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Annual Report

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ERA FINANCIAL SERVICES (INDIA) LIMITED



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 AND COMPUTER
SERVICES (P) LIMITED**

Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Complex,
Near Dada Harsukhdas Mandir,
New Delhi- 110 062

CONTENTS

Notice	2
Director's Report	3
Corporate Governance Report	5
Auditor's Report	9
Balance Sheet	12
Profit / Loss Account	13
Notes on Account	18
Cash Flow Statement	20
Balance Sheet Abstract	21
Attendance & Proxy	22



ERA FINANCIAL SERVICES (INDIA) LTD.

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the members of Era Financial Services (India) Limited, will be held on Friday, the 30th day of September, 2005 at 10.00 A.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 31st March, 2005 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.T.D.Arora, 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 Special Resolution:

"Resolved that subject to the provisions of Companies Act, 1956 (including any statutory modifications or reenactment(s) thereof for the time being in force), Securities and Exchange Board of India (Delisting of securities) Guidelines, 2003 Securities and Exchange Board of India Act and the rules, regulations and guidelines made thereunder and subject to such approvals, permissions, exemptions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions, exemptions and sanctions which may be agreed to by the Board of Directors of the company (hereinafter referred to as Board) approval be and is hereby accorded to the Board to delist the equity shares of the company from the Stock Exchanges at Delhi and / or Ahmedabad and the Board be and is hereby authorized to do all acts, deeds and things in connection therewith and incidental thereto."

By Order of the Board of Directors
For Era Financial Services (India) Limited

(Bijander Singh)
Chairman

Regd. Office:

370-371/2, Sahi Hospital Road,
Jangpura, Bhogal, New Delhi-110014

DATED : 30th July 2005

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 26th September 2005 to 30th September 2005 (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. T.D.Arora retires by rotation and being eligible offers himself for re-appointment. The information or details pertaining to Sh.T.D.Arora 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 29th September, 2005.

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

ITEM NO. 4

Presently the Company's Equity Shares are listed at the following three Stock Exchanges.

- (1) The Delhi Stock Exchange Association Ltd.(DSE)
- (2) The Ahmedabad Stock Exchange (ASE)
- (3) The Stock Exchange, Mumbai (BSE)

Trading in the Equity Shares of the Company on the Stock Exchange at Delhi and Ahmedabad is rare and negligible and disproportionate to the listing fees paid by the Company to these Stock Exchanges.

The Company's Equity Shares are eligible for dematerialisation with both the depositories namely NSDL & CDSL and there is no physical movement of shares certificate for transaction taking place in the Stock Exchanges.

In this backdrop it is for consideration to seek delisting of the equity shares of the Company from DSE and / or ASE at the time as may be deemed appropriate and subject to SEBI (Delisting of Securities) Guideline 2003 and requisite approval / exemption as may be required.

Due to continued listing of securities at BSE, having nationwide trading terminals the delisting proposal will not be prejudicial to the interest of investors.

In terms of the relevant guidelines approval of members is being sought by way of a special resolution for enabling delisting as above. The resolution is recommended for approval of the members.

None of the directors of the company may be deemed to be concerned or interested in the resolution.

By Order of the Board of Directors
For Era Financial Services (India) Limited

(Bijander Singh)
Chairman

Regd. Office:

370-371/2, Sahi Hospital Road,
Jangpura, Bhogal, New Delhi-110014

Dated: 30th July 2005



ERA FINANCIAL SERVICES (INDIA) LTD.

DIRECTORS' REPORT

To,
The Members
ERA FINANCIAL SERVICES (INDIA) LIMITED

Your Directors have pleasure in presenting the 13th Annual Report with Audited Statement of Accounts of the Company for the year ended 31st March 2005.

Financial Results:

Financial results of the company for the year under review are summarized as below : (Rs. In Lacs)

Particulars	Year Ended 31.3.2005	Year Ended 31.3.2004
Total Income	155.68	35.50
Profit Before Depreciation & Tax	86.49	16.62
Depreciation	4.72	12.93
Profit/Loss Before Tax	81.78	3.69
Provision for Non Performing Assets (Written Back)	0.00	(12.07)
Provision for tax - Current	9.48	0.23
Deferred Tax	(12.41)	5.35
Profit/Loss after Tax	84.70	10.18
Surplus/(Deficit) Carried to Balance Sheet	43.73	(40.97)

Performance Review :

During the year under review the performance of the Company has been encouraging. The company has recorded turnover of Rs.155.68 Lacs as compared to Rs. 35.50 lacs achieved during the previous financial year. During the year under review the company registered profit before tax of Rs. 81.78 Lacs as against profit of Rs. 3.69 Lacs in previous year. Profit after tax increased to Rs.84.70 Lacs from Rs. 10.18 Lacs in the previous financial year. Further, provision for deferred tax Assets of Rs. 12.41 Lacs has been made in the current year.

MANAGEMENT DISCUSSION AND ANALYSIS :

Industry Structure and Development

The finance sector continues to be characterized by high volatility. The recent governmental policies have strived to lend stability and provided much-needed fillip to the industry. The banking as well as the non-banking entities showed remarkable progress during the year under report.

Outlook, Risk and Concern

The Company strives to make optimum use of opportunities so as to maximize the shareholders' wealth in the years to come. Our motto continues to "create" wealth, while at the same time a watchful eye is kept to "preserve" the existing asset base. 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 uncertainties and fluctuations in the capital market and the interest rates across various financial instruments is a continuing threat for the industry and the company is also not free from that. However, with a team of professional and dedicated management and the staff, the Company is confident enough to forge ahead even in the slack period.

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, 2004-05 Versus 2003-04 :

Particulars	2004-05	2003-04
Total Income	1,55,68,279	35,50,448
Expenses	69,18,824	18,88,279
Depreciation	4,71,756	12,93,167
Total Expenditure	73,90,580	31,81,446
Profit/ (Loss) before Tax(PBT)	81,77,699	3,69,002
Provision for NPA (written Back)	---	(1,207,081)
Provision for Tax		
- Current Tax	948,160	23,040
- Deferred Tax	(1,240,694)	535,406
Profit after tax (PAT)	84,70,234	10,17,637
Equity Capital	5,33,00,000	5,33,00,000
Reserves & Surplus	55,13,156	11,40,000
Earning per Share	1.59	0.19

Segment wise Performance

Company operates only in one segment.

Dividend

No dividend has been recommended during the year under review.

Fixed Deposits :

Your Company has not accepted any deposits from public. There are no unclaimed or unpaid deposits as on 31st March, 2005.

Directors :

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

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 Directors' Report.

Auditors :

M/s. P.C. Bindal & Co., Chartered Accountants, the Auditors of the company retires at the forthcoming Annual General Meeting



ERA FINANCIAL SERVICES (INDIA) LTD.

and are eligible 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.

Auditor's Report :

The observations in the Auditor's Report are dealt in the notes forming part of accounts at appropriate places and the same being self explanatory, no further comment is considered necessary.

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 31st March, 2005, 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 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, 2005 on 'going concern' basis.

Particulars of Employees :

There is no employee whose particulars are required to be furnished in terms of Sec. 217(2A) of the Companies Act, 1956 and rules made there under.

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

Your company has no activity relating to conservation of energy and technology absorption. The Company did not have any foreign exchange income/ outflow.

Corporate Governance :

A report on Corporate Governance appears in this Annual Report. A certificate from M/s. P.C. Bindal & Co., Chartered Accountants, Statutory Auditors with regard to Compliance of the Corporate Governance code by your company is annexed hereto as Annexure and forms part of this report.

Acknowledgements :

Your Directors express heartily gratitude to all valued customers, bankers, business associates, shareholders and employees for their continued support.

For and On Behalf of the Board

**[BIJANDER SINGH]
CHAIRMAN**

PLACE : New Delhi
Dated: 30th July 2005



ERA FINANCIAL SERVICES (INDIA) LTD.

CORPORATE GOVERNANCE COMPLIANCE REPORT FOR THE YEAR 2004-2005

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy can be described as the business practices with the ultimate aim of enhancing long-term shareholder's value and remaining committed to high standards of business ethics. 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.

2. BOARD OF DIRECTORS AND BOARD PROCEDURE

The Board currently consists of 5 directors, 4 of whom are non-executive. Out of the total 5 directors, 4 are independent. The Chairman of the Company is Executive Chairman.

Sl. No.	Name of the Director	Status	Date of Appointment	Date of Cessation Meetings held	No. of Board attended	No. of Board Meetings	Last AGM attended	Directorship, 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	---	---	3
3.	Sanjay Gupta	Independent & Non-Executive	24.06.02	N.A.	4	4	Yes	---	3	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	---	3	---

DATE & NUMBER OF BOARD MEETINGS HELD

Four Board Meetings were held during the year on 30th June 2004, 31st July 2004, 29th October 2004 and 31st January 2005

3. AUDIT COMMITTEE

The company has an Audit Committee comprising three members. All of them including the Chairman are Independent Directors. Mr. T.D. Arora and Mr. I.S. Gulia are the other two members of the committee. The composition of committee is as follows:

Name Of Members	Designation	Status/Position
Mr. Sanjay Gupta	Chairman	Non-Executive Independent Director
Mr. T.D. Arora	Member	Non-Executive Independent Director
Mr. 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 2004-05, on 30th June 2004, 31st July 2004, 29th October 2004 and 31st January 2005.

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

MEMBERS

1. Mr. Sanjay Gupta
2. Mr. T.D. Arora
3. Mr. 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 invitees to the Audit Committee

Terms of Reference:

The terms of reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Company Act, 1956. These include overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is Correct, Sufficient and Credible; reviewing annual and quarterly/ half yearly financial statements with management before submission to the Board; reviewing the adequacy of internal control systems with management, external and internal auditors and reviewing the company's financial risk and management policies.

4. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The present Shareholders' / Investors' Grievance Committee consists of Mr. A.K. Birla, Mr. Sanjay Gupta and Mr. I.S. Gulia. Mr. A.K. Birla is the Chairman of Shareholders / Investors Grievance Committee. The Committee redresses the complaints of the shareholders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialisation of shares, non-receipt of declared dividend etc.

Four Shareholders' / Investors' Grievance Committee meetings were held during the year on 7th April 2004, 7th July 2004, 7th October 2004 and 7th January 2005.

COMPLIANCE OFFICER

Mr. A.K. Birla acts as the Compliance Officer of the Company.

During the year, company received complaint from One shareholder and it was resolved. No complaint is pending as on date of this report.

5. SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of Mr. A.K. Birla, Mr. Sanjay Gupta and Mr. I.S. Gulia. Mr. A.K. Birla is the Chairman of Share Transfer Committee.

The terms of reference of the Committee are to approve the transfer of shares, consolidation/sub-division of shares, issue of duplicate shares and other allied matters. The Company has appointed M/s BEETAL FINANCIAL AND COMPUTER SERVICES (P) LIMITED as R.T.A. as per SEBI Circular in this regard. They are given authority to handle, transfer, dematerialize, compliance etc.. They work under the supervision of Stock Exchange.



ERA FINANCIAL SERVICES (INDIA) LTD.

6. REMUNERATION COMMITTEE

The remuneration committee of your board has the power to decide, consider and review the remuneration of all the executive directors. Company has remuneration committee comprising of Mr. A.K Birla, Mr. Sanjay Gupta and Mr. 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 of the company.

EXECUTIVE DIRECTOR

The details of the remuneration paid to Sh. Bijander Singh, Whole Time Director of the company during the year 2004-2005 are as follows:

Salary	HRA	Allowances & Perquisites	Contribution to PF & Other Funds	Total
95841	57505	73003	11501	237850

7. GENERAL BODY MEETINGS:

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

Year	Location	Date	Time
2001-02	Sheena Chahal Farm Farm No. 6, Mandi Valley Farms New Delhi	28.09.2002	4.30 P.M.
2002-03	Khasara No. 436 & 541 Fateh Pur Beri New Delhi-110030	29.09.2003	9.00 A.M.
2003-04	Khasara No. 436 & 541 Fateh Pur Beri New Delhi-110030	25.09.2004	2.00 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 last year.

8. DISCLOSURES

- There were no transactions of the company of material nature with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large.
- Details of non compliance by company, penalties strictures imposed on the company by Stock exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years – *none*

9. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. These are also published in the prescribed Performa within 48 hrs. of the conclusion of the meeting of the Board in which they are considered, generally in 'The Financial Express' and 'Jansatta'.

The quarterly financial results during the financial year 2004-05 were published as detailed below:

Quarters	Date of Board Meeting	Date of Press Release
April – June, 2004	31st July 2004	1st August 2004
July – September, 2004	29th October 2004	30th October 2004
October – December 2004	31st January 2005	2nd February 2005
January – March 2005	30th June 2005	1st July 2005

10. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management discussion and Analysis Report is a part of the Director Report.

11. APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Mr. T.D Arora retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Mr. T.D. Arora aged about 38 years is a Diploma Holder in Civil Engineering. He was appointed as director of the Company on 25th March 2003. He acts as the member of Audit Committee and Remuneration Committee of Board of Directors of the Company.

12. GENERAL SHAREHOLDERS' INFORMATION

i) ANNUAL GENERAL MEETING

Day : Friday
Date and Time: 30th September 2005 at 10.00 A.M.
Venue : Khasara No. 436 & 451,
Fateh Pur Beri, Mehrauli,
New Delhi-110 030,

ii) FINANCIAL CALENDAR : April, 2005 to March, 2006

Results for the quarter ending June 30, 2005
Results for the quarter ending Sept. 30, 2005
Results for the quarter ending Dec. 31, 2005
Results for the quarter ending March 31, 2006
Annual General Meeting for the year ending March 2006

By end of July 2005
By end of October 2005
By end of January 2006
By end of June 2006
By end of September 2006