.
- The going concern assumption
- Compliance with accounting standards
- Compliance with Stock Exchange and legal requirements concerning financial statements.
- Any related party transaction i.e. transaction of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

f) Discussion with internal auditors any significant findings and follow up thereon.

g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matters to the Board.

h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

i) Reviewing the Company's financial and risk management policies.

j) To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors

4. SHAREHOLDERS'/INVESTORS GRIEVANCE COMMITTEE :

Composition

The Board of Directors of your Company at its meeting held on 25th March,03 constituted the shareholders/Investors' Grievance Committee comprising Mr.A.K. Birla, Mr.Sanjay Gupta and Mr. J.S. Gulia. Committee function under the Chairmanship of Mr.A.K. Birla.

Terms of Reference

The Committee would look into the redressal of the Investors Grievances pertaining to the (a) transfer of shares (b) non-receipt of Annual Report (c) dematerialisation of shares (d) non-receipt of declared dividend (e) other related issues.

Compliance Officer

As per the requirement of the Listing Agreement with the Stock Exchange, Mr.A.K. Birla, Director of the Company act as the Compliance Officer of the Company. There have been no complaints that have not been resolved to the satisfaction of the Shareholders nor are there any pending transfers as on 31.03.2003.

5. REMUNERATION COMMITTEE :

The Remuneration Committee of your Board shall have the power to decide, consider and review the remuneration of all the executive directors. In accordance with the provisions of Schedule XIII and Clause 49 of the Listing Agreement, Board of Directors of your Company constituted the remuneration committee comprising Shri A.K. Birla, Shri Sanjay Gupta and Shri B.K. Vinayak.

Shri A.K. Birla acts as Chairman of the Committee.

6. REMUNERATION OF DIRECTORS :

Non Executive Directors

Non Executive Directors of the company neither receive any remuneration nor any sitting fees for attending meetings of the Board of Directors.

Executive Directors

Details of the remuneration paid to Sh. Bijander Singh, Whole Time Director of the company (appointed w.e.f. 24.6.2002) during the year 2002-03 are as follows:

Salary	HRA	Allowances & Perquisites	Contribution to PF & Other Funds	Total
66249	39749	35718	9016	Rs.150732

Remuneration paid to Bijander Singh was approved by the Remuneration Committee of Directors.

7. GENERAL BODY MEETINGS:

Location and time for the last three Annual General Meetings (AGM):

Year	Location	Date	Time
1999-00	Sheena Chahat Farm 6, Mandi Valley Farms New Delhi-110030	30.09.2000	11.00 a.m.
2000-01	Sheena Chahat Farm 6, Mandi Valley Farms New Delhi-110030	29.09.2001	11.00 a.m.
2001-02	Sheena Chahat Farm 6, Mandi Valley Farms New Delhi-110030	28.09.2002	04.30 p.m.

All the Directors of the Company were present at the above Annual General Meetings.

No Special Resolution was put through Postal Ballot during the last year.