



ERAEZONE

ERAE-ZONE (INDIA) LIMITED



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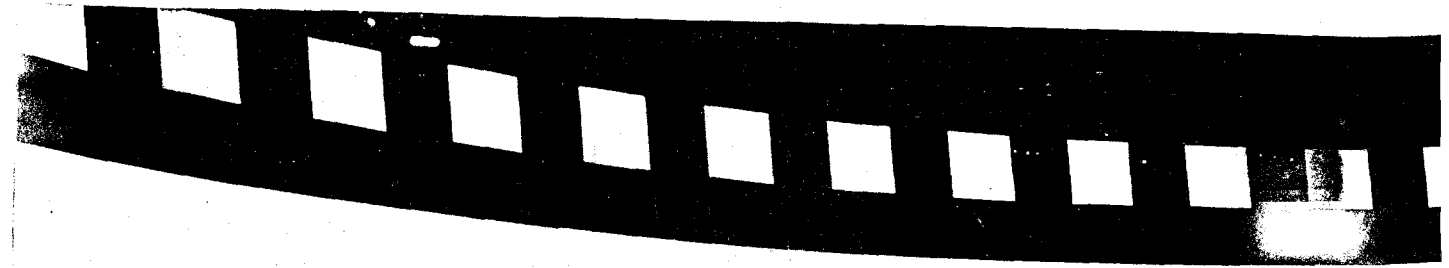
Era Vision

66 To be the group of first choice in engineering, construction, real estate, entertainment & hospitality and project management through committed focus on quality, innovation, technology, stakeholder growth and social responsibility

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About Era E-Zone

Incorporated in 1993 as Era Financial Services (India) Limited, the Company was renamed as Era E-Zone (India) Limited in 2006 keeping in mind its new business focus which is centered around entertainment. A part of the Era Group of Companies, Era E-Zone was conceptualized with the single-minded objective of addressing the entertainment and recreation needs comprising cinemas, food courts, play zones, hotels & resorts and facility management. Going forward, the Company is focused on pioneering the delivery of a complete entertainment solution (multiplexes, food courts and play zones) in the fast maturing and evolving cities and towns in the first phase and then extending it to



Dear Shareholders,

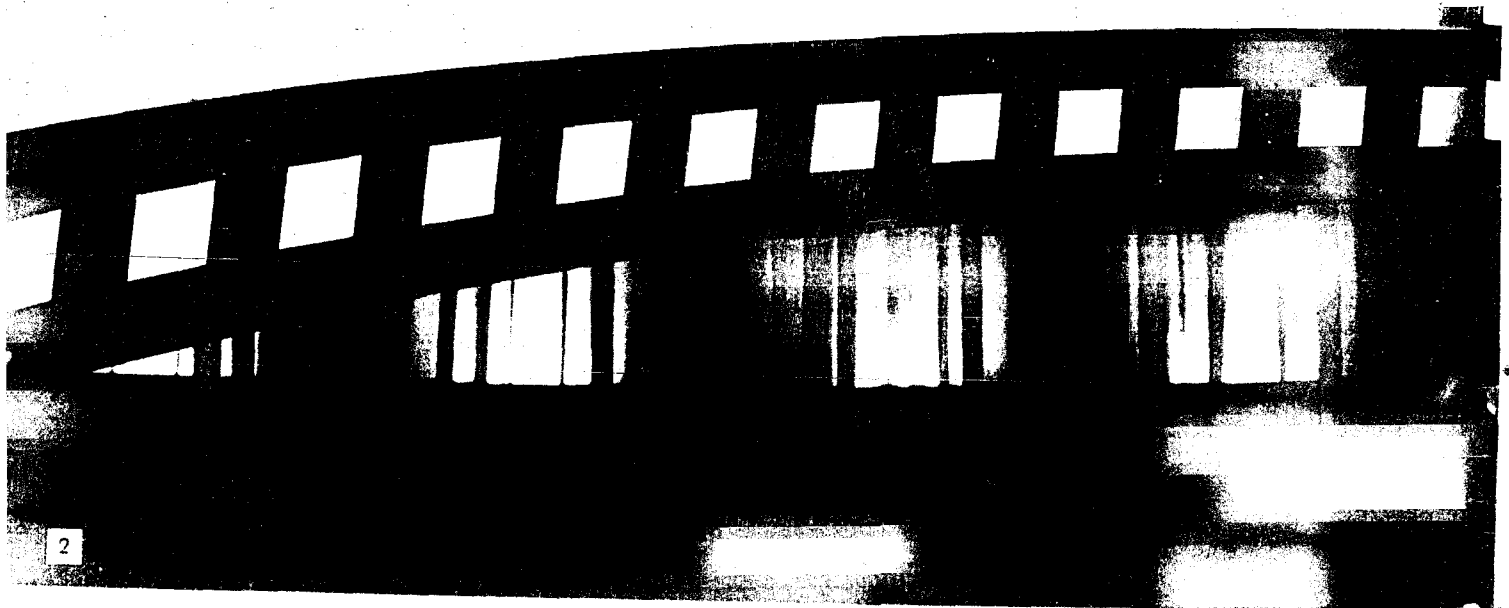
Traditional silver screen now has a new plush new address in India: the modern multiplex.

Fuelled by a flourishing economy, favourable demographics and the emergence of a mall culture, the multiplex industry in India is booming and have emerged as key anchor tenants driving the footfalls at many organized retail outlets in India.

YEAR 2007-08 AT ERA E-ZONE

The year 2007-08 can be aptly called as a year when Era E-Zone laid a solid foundation for this dynamic business to take off. A foundation that will provide Era E-Zone the correct direction and strategy thrust for future growth. We have, after careful and detailed study, identified the locations where we plan to set our base and entered into agreements at different locations. It is these combined efforts of the past 12 months which will completely change the growth trajectory of the company in the next 3-5 years.

To enhance the brand recall our multiplexes are being launched under the brand name "Era Cinemas". Our aim is to change the way India sees its cinemas and we will showcase the best of movies under one roof in plush interiors amidst vibrant and exciting environs. At Era E-Zone we aspire to ensure that our patron's time at "Era Cinemas" is always well spent, enjoyed and relished, all of which will obviously



ensure that sustaining occupancies will never be a challenge.

Through "Era Cinemas", we plan to take the multiplex experience first to both Tier II and III cities in conjunction with the NCR, followed subsequently by the Metros.

OPERATIONS FLAGGED OFF IN JAIPUR

During the year, we entered into an agreement with the existing owners of Polo Victory Cinema to refurbish this single screen theatre with 270 seats. Polo Victory Cinema is a major landmark in Jaipur with a magnificent history. True to our commitment to provide a holistic experience, the multiplex is complete with aesthetic interiors, analogue technology, superior acoustics & crystal clear quality. We also have the Era First Cinemas multiplex successfully running in Jaipur.

Online booking

Industry watchers dub 2007 as a landmark year when alternative platforms for movie tickets have emerged in a big way in where patrons increasingly log on to the Net or use their mobiles to book movie tickets.

In line with the industry trend and to meet the needs, expectations and convenience of all patrons, we have tied up with "bookmyshow.com",

which will provide facilities such as online bookings and home delivery of cinemas tickets through their website and kiosks. Bookmyshow.com is the biggest portal to facilitate outsourcing of tickets and caters to other existing players.

Promotional schemes

In keeping with the nature of the industry, we initiated many innovative & special promotional schemes to attract crowds at our multiplexes in Jaipur. Special food-cum-movie ticket packages marked the celebrations of Women's Day and Valentine's Day. We embarked on offering exciting entertainment options at unbelievable prices so that families could troop into our multiplexes without feeling the pinch of guilt in watching and enjoying the summer vacations. The offers were much appreciated by the patrons and this is only the beginning as we set up the base of our business.

MEERUT & AJMER NEXT

We will shortly be unfurling the "Era Cinemas" banner in Ajmer and Meerut. The two-screen multiplex which will be the first-of-its kind in Ajmer has been developed by refurbishing an existing single screen cinema hall.





At Meerut our 3-screen multiplex (which is a part of Era Mall) will be ready for launch in a couple of months. Work is on at full swing and enthusiasm, apt planning and hard work has ensured that this unique destination emerges as a preferred choice for all at Meerut.

I would like to touch on the aspect of detailed study and research of each area before we select a location. Our Mall at Meerut is situated at a vantage location point on the Meerut-Delhi road, alongside an eastern suburb at the entrance point of Meerut city. A significant population of Meerut comprises working couples with a cosmopolitan spending pattern. In the immediate catchments of Era Mall and Era Cinemas, 65% of the population falls in a monthly household income bracket of Rs. 15,000-Rs. 30,000 and nearly 10% of the population in a Rs. 30,000+ bracket. It is estimated to have five million people living within 25 km radius. Thus, while the planning and identification may have taken our time in 2007, we are confident that the efforts will reap us rich results.

FUTURE ROAD MAP

In the multiplex business, we have plans to set up 200 screens over a 4 year period across all state capitals and category B towns and to develop at least one multiplex cinema each in Mumbai, Bangalore, Hyderabad and Ahmedabad.

Progress is on at a brisk pace. We may either take over sleepy single-screen theatres in small towns as in the past or enter into partnerships

with local bodies / builders developing / leasing malls & multiplexes.

We have signed a MOU with the MODA RAMKY ISBT LTD for developing a 3 screen multiplex complete with a food court. We have already received the necessary clearances and expected to commence exhibition by 2008-09. This will be the first-of-its-kind multiplex to be developed in Dehradun. Similarly, we have signed an agreement with a local builder to develop a 4-screen multiplex, which will be the first mall with multiplex in Jabalpur in Madhya Pradesh.

We are confident of unfurling the "Era Cinema" banner at Dehradun, Jabalpur, Udaipur, Kota and Jodhpur within the next 12-16 months.

EXPLORING NON-TICKETING REVENUES

Besides our plans of expanding geographically, we are also in talks with different brands to enhance the non-ticketing revenues. According to industry estimates, on an average, ticket revenues contribute 70-75 per cent of the multiplexes' overall revenues, while the balance revenues come from non-ticket revenues. Larger footprint typically would give multiplexes more scope for concession sale and advertising (be it in kiosks or banners before film, advertising space of tickets or selling merchandises at multiplexes). Marketers appreciating this are cashing in on the critical footfalls and increasing the non-ticketing revenues.



At Era E-Zone, we may consider arrangements with brands which can benefit from the footfalls at our multiplexes and also contribute to our overall revenues.

DEVELOPING FOOD COURTS

It is a well-known fact that Indians rate food as an important part of an outing and food is invariably an important part and parcel of a family outing or social occasions in the country cutting across religions.

As far as malls & multiplexes are concerned, food is identified as a key area where emotional connection with shoppers & movie buffs can be built upon. It is believed that an option like a food court directly enables movie buffs to relate to the place - creating a brand recall and resulting in repeat customers. Fully appreciating this, plans are underway to develop novel food courts or at least provide delightful food options through tie-ups with popular brands at all our multiplexes.

STUDYING ENTERTAINMENT ZONES

Today trends also favour the setting up of gaming and kids' zones to provide filmgoers wholesome entertainment. A recent survey by Price Waterhouse Coopers - FICCI study forecasts that the gaming industry is going to dominate the segment over the next five years. The economics also favour this.

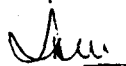
At Era E-Zone we are well tuned to the latest development underway in the industry and will at appropriate time and place, customize it to the local conditions and include them in our future plans.

UNIFORM TAXATION SOUGHT

As I speak of the large scale development plans of our company, I would like to use this platform to share my view on a vexing issue of varied tax structures and a long standing demand of uniformity made by the Multiplex Association of India (TMAI). Following the plea of Multiplex Association of India (TMAI), the Delhi government had reduced entertainment tax by 10%. The varied tax structure across states (between 15-60%) has resulted in the distorted and disproportionate development of cinema infrastructure. For equanimity, we at Era E-Zone believe that it is important to have a uniform tax structure.

ON A PARTING NOTE

I take this opportunity to express my gratitude to members of the board and our employees for their dedication and hard work to give shape to our vision. I would like extend my gratitude to our bankers, institutions, partners and patrons for their continued support and co-operation.



H. S. Bharana
Chairman



C

orporate Information

H.S.Bharana

Chairman

Ajay Kumar Mishra

Whole Time Director

A.K.Mehta

Director

S.D.Kapoor

Director

S.D.Sharma

Director

Kapil Kumar

Company Secretary

AUDITORS

P.C.Bindal & Co.

Chartered Accountants

REGISTERED & CORPORATE OFFICE

153, Okhla Industrial Estate, Phase-III,
New Delhi-110026

MAIN BANKERS

Yes Bank Limited

42, Nyaya Marg, Chanakya Puri,
New Delhi

Union Bank of India

Asaf Ali Road, New Delhi

Axys Bank Ltd.

AMEI No-42, 4-5/10 Kutchery,
Indra Motor Complex, Ajmer.

REGISTRAR & SHARE TRANSFER AGENT

Beetal Financial & Computer Services Private Limited

99, Madangiri, Behind Local Shopping Centre,

Near Daga Hansukhdas Mandir,

New Delhi-110042

INVESTMENT

Investment in Equity Shares

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Notice

NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ERA E-ZONE (INDIA) LIMITED WILL BE HELD ON MONDAY, THE 29TH DAY OF SEPTEMBER, 2005 AT 4.00 P.M. AT NCUI AUDITORIUM, 3, SIRI INSTITUTIONAL AREA, AUGUST KRANTI MARG, NEW DELHI-110016 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31st, 2005 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date together with reports of the Auditors and Directors thereon.
2. To appoint a director in place of Mr. A. K. Mehta, who retires by rotation and being eligible, offers himself for reappointment.
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. Shiv Dayal Kapoor, be and is hereby appointed as a 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 an Ordinary Resolution:
"RESOLVED THAT Mr. Surya Dutt Sharma, be and is hereby appointed as a 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 an Ordinary Resolution:
"RESOLVED THAT Mr. Ajay Kumar Mishra, be and is hereby appointed as a director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of section 269, 316 read with Schedule XIII of the Companies Act 1956, and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the appointment of Mr. Ajay Kumar Mishra, as a Whole Time Director of the Company for a period of 3 years without remuneration w.e.f. 18.04.2005."
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT subject to the provisions of Section 94(1a) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals and sanction as may be necessary in this regard, the Authorised Share Capital of the company be increased from Rs. 20,00,00,000/- (Rupees Twenty Crores only) divided into 2,00,00,000 (Two Crore Only) Equity Shares of Rs. 10/- each to Rs. 30,00,00,000/- (Thirty Crores only) by addition of 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- each which shall rank Pari Passu in all respects with the existing Equity Shares of the Company."

RESOLVED FURTHER THAT existing Clause V of the Memorandum of Association of the Company be deleted and the following new Clause V be inserted namely:

"The Authorised share capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crore) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs. 10/- each".

9. 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 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum





and Articles of the Company and the Listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to any approval(s), consent(s), permission(s) or sanction(s) of the Central Government, Reserve Bank of India and any other appropriate authority(ies), institution(s) or Body(ies) hereinafter collectively referred to as the appropriate authority(ies), and subject to such conditions as may be prescribed by any one of them while granting any such approval(s), consent(s), permission(s), and / or sanction(s) hereinafter referred to as the requisite approval(s), which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), consent be and is hereby given to issue, offer and allot, in domestic / International offerings any securities including Global Depositary Receipts and / or American Depositary Receipts convertible into equity shares, equity shares, preference shares whether Cumulative / Redeemable / Convertible at the option of the Company and / or option of the holders of the security and / or securities linked to equity shares / preference shares and / or any instrument or securities representing convertible securities such as convertible debentures, bonds or warrants convertible into equity shares / preference shares (hereinafter referred to as Securities) to be subscribed by foreign / domestic investors/institutions and / or corporate bodies including mutual funds, banks, insurance companies and / or individuals or otherwise, whether or not such persons/entities/investors are Members of the Company as may be deemed appropriate by the Board and permitted under applicable laws and regulations upto an aggregate amount not exceeding US \$ 500 Million or equivalent with 15% Green Shoe Option whether in Indian currency or foreign currency, inclusive of such premium as may be fixed on such securities, by offering such securities in one or more countries through public offer and/or offer letter and/or circular and /or information memorandum and/or such other documents/writings and such issue and allotment to be made at such time or times in one or more tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion think fit, in consultation with the Lead Managers, Underwriters, Advisors or other intermediaries.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such others as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the duration of the Securities and the Company is also entitled to enter into and execute all such arrangements as the case may be with any lead managers, managers, underwriters, bankers, financial institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or payment of their remuneration for their services or the like, and also to seek the listing of such Securities on one or more stock exchanges including international Stock Exchanges, wherever permissible.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and / or international practice and regulations, and under the forms and practices prevalent in securities markets.

RESOLVED FURTHER THAT the Securities issued in foreign markets shall be deemed to have been made abroad and / or in the market and / or at the place of issue of the Securities in the international market and may be governed by applicable laws.

RESOLVED FURTHER THAT Board or any committee thereof be and is hereby authorized to issue and allot such number of shares as may be required to be issued and allotted upon conversion of any Securities referred above or as may be necessary in accordance with the terms of the offering, all such shares being pari-passu with the then existing shares of the Company in all respects, excepting such rights as to dividend as may be provided under the terms of the issue and in the offering document.

RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and is permissible at law.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of Securities or instruments representing the same, the Board or any Committee thereof be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwrit-