



# **ERA FINANCIAL SERVICES (INDIA) LIMITED**

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*12th  
Annual Report  
2003-2004*


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

Chairman

**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

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the members of Era Financial Services (India) Limited, will be held on Saturday, the 25<sup>th</sup> day of September, 2004 at 2.00 P.M. at Khasara No. 436 & 451, Fateh Pur Beri, Mehrauli, New Delhi-110 030, to transact the following business :-

#### Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2004 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. Sanjay Gupta, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s. P.C. Bindal & Co., Chartered Accountants, as Statutory Auditors of the Company to hold the office from the conclusion of this meeting until the 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 pursuant to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII, other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the reappointment of Shri Bijander Singh as Whole Time Director of the Company for a further period of two(2) years w.e.f. 24<sup>th</sup> June, 2004 on the terms and conditions of remuneration as approved by the Remuneration Committee of the Company and as set out in the explanatory statement annexed to the notice convening this Annual General Meeting, a copy whereof, initialed by the chairman for the purpose of identification is placed before this meeting."

"Further Resolved that Sh. Bijander Singh shall not be liable to retire by rotation."

"Resolved further that the Board of Directors of the Company be and is hereby authorized to vary, alter and/or modify the terms and conditions relating to remuneration and/or perquisites to be provided to Shri Bijander Singh within the overall limits approved herein and to settle any question or difficulties in connection therewith or incidental thereto."

**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 : 31<sup>st</sup> July, 2004

### 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. Explanatory statement pursuant to section 173(2) of the Companies Act is annexed hereto.
4. The Register of Members and the Share Transfer books of the Company will remain closed from 20<sup>th</sup> September 2004 to 25<sup>th</sup> September 2004 (both days inclusive).
5. Only Registered Members carrying attendance slips and holders of valid proxies registered with the Company will be permitted to attend the meeting.
6. The Members are requested to :
  - (a) Intimate to the Company changes, if any in their registered address
  - (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.
7. Members are requested to intimate their queries, if any, relating to the accounts or any other matters at least seven days in advance of the meeting so that the information can be made readily available and furnished at the meeting
8. Re-Appointment of Directors  
At the ensuing Annual General Meeting, Sh. Sanjay Gupta retires by rotation and being eligible offers himself for re-appointment. The information or details pertaining to Sh. Sanjay Gupta to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Corporate Governance Report published in this Annual Report.
9. All document referred to in the accompanying Notice are open for inspection by Members at the Registered office of the Company between 10.00 a.m and 12.00 noon on any working day of the Company till 25<sup>th</sup> September, 2004.



## ERA FINANCIAL SERVICES (INDIA) LTD.

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

#### ITEM NO. 4

Sh. Bijander Singh is B.A. and L.L.B. and is holding the position of Whole Time Director of our Company since 24th June 2002. He is also holding the directorship of Era Housing & Developers (I) Limited. His term of office as Whole Time Director expires on 23<sup>rd</sup> June 2004

The Board of Directors of the Company at its meeting held on 21<sup>st</sup> June 2004, re-appointed, subject to your approval in pursuance of the provisions of schedule XIII and other applicable provision of the Companies Act 1956, Mr. Bijander Singh as the Whole Time Director of the Company w.e.f. 24<sup>th</sup> June 2004 for a further period of two years i.e. from 24.06.04 to 23.06.06

The Remuneration Committee of the board by its resolution dated 21.06.04 has approved the following remuneration for Mr. Bijander Singh, as Whole Time Director for the said period:

- i) **Salary** : Rs. . 8,230/- per month.
- ii) **Housing** : The expenditure by the Company in hiring unfurnished accommodation will be subject to the ceiling of maximum of Sixty Percent of basic salary.  
In case no accommodation is provided by Company, the Whole Time Director shall be entitled to House Rent Allowance subject to the abovementioned ceiling.
- iii) **Medical Re-imbursement** : Expenses incurred for self and family subject to a ceiling of maximum of 8.33 percent of basic salary.
- iv) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the Rules specified by the Company.
- v) **Gratuity** : Not exceeding half month's salary for each completed year of service.
- vi) **Contribution to PF** : The Company's contribution shall not exceed 12% of Salary.
- vii) **Conveyance** : Whole Time Director shall be entitled to conveyance allowance of 60% of basic salary.
- viii) **Bonus** : The Whole Time Director shall be entitled to bonus subject to maximum of 20% of basic Salary.

#### Other Terms & Conditions:

1. Unless otherwise stipulated, for the purpose of the above, the perquisites shall be evaluated as per Income Tax Rules wherever actual cost cannot be determined.
2. Notwithstanding the foregoing, where in any financial year during the currency of the tenure of Mr. Bijander Singh, the company has no profits or its profits are inadequate, the remuneration by way of salary,

commission and perquisites shall not exceed, the maximum limits prescribed in schedule XIII to the Companies Act, 1956, except with the approval of the Central Government.

3. Mr. Bijander Singh shall perform his duties subject to superintendence, control and director of the Board of Directors of the company.
4. In the event of any re-enactment or re-codification of the companies act, 1956 or the Income Tax Act, 1961 or amendments thereto, the foregoing shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new act or the amendments thereto or the Rules and notification issued thereunder.
5. The limits specified above are the maximum limits and the Board may in its absolute discretion pay to Mr. Bijander Singh lower remuneration and revise the same from time to time within the maximum limits stipulated above.
6. If at any time Mr. Bijander Singh ceases to be a director of the company for any cause whatsoever, he shall cease to be a Whole Time Director of the company.

The resolution setout at item no. 4 of the accompanying notice together with explanatory statement are and should be read as abstract u/s. 302 of the Companies Act 1956

Accordingly the resolution is recommended for your approval.

None of the Director of the company except Mr. Bijander Singh shall be deemed to be concerned or interested in the 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 : 31st July, 2004



## ERA FINANCIAL SERVICES (INDIA) LTD.

### DIRECTORS' REPORT

To,

The Members

**ERA FINANCIAL SERVICES (INDIA) LIMITED**  
NEW DELHI

Your Directors have pleasure in presenting the 12<sup>th</sup> Annual Report together with Audited Statement of Accounts of the company for the year ended 31<sup>st</sup> March, 2004.

#### Financial Results:

Financial results of the company for the year under review are summarized as below :

(Rs. In Lacs)

Particulars	Year Ended 31.3.2004	Year Ended 31.3.2003
Total Income	35.50	29.89
Profit Before Depreciation & Tax	16.62	14.69
Depreciation	12.93	15.01
Profit/Loss Before Tax	3.69	(0.32)
Provision for Non Performing Assets (Written Back)	12.07	13.03
Provision for tax - Current	0.23	—
Deferred Tax	5.35	3.88
Profit/Loss after Tax	10.18	8.83
Surplus/(Deficit) Carried to Balance Sheet	(40.97)	(51.15)

#### Performance Review :

During 2003-04 the company has recorded turnover of Rs. 35.50 Lacs as compared to Rs. 29.89 lacs achieved during the previous financial year. During the year under review the company registered profit before tax of Rs. 3.69 Lacs as against loss of Rs. 0.32 Lacs in previous year. Profit after tax increased to Rs. 10.18 Lacs from Rs. 8.83 Lacs in the previous financial year. Further, provision for deferred tax liability of Rs. 5.35 Lacs has been made in the current year.

Your Directors are making efforts to revive the Company and hope that the initiatives undertaken will result in the improvement of financial results in the coming years.

#### MANAGEMENT DISCUSSION AND ANALYSIS :

##### Industry Structure and Development

Non – Banking Finance Companies (NBFCs) act as a critical link in the overall financial system catering a large market of customers. They are an integral part of the country's financial system because of their complementary as well as competitive role. However, at present due to the entry of Indian and Foreign banks into the retail lending business competition in the sector has become intense thereby exerting pressure on margins. Present market scenario has revealed that due to the tough competition in the market, only those NBFCs which have large resources at their disposal coupled with professional expertise will survive in the market.

On the regulatory front, NBFCs are regulated by the Reserve Bank of India (RBI) almost at par with banks.

#### Outlook, Risk and Concern

NBFCs can sustain in this competitive environment only through identification of potential business areas, widening geographical reach, cost efficiencies, strict credit monitoring and raising the level of customer service. In addition to that rigorous credit evaluation and efficient collection and recovery system are also the major areas of concern.

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

As observed during last few years, the traditionally debt-averse Indian consumer has been gradually becoming more and more credit happy and has aspirations to enhance the quality of his life. Considering this, there are tremendous potential in retail financing in the years to come. Positive attitude of the Indian consumers will result in the growth of the business of the Company in future.

However, tough competition, strict regulations by regulatory authorities, non recovery of dues due to lack of favourable recovery mechanism and uncertain market conditions continues to be threats for the business of the Company.

#### Adequacy of Internal Control System

Company has adequate internal control systems to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance of laws and regulations. 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

Operational Results, 2003-04 Versus 2002-03 :

Particulars	2003-04	2002-03
Total Income	35,50,448	29,893,43
Expenses	18,88,279	15,19,716
Depreciation	12,93,167	15,00,943
Total Expenditure	31,81,446	30,20,659
Profit/ (Loss) before Tax(PBT)	3,69,002	(31,316)
Provision for NPA (written Back)	(1,207,081)	(1,303,000)
Provision for Tax	5,58,446	3,88,257
Profit after tax (PAT)	10,17,637	8,83,427
Equity Capital	5,33,00,000	5,33,00,000
Reserves & Surplus	11,40,000	11,40,000
Earning per Share	0.19	0.17

#### Segment wise Performance

Company operates only in one segment.

#### Dividend

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





## ERA FINANCIAL SERVICES (INDIA) LTD.

### Public Deposits :

During the year, the Company has not accepted any deposits from public. There were no unclaimed deposits outstanding as on 31<sup>st</sup> March 2004.

### Directors :

Sh. Sanjay Gupta, Director of the company, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Sh. Bijander Singh was re-appointed, subject to your approval, Whole Time Director of company for a further period of 2 years. Resolution for his re-appointment is commended for your approval.

### Auditors :

M/s. P.C. Bindal & Co., Chartered Accountants, the Auditors of the company retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Audit Committee and your Board recommend their reappointment as Auditors of the Company. The company has received letter from them to the effect that their appointment, if made would be within prescribed limit under Section 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.

### Personnel :

The Company is professionally managed and has very cordial relationship with all its employees. Yours directors wish to place on record their deep appreciation of the dedicated and efficient services rendered by the staff and work force of the Company. 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 and Outgo :

Your company has no activity relating to conservation of energy and technology absorption. There were no foreign exchange earnings/Outgo

### 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 to which the balance sheet relates and the date of Directors' Report.

### Directors' Responsibility Statement :

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2004, 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 judgments 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 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 31<sup>st</sup> March, 2004 on 'going concern' basis.

### Corporate Governance :

Your Company complies with all the requirements pertaining to Corporate Governance, in terms of Clause 49 of the listing agreement with the Stock Exchanges A detailed Report on Corporate Governance has been included in this Annual Report alongwith a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance.

### Acknowledgement :

Your directors take this opportunity to offer their sincere thanks to the bankers of the company, business associates, shareholders and esteemed clients for their unstinted support and assistance and look forward to the same in the times ahead.

For and on behalf of the Board

[BIJANDER SINGH]  
CHAIRMAN

PLACE : NEW DELHI  
DATED : 31st July, 2004



# ERA FINANCIAL SERVICES (INDIA) LTD.

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

### 2. BOARD OF DIRECTORS

During the year, the Board consisted of 5 Directors, out of whom 4 are non-executive Directors all being Independent. Shri 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.	Bijander Singh	Executive	24.06.02	N.A.	4	4	Yes	1	---	---
2.	A.K. Birla	Independent & Non Executive	24.06.02	N.A.	4	4	Yes	---	---	2
3.	Sanjay Gupta	Independent & Non Executive	24.06.02	N.A.	4	4	Yes	---	2	1
4.	T.D. Arora	Independent & Non Executive	25.03.03	N.A.	4	4	Yes	---	2	---
5.	I.S. Gulia	Independent & Non Executive	25.03.03	N.A.	4	4	Yes	---	2	---

### DATE & NUMBER OF BOARD MEETINGS HELD

Four Board meetings were held during the year on 30<sup>th</sup> June, 2003, 31<sup>st</sup> July, 2003, 31<sup>st</sup> October, 2003 and 31<sup>st</sup> January, 2004.

### 3. AUDIT COMMITTEE

The Company has an Audit Committee of Directors since 2000-2001. The Committee has the powers similar to those stated in the Clause 49 of the listing Agreement and Section 292A of the Companies Act 1956 and exercises most of the functions as per terms of reference of the Audit Committee.

#### COMPOSITION

The Audit Committee of the Board of your company comprises of three members all non executive independent directors. The committee functions under the chairmanship of Mr. Sanjay Gupta, who is an independent director. The composition of committee is as follows :

Name Of Members	Designation	Status/Position
Sanjay Gupta	Chairman	Non Executive Independent Director
T.D. Arora	Member	Non Executive Independent Director
I.S. Gulia	Member	Non Executive Independent Director

### NO. OF MEETINGS AND ATTENDANCE AT MEETINGS

Four meetings of Audit Committee were held during the year 2003-04. on 30<sup>th</sup> June 2003, 31<sup>st</sup> July 2003, 31<sup>st</sup> October 2003 and 31<sup>st</sup> January 2004.

The Attendance of the Committee members at the above meetings is as follows:

#### MEMBERS

1. Sh. Sanjay Gupta
2. Sh. T.D. Arora
3. Sh. I.S. Gulia

#### COMMITTEE MEETINGS

Held	Attended
4	4
4	4
4	4

Statutory Auditors and the executives responsible for finance and accounts function are permanent invites to the Audit Committee.

### 4. SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE -

#### COMPOSITION

The Company has a Shareholders'/Investors Grievance Committee to redress the complaints of the shareholders in respect of the matters pertaining to transfer of shares, non-receipt of annual report, dematerialisation of shares etc. The Committee comprises of three members namely Sh. A.K. Birla, Sh. Sanjay Gupta and Sh. I.S. Gulia. The Committee functions under the chairmanship of Sh. A.K. Birla.

#### COMPLIANCE OFFICER

Mr. A.K. Birla, Director of the Company act as the Compliance Officer of the Company .

Two (2) complaints received during the financial year 2003-04 from the shareholders were replied/resolved to the satisfaction of shareholders and 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<sup>st</sup> March 2004.

### 5. REMUNERATION COMMITTEE

#### COMPOSITION

The Remuneration Committee of your board has the power to decide, consider and review the remuneration of all the executive directors. Company has a Remuneration Committee comprising of Shri A.K. Birla, Shri Sanjay Gupta and Shri T.D. Arora. The Committee functions under the Chairmanship of Shri A.K. Birla who is an Independent Director.

#### NON EXECUTIVE DIRECTORS

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