

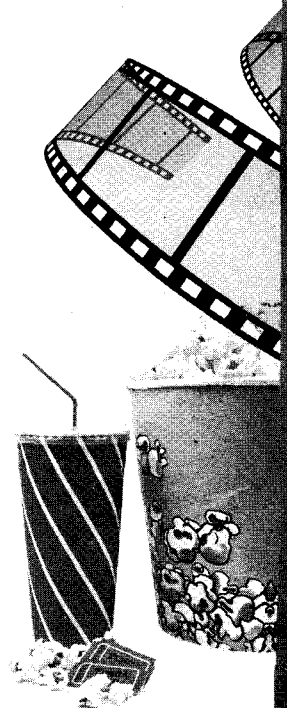


era *|||* ezone
Experience the moment



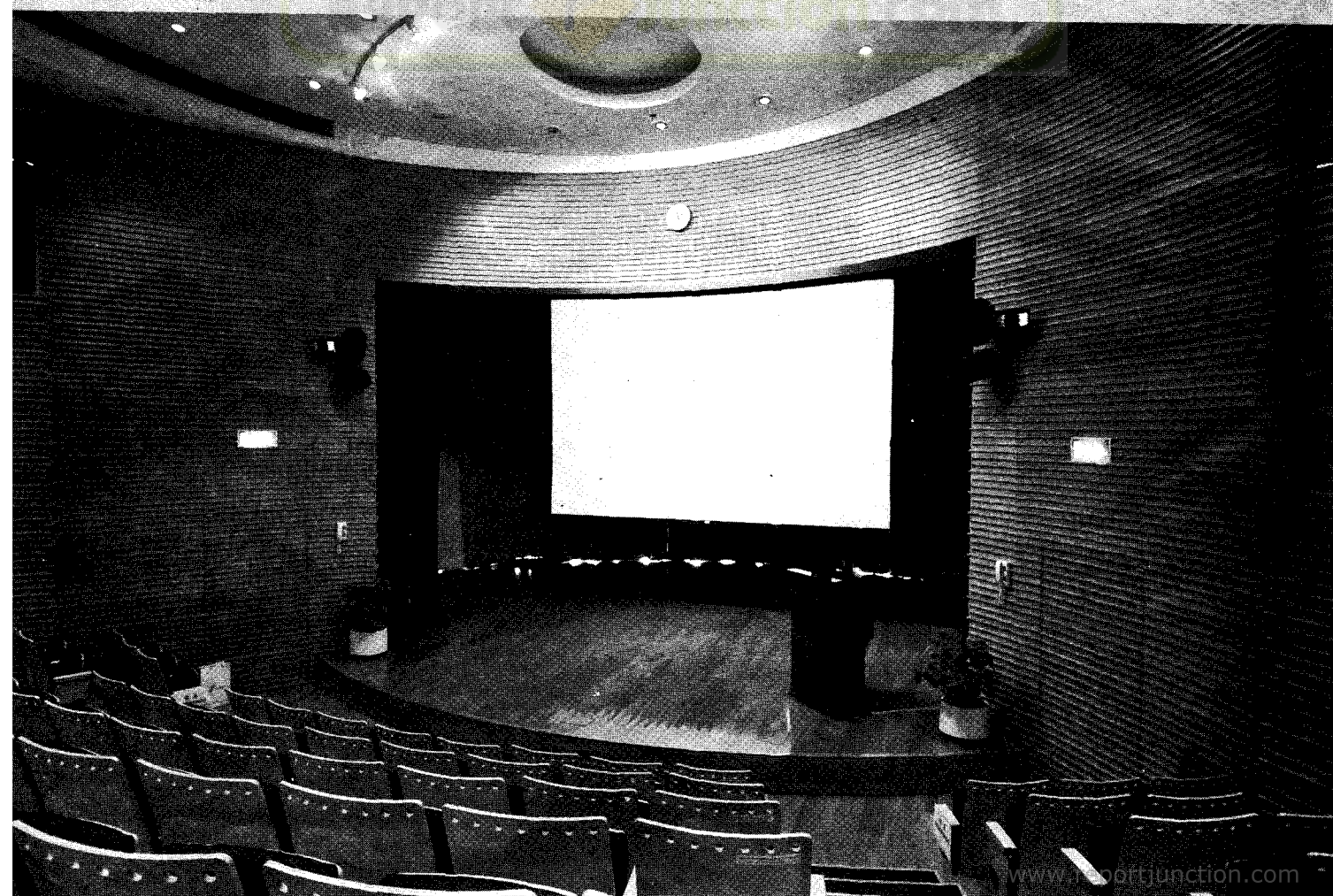
ANNUAL REPORT 2008-09

ERA E-ZONE (INDIA) LIMITED



CONTENTS

About Us – 01
Chairman's Letter – 02
Corporate Information – 06
Directors' Report – 11
Management Discussion and Analysis – 14
Corporate Governance Report – 18
Auditors' Report – 30
Financials – 33
Consolidated Auditors' Report – 50
Consolidated Financials – 51
Statement Pursuant to Section 212 – 67





ABOUT ERA E-ZONE (INDIA) LTD.



Incorporated in 1993 as Era Financial Services (India) Limited, the Company was renamed as Era E-Zone (India) Limited in 2006. A part of the Era Group of Companies, Era E-Zone was conceptualised with the single-minded objective of addressing the entertainment and recreation needs comprising cinemas, food courts, play zones, hotels & resorts and property management.



CHAIRMAN'S LETTER



DEAR SHAREHOLDERS,

The Indian economy which was striding along a path of rapid growth since the past five years took a step backwards due to the major international crises that emerged in the latter half of 2008. Several all round attempts have been made to counter the impact right from introducing fiscal measures, measures to ease liquidity and increase the availability of credit to stimulate packages for industries with a view to provide relief. While the worst is still not behind us the crises is far from over. Recession being a worldwide phenomena, has affected every trade and industry leading to a decline in the consumer spending thus impacting our revenues and profitability which witnessed a decline.

We entered 2008-09 on an optimistic note. The cinema exhibition industry in India was growing at 10% per annum driven by multiplexes, which were expanding rapidly in major metropolitan cities as well as second and third tier cities. Favourable demographics in a cinema-crazy nation, tax exemptions, and quality locations such as malls, have been driving growth of multiplexes in India in past. On the demand side favourable demographics and the rising income levels and willingness of people to spend on entertainment had managed to increase footfalls into modern entertainment outlets including modern multiplexes. However, the key challenges today are the slowdown in economy which also impacts

people's income and their sentiments to spend money. However, we remain confident that the future direction of the country's estimated Rs.500 billion media and entertainment industry remains robust.

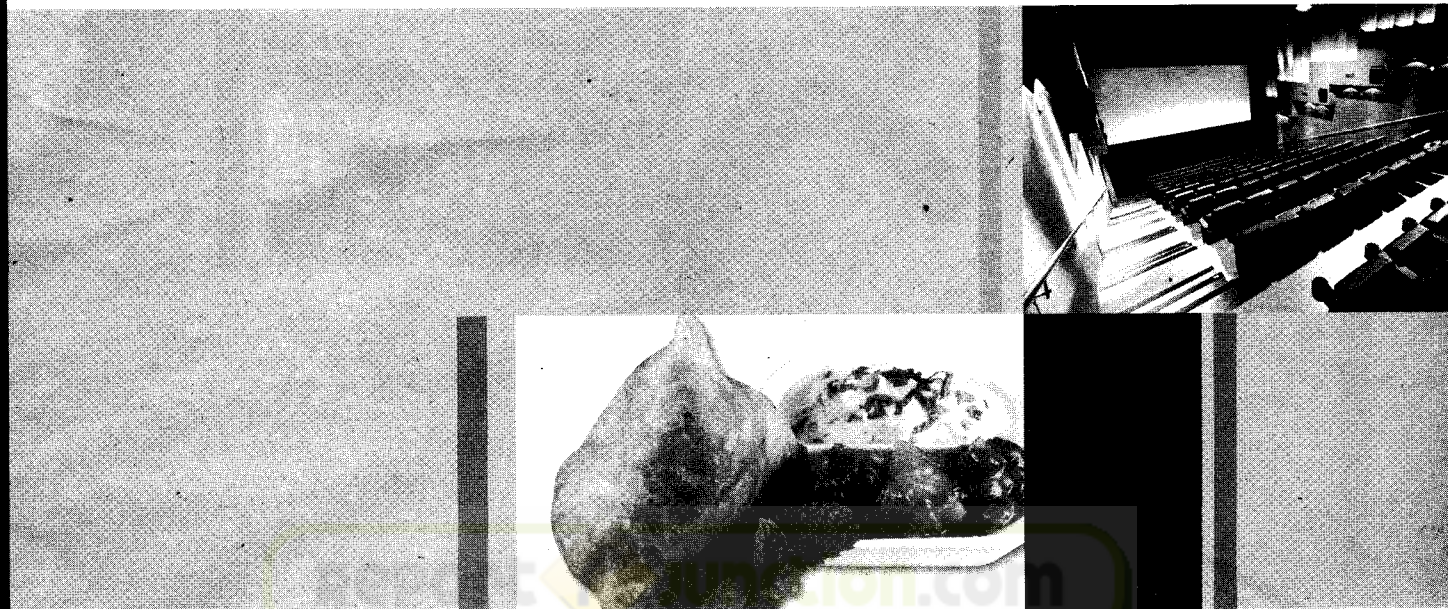
Looking at the changing scenario, the company rapidly changed focus to consolidation of key revenue generating operations. As a first measure, in the short run we immediately focused on determinedly cutting costs, reducing the working capital cycle and relooking at all capital expenditures. We identified all wastages however small to imbibe further prudence and eliminate any possible wastes from the systems. We worked at double speed to ensure that we are an even further lean and cost-effective organisation. However, we did not stop exploring potential growth and profitable business opportunities and alliances. Let me now take you through to some of the key business operational highlights for the year.

BUSINESS OPERATIONS

1. Multiplexes

Multiplexes have changed the whole movie-going experience. Despite the short term view of gloom, the nation's multiplex industry is set to grow buoyed by positive regulatory changes and booming consumerism. According to industry estimates, the number of multiplex screens in India

THE YEAR SUCCESSFULLY UNFURLED THE “ERA CINEMAS” BANNER AT AJMER, MEERUT AND GHAZIABAD. THE 2-SCREEN MULTIPLEX AT AJMER HOLDS A SPECIAL PLACE OF PRIDE IN OUR OFFERING BEING ONE OF ITS KIND IN THE CITY.



are expected to touch 5,000 by 2012, constituting around 40% of the total cinema screens. In fact, currently the Indian market is highly underserved when compared to the West, India has less than 13 screens per million of the population, against 117 in the US, 52 in Italy and 30 in the UK.

Year 2008-09

The year successfully unfurled the “Era Cinemas” banner at Ajmer, Meerut and Ghaziabad. The 2-screen multiplex at Ajmer holds a special place of pride in our offering being one of its kind in the city. At Ghaziabad, after acquiring an existing cinema hall “SM World,” we successfully revamped and modernised it to provide our patrons an unforgettable cinematic experience.

At Meerut we successfully inked an agreement with PVS Cinema at PVS Mall, Meerut for operating a 3-screen multiplex. This project ensures that Era Cinemas enjoys a monopolistic position by virtue of running maximum number of screens in Meerut, thereby strengthening the Era brand value.

After the latest additions made, we now operate 6 multiplexes with 14 screens in fast growing tier II & III cities in conjunction with NCR in North India.

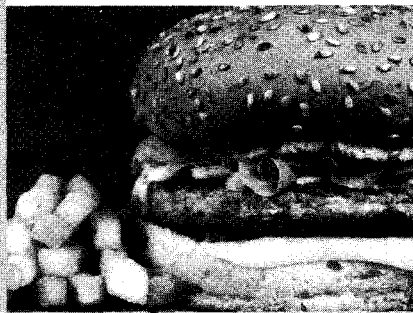
Ongoing promotional activities

Simultaneously, we undertook concerted efforts to accelerate marketing-related activities with the aim of increasing footfalls at both our food courts and cinemas.

Around 70% of the total revenues of multiplexes come from ticket sales, 20% from food and beverages and the remaining from on- and off-screen advertisements. In view of the changing economic scenario, to push occupancy levels arising due to the reluctance of consumers’ to spend, we aggressively introduced various promotional services. We introduced promotional offers and schemes especially customised for national holidays and festivals. To meet the growing expectations and convenience of all our patrons, Era Cinemas tied up with bookmyshow.com, which provides facilities such as online bookings and home delivery of cinemas tickets through their website and kiosks. Bookmyshow is the biggest portal to facilitate outsourcing of tickets. In addition to online booking and home delivery we are pleased to offer mobile booking options as well to our patrons.

Future outlook

Gauging the growth opportunities, our plans are underway to consolidate our presence in this business. We have plans to set up 80 screens over a 4



year period across all state capitals and category B towns and to develop at least one multiplex each in Mumbai, Bangalore, Hyderabad and Ahmedabad. We plan to achieve this target either by acquiring theatres and refurbishing them or the other option would be through partnerships with local bodies / builders developing / leasing malls & multiplexes.

In the years to come we are confident of establishing the Era Cinemas brand across all major cities through alliances/JVs/MoUs. This strategy augurs well as it insulates us from heavy investments which may be required in case of setting up multiplexes from scratch.

2. Food courts

The growth of organised retail has brought both expansion opportunities and derailed the popularity of traditional, stand-alone, small family-owned restaurants. The retail boom has lead to the introduction of the concept of multi-cuisine and modern food courts have emerged as attraction magnets in malls where as many as 80% visitors at a mall may go to food courts as per industry estimates.

Food courts have emerged as an excellent business opportunity and their potential in tier II & III is immense which still remains untapped. Our foray into the complimentary food courts and film exhibition businesses

augurs well for future synergistic business growth.

Year 2008-09


Era E-Zone's food court business progressed at a brisk space with the inauguration of the Company's first "Food Court" at Era Mall, Meerut. The response to our food court has been heartening and with a pleasant ambience and value for money options, we are confident of providing Meerut a tasteful proposition in the years to come.

In future, to fill the growing need for varied eating experiences, we plan to unfurl novel food courts which would offer interesting options to our customers through tie-ups with popular brands. We also plan to establish our presence in various malls through these tie-ups.

With the economy in the process of recovering from the downside, people are not hesitant to explore new lifestyle options. This is evident from the number of entertainment centres and multiplexes sprouting all over the country.

ON A CONCLUDING NOTE

I remain confident of the Company's growth. I would like to thank you for placing your faith in us. I also thank the very committed members of



CORPORATE INFORMATION



H S Bharana
Chairman

Amit Bharana
Managing Director

A K Mehta
Director

S D Kapoor
Director

Ajay Kumar Mishra
Director

S D Sharma
Director

Kapil Kumar
Company Secretary

AUDITORS
P. C Bindal & Co.
Chartered Accountants

MAIN BANKERS
Yes Bank Ltd.
48, Nyaya Marg, Chanakya Puri,
New Delhi

Union Bank of India
Asaf Ali Road, New Delhi

Axis Bank Ltd.
AMC No-481-485/10 Kutchery
India Motor Circle, Ajmer.

REGISTRAR & SHARE TRANSFER AGENT
Beetal Financial & Computer Services Pvt. Ltd.
99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi 110062

REGISTERED AND CORPORATE OFFICE
153, Okhla Industrial Estate, Phase III,
New Delhi 110020

INVESTOR HELP
E-mail: investors@eragroup.in

Notice

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF ERA E ZONE (INDIA) LIMITED WILL BE HELD ON SATURDAY, THE 8TH DAY OF AUGUST, 2009 AT 5:00. P.M. AT EXECUTIVE CLUB, 439, VILLAGE SHAHOORPUR P.O., FATEHPUR BERI, NEW DELHI 110074 TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31st, 2009 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. S.D. Kapoor, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. S.D. Sharma, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Amit Bharana, 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 pursuant to the provision of Section 269, 309, 316 and other applicable provisions if any, of the Companies Act, 1956 and Article of Association of the Company read with Schedule XIII, consent be and is hereby accorded to the appointment of Mr. Amit Bharana as a Managing Director of the Company (who was initially appointed as a Whole Time Director of the Company by the Board of Directors in its meeting held on 17th September 2008 for a period of three years w.e.f. 29.09.2009) on a remuneration i.e. salary and perquisites together of Rs. 125000/- (Rupees one Lac twenty five thousand only)."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year during the currency of the tenure of Mr. Amit Bharana, the remuneration by way of salary 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."

By Order of the Board of Directors
for Era E Zone (India) Limited.

Place : New Delhi
Date : July, 13 2009

(Kapil Kumar)
Company Secretary

Notes:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ATTACHED HEREWITH.
2. Explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is enclosed.
 3. Members requiring information about the Accounts to be explained at the meeting are requested to send their queries at least ten days prior to the meeting at the Registered Office of the Company.
 4. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August, 2009 to 8th August, 2009 (both days inclusive).
 5. Members/proxy holders are requested to produce at the entrance the attached Admission Slip duly completed and signed for admission to the meeting hall.
 6. Members attending the meeting are requested to bring their copy of Annual Report.
 7. Corporate Members are requested to send a duly certified copy of Board Resolution authorizing their representatives to attend and vote at the AGM.
 8. The members are requested to notify the change in their address, if any, at the earliest.
 9. The members holding shares in the physical form are requested to intimate to the Registrar and Transfer Agents, M/s. BEETAL Financial & Computer Services Pvt. Limited, Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi 110062 about the change of address, if any, at the earliest, quoting their registered folio number.
 10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
 11. All documents as are mentioned in Notice containing draft resolution or in explanatory statement attached to the notice are open for inspection during the business hours up to the date of this Annual General Meeting.
 12. Information regarding Directors to be appointed at this Annual General Meeting pursuant to clause 49 of the Listing Agreement is as under: