



ERA
E-ZONE

Believe in difference

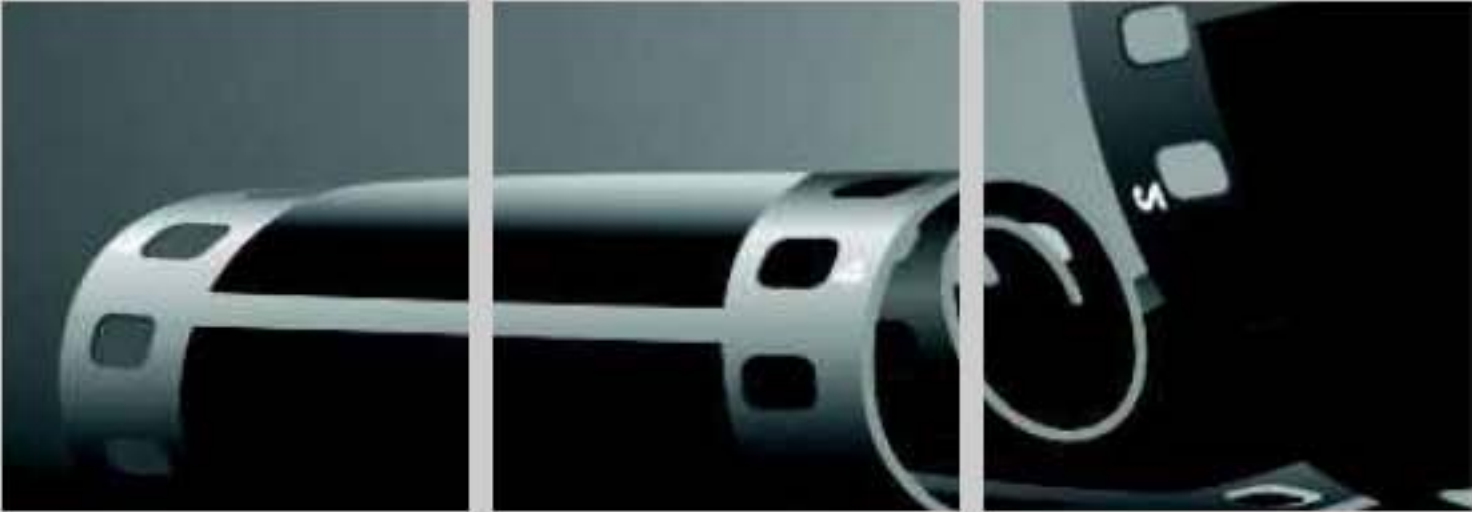


Annual Report
2011-12



Content

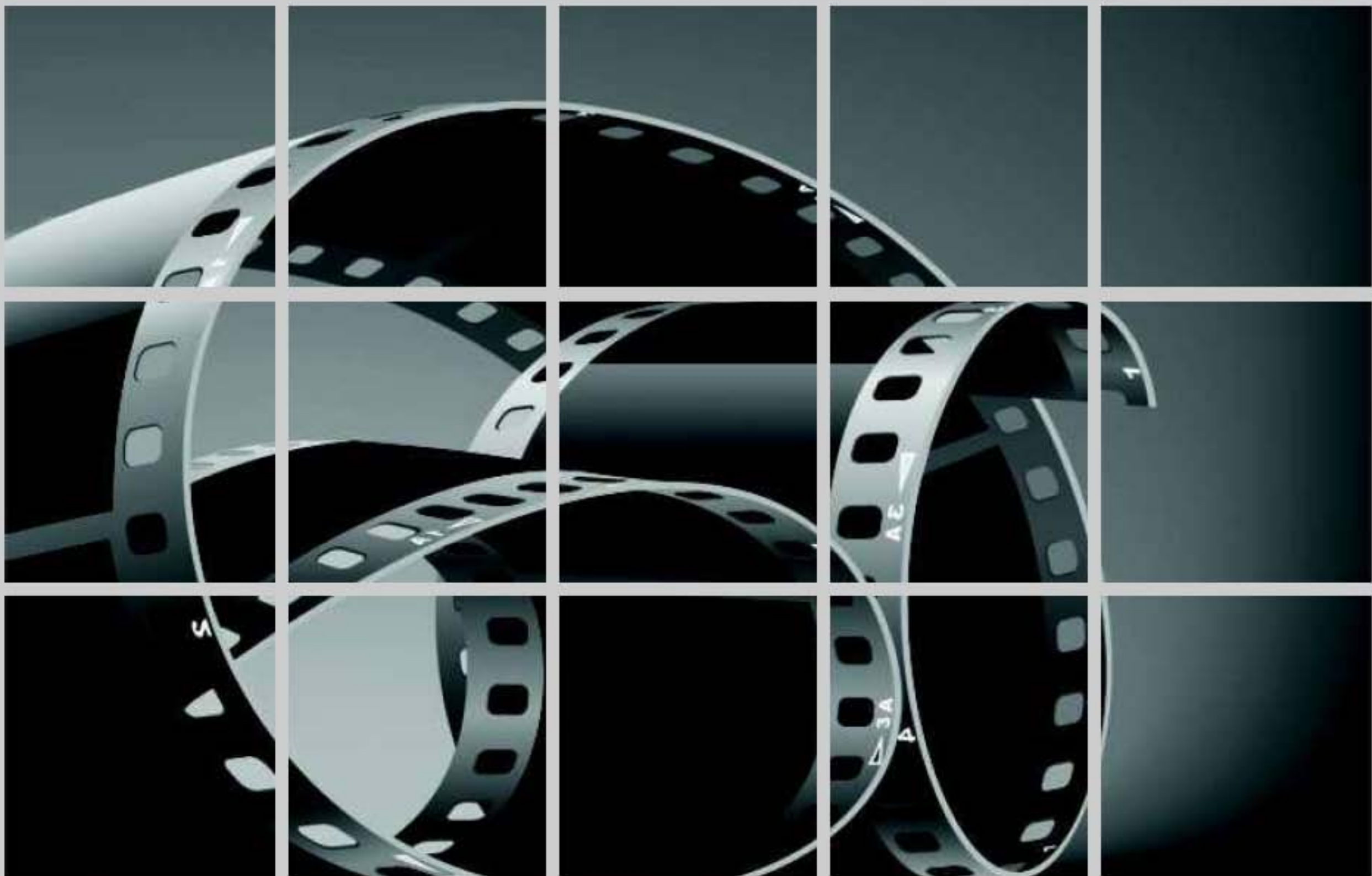
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Introduction

Incorporated in 1993, Era E-Zone (India) Ltd. represents the entertainment and hospitality arm of Era Group. Era E-Zone has been conceptualised with an objective of addressing the entertainment and recreation needs comprising cinemas & food courts with a differentiated approach that stands out for distinctive leisure.

Era E-Zone is among the few Indian companies to pioneer the delivery of a complete entertainment solution (multiplexes and food courts) in the fast maturing and evolving cities & towns.





Chairman's Message

Dear Shareholders,

I welcome you to Era E-Zone Annual Report. I am pleased to present yet another year of good performance.

Over the years, the Media and Entertainment (MGE) industry has emerged as one of the fastest growing sectors in India. Growing at an encouraging rate of 11%, the sector is poised to touch USD 28 billion by 2015, garnering USD 14.54 billion in revenue. Indian entertainment is booming. In fact, Bollywood and cricket are considered to be two major religions for viewers in India.

Increasing investments by the private sector, foreign media and entertainment majors have enhanced India's entertainment infrastructure. A key recent policy initiative by the government has been granting 'industry' status to the entertainment segment as a whole in 2001; allowing sector access to institutional finance for new projects. Indian film industry provides employment to nearly 6 million people. Fourteen million Indians go to the movies on a daily basis. In India, there is a huge viewership for films. The main revenue stream for new films released in India is the box office collection, contributing about 80% of the revenues. Producing more than 1,000 films in more than 20 languages annually, India is the largest producer of films in the world. According to a recent study on cinema in India, there is a requirement of more than 20,000 screens as against the current figure of about 12,000. With Indian Film Industry completing a 100 years in 2013, the expectations are soaring sky high. Indian film industry has come a long way. Even during the peak cricketing season like the World Cup and IPL, thanks to the multiplexes, movies are finding their share of business. The exhilarating collections of movies are shining example of the multiplex success.

Multiplex

Redefining the way we enjoyed the silver screen, multiplexes have driven a revolution with their online or phone booking of tickets, perfumed auditoria, plush bucket seats and state-of-the-art audio and projection systems. For the Mall developers, Multiplexes are a way to ensure footfalls. India's multiplex bandwagon has gone beyond the metros to redefine entertainment in B and C class towns. We, at Era Cinemas follow the same strategy. With 3 cinemas and 7 screens operational across Meerut, Ajmer and Jaipur, we have redefined the cinematic experience in the smaller cities. Going ahead, a report by KPMG and FICCI states that this industry which currently has approximately 1000 multiplex screens is likely to double its screen count over the next 5 years. This multiplex growth is expected to be the key driving force for the growth of Indian film industry.

Food Court

Another attraction at every mall is its food section. Food courts play a pivotal role in increasing the time people spend at the mall and drive business to other stores in the mall. It is one of the major profit centres of every business establishment. Spicing up the menu with different cuisines along with traditional ones, add the zing in form of additional profits. Following the trend, Era Food Court is operational at the Era Mall, Meerut with a seating capacity of 200 people. With exciting growth potential waiting to be unlocked, we are confident that our combination of innovative strategy and fundamental approach will help us deliver exceptional value.

Future Prospects

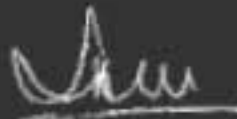
As a part of progressive initiatives, the Company has planned to enter into a new line of business i.e. manufacturing and providing services related with all types of pre fabricated building construction materials and structure and related activities.

Keeping in view the growth prospects of the above mentioned new business initiatives, your Company has decided to merge one of our Group Company - Era Buildsys Limited (EBL) with us. EBL is an established name in the PEB Industry and has worked for many renowned clients both from Private Sector and Public Sector. We have already taken a step ahead in this direction by obtaining a "No Objection Certificate" on the scheme of Merger from the Bombay Stock Exchange and by altering the object clause of the Memorandum of Association of the Company for affecting the said scheme of merger.

I assure you that with the business initiatives your company is poised to grow and garner increased customer satisfaction.

Along with this, the focus will remain intact on the booming opportunities in Indian Entertainment industry slated to continue growing at double digit in 2012. This is possible due to changing lifestyles, retail boom and increasing consumerism.

Lastly, I would thank all our stakeholders for their continued patronage, our Board of Directors for their expert guidance and most importantly our colleagues for their valued contributions in the past years.



H.S. Bharana
Chairman



Corporate Information

H S Bharana
Chairman

S D Sharma
Director

S D Kapoor
Director

A K Mehta
Director

Amit Bharana
Director

Kapil Kumar
Company Secretary

Auditors
P C Bindal & Co.
Chartered Accountants

Main Banker
Union Bank of India
Asaf Ali Road, New Delhi

Axis Bank Ltd.
B-2 & 3, Sector 16, Noida

Registrar & Share Transfer Agent
Beetal Financial & Computer Services Pvt. Ltd.,
99, Madangir, Behind Local Shopping Centre,
Near Dada Harsukhdas Mandir,
New Delhi – 110062

Registered & 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 TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF ERA E-ZONE (INDIA) LIMITED WILL BE HELD ON SATURDAY, THE 29TH DAY OF SEPTEMBER, 2012 AT 5:00 P.M. AT EXECUTIVE CLUB, 439, VILLAGE SHAHOORPUR, P.O. FATEHPUR BERI, NEW DELHI-110074 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 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. Sharma, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors
For Era E-Zone (India) Limited

Place : New Delhi
Date : 14th August, 2012

(Kapil Kumar)
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2012 to 29th September, 2012 (both days inclusive).
4. Members/proxy-holders are requested to produce at the entrance the attached Admission Slip duly completed and signed for admission to the meeting hall.
5. Members attending the meeting are requested to bring their copy of Annual Report.
6. Corporate Members are requested to send a duly certified copy of Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
7. The members are requested to notify the change in their address, if any, at the earliest.
8. Members are requested to register their e-mail addresses through their depository Participant where they are holding their Demat Accounts for sending the future communications by e-mail. Members holding the Shares in Physical form may register their e-mail at Company's registered office or Company's email address at investors@eragroup.in.
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 are open for inspection at the registered office during the business hours up to the date of this Annual General Meeting.
12. Information regarding Director (s) to be appointed/re-appointed at this Annual General Meeting pursuant to clause 49 of the Listing Agreement are as follows :

| PARTICULARS | |
|---|--|
| Name of Director | Mr. S.D. Sharma |
| Date of Birth | 08.07.1939 |
| Date of Appointment | 18.04.2008 |
| Expertise in specific areas | Mr. S. D. Sharma has 42 years of experience in executing Railway Projects in India & Abroad involving construction of New lines, Gauge Constructions, Yard Remodeling, Bridges, Multistory Building. He held senior positions in Northern Railway, PSU's and Railway Board (Ministry of Railways). |
| Qualifications | B.Tech in Civil Engineering, Masters in Structural Engineering, Fellow member of the Institution of Engineers and Institution of Permanent Way Engineers (India) and Arbitration Council of India. |
| Directorship in other Companies | <ul style="list-style-type: none"> • Era Infra Engineering Limited • Surya Datta Nirmal Engineering Private Limited |
| Other Committee Memberships/ Chairmanships | <p>Audit Committee :</p> <ul style="list-style-type: none"> • Era Infra Engineering Limited : Member <p>Investor Grievance Committee :</p> <ul style="list-style-type: none"> • Era Infra Engineering Limited : Chairman |
| Shareholdings in the company as on 31.03.2012 | Nil |

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not yet registered their e-mail addresses, so far, are requested to register their e-mail addresses with Depository through their concerned Depository Participants, in respect of electronic holdings. Members who hold shares in physical form are required to kindly register their e-mail address with the company at email: investors@eragroup.in or by fill in the Registration Form, attached at the end of this Annual Report. The company shall use the e-mail address of the members obtained from Depositories/ Depository Participants, available with the company, to send all future members communications.

By Order of the Board of Directors
For Era E-Zone (India) Limited

Place : New Delhi
Date : 14th August , 2012

(Kapil Kumar)
Company Secretary

Directors' Report

Dear Members,

of Era E-Zone (India) Limited

Your Directors have pleasure in presenting the 20th Annual Report along with the Audited Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS

The financial results for the year under review are summarized below for your consideration:

(₹ In Lakhs)

| PARTICULARS | Year ended 31 st March, 2012 | Year ended 31 st March, 2011 |
|--|--|--|
| Total Income | 1073.83 | 862.37 |
| Profit before Depreciation & Tax | 23.67 | (233.11) |
| Depreciation | 73.12 | 72.94 |
| Profit/Loss before tax | (49.45) | (306.05) |
| Tax Expenses: | | |
| Current Tax | - | - |
| Deferred Tax | - | - |
| Deferred Tax Assets Reversed | - | 130.85 |
| Profit /Loss after Tax | (49.45) | (436.91) |
| Surplus/(deficit) carried to Balance sheet | 409.74 | 459.19 |

REVIEW OF OPERATIONS

Due to continuous efforts in improving the operational efficiency of the Company, the total income of the company has been increased to Rs. 1073.83 lacs for the financial year ended 31st March, 2012 as compared to the total income of Rs. 862.37 lacs earned in the previous financial year and Company's net loss for the financial year ended 31st March, 2012 has been reduced to Rs. 49.45 lacs as compared to a net loss of Rs 436.91 lacs incurred in the previous financial year.

No material changes have occurred since the date of the Balance sheet and this report, which has any adverse effect on the working of the company.

FUTURE PROSPECTS

At present your Company is carrying on the business of Cinemas/Multiplexes and Food Courts. As a diversification option Company has planned to enter into a new line of activity i.e. all types of building construction materials and pre-fabricated building structure and similar activities. In this regard, Company has already changed its objects by altering its Memorandum of Association and the Board of Directors of the Company has also approved the merger of one of our group company carrying the above mentioned objects with our Company and further for effecting the said scheme, Bombay Stock Exchange has also granted its no objection to the proposed scheme of merger. If the said scheme is approved by the Hon'ble High Court at Delhi, your Company's turnover and profitability will increase many folds as the company being merged has a good standing.

PUBLIC DEPOSITS

Your Company does not accept public deposits under section 58A of the Companies Act, 1956. There are no unclaimed or unpaid deposits as at 31st March, 2012.

DIVIDEND

In view of the losses incurred during the year, the Directors express their inability to recommend dividend.

DIRECTORS

Mr. S.D. Sharma, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment.

AUDIT COMMITTEE

Pursuant to the provisions of Section 292 A of the Companies Act, 1956 and clause 49 of the Listing Agreement, the Board of Directors of the Company have a Committee of Board of Directors known as Audit Committee, which consists of Mr. S. D. Sharma, as its Chairman and Mr. A. K. Mehta and Mr. S.D. Kapoor, as its members. Audit Committee has all powers and authorities as provided under the aforesaid provisions of the Act and the Listing Agreement.

PREFERENTIAL ISSUE

During the financial year, 127,00,000 Equity Shares were allotted upon conversion of Warrants on the basis of option exercised by the Warrant Holders . No further instrument is pending for conversion as on date of this report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirements of section 217(2AA) of the Companies Act, 1956, your directors state and confirm that:

- i) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) Accounting Policies selected were applied consistently, reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2012 and of the loss of the Company for the year ended on that date;
- iii) Proper and sufficient care has been taken 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 frauds and other irregularities;
- iv) The annual accounts of the Company have been prepared on a going concern basis.

AUDITORS

M/s. P.C. Bindal & Co., Chartered Accountants, retires at the conclusion of the forthcoming Annual General Meeting of the Company and are eligible for re-appointment. A certificate has been obtained from them to the effect that their re-appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956. The Audit Committee and your Board recommends their reappointment as Auditors of the Company.

AUDITORS REPORT

There are no adverse qualifications in the report which need to be explained here.

PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE COMPANIES ACT, 1956

There is no employee in the Company whose particulars as required to be furnished u/s 217(2A) of the Companies Act, 1956 and rules made there under.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding the conservation of energy and technology absorption are not given as the Company has not undertaken any manufacturing activity. Still it endeavors to save the energy wherever possible at all levels of operation.

Further, your Company does not use any foreign technology which needs to be absorbed.

The foreign exchange earning/outgo during the year are as under: (in ₹)

| | Current Year | Previous Year |
|--------------------------|--------------|---------------|
| Foreign Exchange Earning | Nil | Nil |
| Foreign Exchange Outgo | Nil | Nil |

SUBSIDIARY COMPANY

M/s Silverline Cinemas Private Limited is the only Wholly Owned Subsidiary of the Company. Copies of the Balance Sheet, Profit & Loss Account and Reports of the Auditors' and Directors' of the Subsidiary Company have not been attached as per the consent granted by the Board of Directors of the Company in terms of general exemption granted by the Ministry of Corporate Affairs, Government of India under section 212(8) of the Companies Act, 1956 vide general circular no. 2/2011 dated 8th February, 2011. However as per the terms of general exemption, a statement containing brief financial details of the subsidiary company for the year ended 31st March, 2012 is included in the Annual Report. As required under the Listing agreement with the Stock Exchange, the Company has prepared the Consolidated Financial Statements of the Company and its subsidiary as per the Accounting Standard (AS) 21, Consolidated Financial Statements which form part of the Annual Report.

The Annual Accounts of the subsidiary company and the related detailed information shall be made available to shareholders of the Company seeking such information. The Annual Accounts of the subsidiary company are also kept for inspection by any shareholder at the registered office of your Company.

CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION ANALYSIS

A Company holds fiduciary relationship with its stakeholders and community, where the Board of Directors of the Company acts as trustee to all the stakeholders of the Company to enhance the stakeholders value and protect their interest. Your Company is committed to benchmark itself with global standards in all areas including appropriate standards for Good Corporate Governance. Towards this end, an effective corporate governance system has been put in place in the Company, which also ensures that the provisions of Clause 49 of the Listing Agreement are duly complied with. A report on Corporate Governance along with Certificate on its compliance from Mr. R.S. Bhatia, Company Secretary in Practice is enclosed with this Annual Report.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the Banks, Government Authorities, Customers, and Shareholders during the year. Your directors also wish to take on record their deep sense of appreciation for the committed services of the employees at all levels, which has made our Company successful in the business.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 14th August, 2012

(H.S. Bharana)
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

Over the last decade, some phenomenal improvements were made in the theatre infrastructure in India, 'state of the art studios, world class post-production facilities and multiplexes' across the country. Currently, there are around 12,000 theatre screens in India, out of which approximately 1000 screens are multiplex. Multiplex phenomena started in India in 2002, which in a span of 5-6 years had improved box-office collections by 3.5 times. Since theatrical revenue forms major chunk of a film's overall revenue, multiplexes have clearly been a boon to the film producers.

The entertainment industry has of late been growing in full swing. And within the sector, it is the multiplex business which is providing the fastest impetus. Multiplexes have mushroomed in every corner of the metropolitan cities as well as in large areas of the smaller cities. The non metros are however growing quickly, catching up with their big brothers. As a result, multiplexes are slowly but surely replacing the older Cineplex's given the distinct advantages that it offers to moviegoers and visitors. Multiplexes are in fact seen as a place which provides wholesome entertainment to all.

From the humble beginning through a silent film made in 1913 to Indian film-makers producing films in English, Indian film industry has truly come a long way and is proudly marching towards completion of 100 golden years. The film exhibition business and the domestic box office is expanding at a fast pace and is exhibiting positive growth.

India has the world's largest film industry in terms of number of films produced and the ticket size. In India, there is a huge viewership for films. In fact, Bollywood and Cricket are considered to be two major religions for viewers in India. Over 1000 films are produced every year in more than 20 languages. Fourteen million Indians go to watch movies on a daily basis (about 1.4% of the population of 1 billion).

GROWTH IN ENTERTAINMENT SECTOR

A key policy initiative by the government has granted 'Industry' status to the entertainment segment, allowing sector access to institutional finance for new projects. The industry is witnessing considerable advancements in areas like technology, marketing, exhibition with rampant digitalization across the value chain, resulting in enhanced reach and access to high quality content. As the number of digital theatres are surging, the future of Indian cinema looks promising.

The Indian Media & Entertainment (M&E) Industry registered a growth of 12 percent over 2010, to reach INR 728 billion in 2011, says the FICCI-KPMG report. The growth trajectory is backed by strong consumption in Tier 2 and 3 cities, continued growth of regional media and fast increasing new media business. Overall, the industry is expected to register a Compound Average Growth Rate (CAGR) of 15 percent to touch INR 1,457 billion by 2016. The year 2011 has been a challenging one not just for the Indian M&E industry or the Indian economy but for the larger world economy. While India is still expected to grow at a healthy pace so like our film industry which has a reason to cheer, with multiple movies crossing the INR 100 crore mark in domestic theatrical collections and INR 30 crore mark in C&S rights. With several high budget Hindi releases lined up across the year, 2012 is expected to sustain the growth momentum witnessed in 2011. Keeping in view the remarkable performance of many recent releases, the Indian film industry is projected to grow at a CAGR of 10.1 percent to touch INR 150 Billion in 2016. The industry is estimated to be INR 93 billion in 2011 indicating a growth of 11.5 percent vis-à-vis 2010. Apart from many big films slated to release in the next couple of years, the growth is also expected to be fuelled by the multiplex chains, renewed focus on expansion, increase in average ticket prices and higher quality content, which in turn help the film industry to garner greater revenues.

MULTIPLEXES

With the growing relevance of multiplexes over the last few years, the Indian film exhibition industry has undergone a metamorphosis. The first multiplex came up in Delhi in 1997 and today the total number of multiplex screens in the country stands at around 1000. Over the last few years, multiplexes have brought back audiences to the theatres. As compared to the poorly maintained condition of many single screen theatres, multiplexes offer an enhanced viewing experience that has attracted audiences despite higher ticket prices. Growing disposable incomes, favourable demographic changes, increase in the number of films targeted at niche audiences and entertainment tax benefits granted by various states have contributed to the growth of multiplexes.

FOOD COURTS

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

Food courts are a vital element in any entertainment complex and are another form of anchor, as they provide food and drink for the visitors and act as a general attraction in malls which often tempt people to stay for longer period of time.

PRE-ENGINEERED BUILDINGS (PEB)

The PEB sector is growing at a rapid pace due to strong demand from industrial and infrastructure sectors and from traditional users of RCC/structural steel buildings who are now converting to modern technologies like PEB. Growth in new segments, logistics industry and Power plants will add to the demand of PEB's. High interest costs in India have created a demand for building techniques and products that can reduce project time-lines and facilitate early commissioning of projects. We expect this migration of projects from traditional RCC and Steel construction to PEBs to accelerate demand.

FUTURE OUTLOOK

According to a recent study on cinema in India, there is a requirement of more than 20,000 screens as against the current figure of about 12000. The multiplex revolution has started and with Government's move to allow 100% FDI on the automatic approval route, the multiplex penetration is expected to improve further.

Apart from development & operation of Multiplexes, Cineplexes and Food Courts, the Company has also planned to enter into a new line of activity i.e. all types of building construction materials and pre-fabricated building structure and similar activities which includes building warehouses, factories, workshops, offices, aircraft hangers, railway stations, show rooms etc. The advantage of the above said activities doesn't confined itself to few particular benefits but offers plenty more to boost growth, like they provide superior product quality, fast project construction, architectural flexibility, low maintenance and operating costs, relatively low design and construction costs, option of single-source responsibility for building etc.

The Indian economy grew at 6.9% in financial year 2011-12 and remained strong amidst a global slowdown. It is expected to grow at 7.6% in the coming year led by an increase in consumption in the large middle class, a growing labour force and strong rural demand. Infrastructure and Construction segments are fundamental to economic development and normally grow at twice the rate of GDP. The Indian consumer prefers better quality building materials and needs faster construction methods due to fast economic growth, greater disposable income and high exposure to media. In the construction industry there is rapid migration from conventional techniques and products. Modern products of superior quality and technology are being adopted which enable faster speed, greater strength and higher safety.

Keeping in view the growth prospect of the above mentioned Industry, your Company has decided to merge one of our Group Company namely Era Buildsys Limited, which is a very renown name in the PEB Industry, with our Company. A step in this regard has already been taken by obtaining no objection to the scheme of Merger from the Bombay Stock Exchange and by altering the object clause of the Memorandum of Association of the Company for effecting the said scheme of merger.

OPERATIONAL PERFORMANCE

For the financial year ended on 31st March, 2012, the total operational income of the Company from Entertainment/Cineplex stood at Rs. 1072.22 lacs as compared to an income of Rs. 852.53 lacs for the financial year ended on 31st March, 2011.

SEGMENT – WISE PERFORMANCE

Based on the guiding principles given in the accounting standard (AS-17) on segment reporting issued by the Institute of Chartered Accountants of India, the primary segment of the company were Real Estate business, Trading activities & Entertainment Business and segment wise revenue, result and capital employed for the period ended 31st March, 2012 are as follows :

| | 31 st March, 2012 | 31 st March, 2011 |
|--|------------------------------|------------------------------|
| | Rs. | Rs. |
| Business Segments | | |
| A. Segment Revenue | | |
| Entertainment / Cineplex | 107,222,061 | 85,253,454 |
| Real Estate | - | - |
| Others | - | - |
| Total | 107,222,061 | 85,253,454 |
| B. Segment Results Profit Before Tax and Interest | | |
| Entertainment / Cineplex | (2,622,046) | (25,958,244) |
| Real Estate | - | - |
| Others | - | - |
| Total | (2,622,046) | (25,958,244) |
| Less : Financial Expenses | 2,483,933 | 5,630,482 |
| Add : Other Income | 161,025 | 983,138 |
| Total Profit Before Tax | (4,944,954) | (30,605,588) |
| C. Capital Employed | | |
| Entertainment / Cineplex | 429,246,141 | 391,101,095 |
| Real Estate | 328,706,013 | 21,171,013 |
| Others | 599,224 | 599,224 |
| Total | 758,551,378 | 412,871,332 |

OPPORTUNITIES IN ENTERTAINMENT SECTOR

The nation's multiplex Industry is all set for boom. The Industry is expected to double the multiplex screens over the next five years taking the totality to over 2200 screens in 2016. An increased number of shows on account of reduction in film duration combined with quality of film-going experience continue to drive overall footfalls at multiplexes.

The advancements in technology are helping the Indian film Industry in all the way, with 3D films getting much more prevalent in Hindi film industry, multiplexes have been able to increase their ticket prices for the high-end 3D technology – thereby providing an improved viewing experience. The Industry is increasingly getting more corporatized. More theatres across the country are getting upgraded to multiplexes, which help in bringing the audience back to cinema theatres and are the preferred out-of-home choice of entertainment for the Indian consumers. Initiatives to set up more digital cinema halls in the country are already underway. This will not only improve the quality of prints and thereby make film viewing a more pleasurable experience, but also reduce piracy of prints inception, its increasing popularity is leaving a huge area that can be tapped.

THREATS / CONCERNS / RISKS IN ENTERTAINMENT SECTOR

The problem of piracy has been a pain-point for years. There is also a shortage of overall support infrastructure like lack of adequate and world-class production facilities, trained manpower etc. From the demand side as well, viewers face shortage of high-quality content being produced by Indian film-makers. Challenges such as low screen penetration and average performance of Indian films at international platforms such as Oscars are concerns that need significant attention.

Also, the growing popularity of alternate distribution platforms like DTH, satellite television and the launch of 3G enabled mobile handsets are a kind of potential threat to theatrical exhibition. Despite of all forms of threats, the Company has consistently endeavored to minimize or alleviate all forms of risks to the business by ensuring adequate preparedness at all times.

OPPORTUNITIES IN PEB SECTOR

Pre-engineered buildings (PEB) segment is primarily driven by industrial and infrastructure growth. As per market estimates, the current market size is estimated at Rs. 5,000 crores. In India, less than 25% of new low rise industrial buildings are PEB compared to 75% of low rise pre-engineered buildings in USA. The use of steel buildings for the construction of airports, shopping malls, large stadiums, auditoriums, railway stations, power plants, railway infra and metros besides industrial sheds and warehouses, is on the rise. PEBs offer significant time and cost savings in projects. Its growing popularity in India is due to the short on-site erection time and the fast speed of shed erection which is 1/3rd the construction time compared to a conventional building.

As per a latest Deloitte report, the per capita consumption for structural steel and PEB in India is currently hovering at around 6.2 Kgs, growing at a CAGR of over 10% since the past five years. However, the overall per capita consumption of structural steel and PEB for India over the next 10 years has a potential to look even more attractive – with the overall indicative potential reaching 17-22 Kgs per capita.

THREATS / CONCERNS / RISKS IN PEB SECTOR

Volatility in global steel prices and exchange rates poses a risk for the industry since most PEB contracts are fixed price contracts. Although this risk can be reduced by prudent purchase policy, price variation clauses in long term contracts and quick execution of projects. Apart from this, economic uncertainty, liquidity contraction and delays and deferment of projects are also a kind of potential threat to this industry.

ADEQUACY OF INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

Era E-Zone (India) Limited is a system driven organization dedicated to its customers in a seamless and transparent manner. The Company has an adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and applicable statutes, codes of conducts and corporate policies are duly complied with.

HUMAN RESOURCES

The Company's most valuable asset and strength, is the human resource built up over the period of time. The Company is continuously facilitating their assessment procedure to progress rapidly as an organization. The Company's employee relations have always been harmonious during the period under review. The employee relations were cordial throughout the year. At present there are 74 employees on the rolls of the Company. There have been no labour/worker strikes, during the financial year under review.

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

Company's philosophy on Corporate Governance is driven by its desire towards attainment of the highest level of transparency, accountability and equity in all of its operations and in its dealing with all the Stakeholders of the Company. The Company's philosophy on Corporate Governance is built on a rich legacy of fair, transparent and effective governance. This includes respect for human values, individual dignity and adherence to honest, ethical and professional conduct. This enables all the stakeholders to be partners in the Company's growth and prosperity.

Corporate governance involves a set of relationships between a Company's Management, its Board, its Shareholders and other Stakeholders and also provides the structure through which the objectives of the Company are set, and the means of attaining those objectives and monitoring performance are determined in a manner that would ensure the utilization of available resources to meet the aspirations of all its Stakeholders.

We firmly believe that good governance is critical for sustaining corporate development, increasing productivity and competitiveness. The governance process should ensure that the available resources are utilized in a manner that meets the aspirations of all its stakeholders. Your Company's essential charter is shaped by the objectives of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis. The Company's Code of Conduct not only ensures compliance with the Company Law, the provisions of the listing agreement with Stock Exchanges and other laws, but goes beyond to ensure exemplary Corporate Governance.

It is always ensured that the Board of the Company is fully apprised of the affairs of the Company which is aimed at assisting them in the efficient conduct of Company's business so as to meet Company's obligation to the stakeholders. The Company reaffirms its commitment to adhere to Corporate Governance in its relentless pursuit to attain highest standards of corporate values and ethics.

Your Company is continuously striving to go beyond adherence to regulatory framework. Our Corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. We accord highest priority to the protection of the interests of all our Shareholders, particularly the minority Shareholders.

We believe that growth is possible only with the best practices and hence we stress on good Corporate Governance. Good governance practices stem from the culture and mindset of the organization.

Your Company's commitment to strong values and business ethics, coupled with its article of faith to augment the overall interest of the shareholder, is at the core of our Corporate Governance Policy. The Company believes that good governance is not just rule-driven, but involves voluntary adoption of best practices. This is ensured through compliance of all statutory and regulatory requirements, transparency in corporate disclosures, high quality of accounting practices and adhering to the best level of business ethics.

We, at Era E-Zone are committed for doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with the applicable legal requirements. Our Code of Business Principles is an extension of our values and reflects our continued commitment to ethical business practices and regulatory compliances. We acknowledge our individual and collective responsibilities to manage our business activities with integrity. To succeed, we believe, requires the highest standards of corporate behavior towards everyone we work with, the communities we touch and the environment on which we have an impact.

The report on matters relating to Corporate Governance in accordance with the provisions of Listing Agreement is as follows:

2. BOARD OF DIRECTORS AND BOARD PROCEDURE

A) BOARD COMPOSITION:

The Board of Directors has an optimum combination of Executive and Non-Executive Directors with more than half of the Board are Non Executive & Independent Directors which is in conformity with Clause-49 of the Listing Agreement. The details of the Board of Directors as on the date of this report is as follows:

| S.No. | Name of the Director | Category | Date of Appointment | Date of Cessation |
|-------|----------------------|-----------------------------|---------------------|-------------------|
| 1. | Mr. H.S. Bharana | Non Executive Chairman | 20.03.2006 | N.A. |
| 2. | Mr. A.K. Mehta | Independent & Non-Executive | 20.03.2006 | N.A. |
| 3. | Mr. S. D. Kapoor | Independent & Non-Executive | 01.12.2007 | N.A. |
| 4. | Mr. S. D. Sharma | Independent & Non-Executive | 18.04.2008 | N.A. |
| 5. | Mr. Amit Bharana* | Non Executive Director | 29.09.2008 | N.A. |
| 6. | Mr. A.K. Mishra | Non Executive Director | 18.04.2008 | 07.11.2011 |

*Mr. Amit Bharana had been a Managing Director (Executive Director) till 31st May, 2011. After that he ceased to be Managing Director & continued as a Non-Executive Director.

The Independent Directors do not have any material pecuniary relationship (apart from receiving sitting fees for attending the Board Meetings) or transactions with the Company, its promoters and its subsidiary which may affect the independence or judgment of directors.

B) BOARD PROCEDURES

It has always been the Company's policy and practice that apart from matters requiring Board approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc. are regularly placed before the Board.

The Schedule of each of the Board meeting is decided well in advance and communicated to the Directors. Board meetings are generally held at the Corporate and Registered office of the Company situated at Okhla, Phase-III, New Delhi.

The agenda along with the explanatory notes are sent to the Directors well in advance to enable them to take informed decisions. The Departmental Heads are invited to all the Board meetings to provide necessary insights into the working of the Company and for discussing corporate strategies.

All relevant information required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement, are considered and taken on record/ approved by the Board.

Post Board meeting, the decisions taken by Board are followed up and reviewed. Important decisions are communicated to the departments/divisions concerned for implementation. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board for noting by the Board.

C) DETAILS OF BOARD MEETINGS:

During the financial year ended on 31st March, 2012, the Board of Directors had met for six times i.e. on 30th May 2011, 13th August 2011, 14th November 2011, 14th February 2012, 26th March 2012 and 29th March 2012, wherein the difference between two board meeting does not exceeded 4 Months.

The Details of attendance of each director at Board Meeting and last AGM held during the financial year and details of other Directorship, Committees membership and Committee chairmanship are as follows:

| Name of the Director | No. of Board Meetings attended | Whether attended the Last A.G.M. | Number of Directorships held in other companies | Committee Position in other Companies | |
|----------------------|--------------------------------|----------------------------------|---|---------------------------------------|------------|
| | | | | Chairmanship | Membership |
| Mr. H. S. Bharana | 4 | Yes | 11 | 1 | 3 |
| Mr. A. K. Mehta | 3 | No | 2 | 1 | 1 |
| Mr. S. D. Kapoor | 4 | No | 6 | 3 | 2 |
| Mr. S. D. Sharma | 6 | Yes | 1 | 1 | 1 |
| Mr. Amit Bharana | 6 | No | 11 | - | 3 |
| Mr. A. K. Mishra (*) | 2 | No | 1 | 1 | 4 |

(*) Mr. A.K Mishra has resigned from the Company w.e.f. 07.11.2011

Notes:

- i) Other Directorship do not include alternate Directorship, Directorship of Private Companies (not being a subsidiary of a Public Company), Section 25 Companies and of Companies incorporated outside India.
- ii) For the purpose of reckoning the limits regarding chairmanship / membership of committee of board, only two committees namely Audit Committee and Investor's/Shareholder's Grievance Committee have been considered pursuant to Clause 49.
- iii) The Directors of your Company have confirmed that their memberships on Committee Meetings are within the prescribed limits under the Listing Agreement.

3. AUDIT COMMITTEE

(A) COMPOSITION

In terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, our Board has constituted an Audit Committee, the composition of which is as follows:

- i) Mr. S.D Sharma Chairman
- ii) Mr. S.D. Kapoor Member
- iii) Mr. A.K. Mehta Member

All the members of the Committee are independent and having sufficient knowledge and experience of Finance and Accounts. The Chairman of the Audit Committee attended the last Annual General Meeting of the Company.

The Company Secretary acts as the Secretary and convener of the Committee meetings.

(B) ATTENDANCE

During the financial year ended on 31st March 2012, the members of the Audit Committee had met four times i.e. on 30th May 2011, 13th August 2011, 14th November 2011 and 14th February 2012, Composition of Audit Committee and attendance during the year were as under :-

| Name of Members | Category | No. of Meetings held | No. of Meetings Attended |
|-----------------|-------------------------------|----------------------|--------------------------|
| Mr. S.D Sharma | Independent & Non - Executive | 4 | 4 |
| Mr. S.D. Kapoor | Independent & Non - Executive | 4 | 2 |
| Mr. A.K. Mehta | Independent & Non - Executive | 4 | 2 |

TERMS OF REFERENCE TO THE COMMITTEE:

The terms of reference stipulated by the Board to the Audit Committee are, inter-alia, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 as follows:

1. 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 desirable.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing with the Management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report, if any.
5. Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the Management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.

9. 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 systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

REVIEW OF THE INFORMATION BY THE AUDIT COMMITTEE:

The Audit Committee shall mandatorily review the following information:

- i) Management Discussion and Analysis of financial condition and results of operations;
- ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- iii) Management letters / Letters of internal control weaknesses issued by the statutory auditors;
- iv) Internal audit reports relating to internal control weaknesses; and
- v) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

4. REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors consists of the following Members:-

| | |
|-----------------|----------|
| Mr. A.K. Mehta | Chairman |
| Mr. S.D. Sharma | Member |
| Mr. S.D. Kapoor | Member |

During the Financial year only one meeting of the Committee was held on 30th May, 2011 for fixing the remuneration of the Manager appointed on 1st June, 2011.

Two members of the Committee were present in the meeting and leave of absence was granted to Mr. S. D. Kapoor.

REMUNERATION POLICY

Subject to the approval of the Board of Directors and subsequent approval by the shareholders at the General Body Meetings and such authorities as the case may be, remuneration of the Managing Director/Whole Time Director/Manager is fixed by the remuneration committee. The remuneration is fixed considering various factors such as qualifications, experience, expertise, prevailing remuneration in competitive industries, financial position of the Company, etc. The remuneration structure comprises basic salary, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 1956.

REMUNERATION TO DIRECTORS/MANAGER:

(i) EXECUTIVE DIRECTOR

Mr. Amit Bharana had been a Managing Director of the Company till 31st May, 2011 and the details of remuneration paid for a period of two months during the financial year 2011-12 is given below:

| | | |
|----------------------------------|---|----------------|
| Basic Salary | : | Rs. 2,24,071/- |
| Perquisites and other Allowances | : | Rs. 3,51,029/- |
| Total | : | Rs. 5,75,100/- |

(ii) MANAGER

Mr. Gaurav Chopra has been appointed as the Manager of the Company w.e.f 01.06.2011, as per provisions of the companies Act, 1956 and the details of remuneration paid during the financial year 2011-12 is given below:

| | | |
|----------------------------------|---|----------------|
| Basic Salary | : | Rs. 1,82,107/- |
| Perquisites and other Allowances | : | Rs. 2,67,078/- |
| P.F Contribution | : | Rs. 21,852/- |
| Total | : | Rs. 4,71,037/- |

(iii) None of the Non-Executive Directors is drawing any kind of remuneration apart from the sitting fees for attending the Board Meetings of the Company.

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance Committee was constituted to specifically look into the redressal of Investor's complaints like transfer of shares, non-receipt of Annual Report and non-receipt of dividend etc.

The said committee consists of Mr. A.K. Mehta as its Chairman, Mr. S.D. Sharma and Mr. S.D. Kapoor as its members. Sufficient authority and responsibility has been delegated to Company's Transfer Agent, Beetal Financial & Computer Services (P) Ltd, Beetal House, 3rd floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062.

During the financial year ended on 31st March 2012, the Members of the Committee had met four times i.e. on 30th May 2011, 13th August 2011, 14th November 2011 and 14th February 2012, composition of Committee and attendance during the year were as under :-

| Name of Members | Category | No. of Meetings held | No. of Meetings Attended |
|-----------------|-------------------------------|----------------------|--------------------------|
| Mr. A.K. Mehta | Independent & Non - Executive | 4 | 2 |
| Mr. S.D. Kapoor | Independent & Non - Executive | 4 | 2 |
| Mr. S.D. Sharma | Independent & Non - Executive | 4 | 4 |

The Company attends to the investor grievances / correspondences expeditiously and usually a reply is sent within 10 days of receipt of letter, except in the cases that are constrained by dispute or legal impediments.

During the financial year there were no complaints received by the Company's RTA or by the Company and no complaint is pending as on 31st March, 2012.

Our Registrar & Share Transfer Agent M/s Beetal Financial & Computer Services (P) Ltd. has been personally handling the cases of share transfer and other related matters very swiftly and efficiently under the supervision of the Company Secretary of the Company.

Any of the shareholder may contact the RTA or the Company Secretary of Company at the registered office of the Company or at the email id- investors@eragroup.in .

ROLES AND RESPONSIBILITIES OF THE SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Committee shall have the following role and responsibilities:

- i) Redressal of shareholders and investor complaints e.g. transfer of shares, non-receipt of Annual Report, non receipt of dividend (if declared) etc.
- ii) Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- iii) Issue of duplicate share certificates in place of original which may be lost/ torn/ mutilated;
- iv) Approve and effect transmission of shares arising as a result of death of sole/ any of the joint shareholder.

Compliance Officer: Mr. Kapil Kumar, Company Secretary, has been designated as Compliance Officer and he takes care of compliances as required under Listing Agreement.

6. GENERAL BODY MEETING

Details of last three Annual General Meetings (AGM's) / Extra-Ordinary General Meetings (EGM's) are given as under:

| FINANCIAL YEAR | DATE OF A.G.M. | DAY | TIME | VENUE | SPECIAL RESOLUTION PASSED |
|-----------------------|-----------------------|------------|-------------|---|--|
| 2010-11 | 19/09/2011 | Monday | 5.00 P.M. | Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 | To increase the remuneration paid to Mr. Amit Bharana, Managing Director |
| 2009-10 | 06/08/2010 | Friday | 5.00 P.M. | Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 | To increase the remuneration of Mr. Amit Bharana, Managing Director |
| 2008-09 | 08/08/2009 | Saturday | 5.00 P.M. | Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074 | No special resolution was passed |

All Special Resolutions were passed through vote by show of hands.

POSTAL BALLOT:

During the financial year 2011-12, two postal ballots were conducted by the Company and the following resolutions were passed as Special Resolutions:

1. Resolution passed through postal ballot dated 1st March, 2012 :

- To alter the objects clause of Memorandum of Association of the Company.

The result of the above mentioned postal ballot was declared on 9th April, 2012 and the resolution was passed with requisite and overwhelming majority.

2. Resolutions passed through postal ballot dated 30th May, 2011 :

- To alter the objects clause of Memorandum of Association of the Company.
- Commencement of Business as specified in sub clauses of clause-III (C) of the Memorandum of Association of the Company.
- Issue of Warrants convertible into Equal Number of Equity Shares on Preferential basis.

The result of the above mentioned postal ballot was declared on 16th July, 2011 and the resolutions were passed with requisite and overwhelming majority.

Mr. R.S. Bhatia, Company Secretary in Practice, was appointed as the scrutinizer for conducting the aforesaid Postal Ballots. Mr. H.S. Bharana, Chairman and Mr. Kapil Kumar, Company Secretary of the Company were responsible for conducting the said Postal Ballots in a fair and transparent manner. The Postal Ballots were conducted as per the rules framed by Government in this regard.

PROCEDURE FOR POSTAL BALLOT

For conducting a Postal Ballot, Notice specifying the resolutions proposed to be passed through Postal Ballot as also the relevant explanatory statement & the postal ballot forms are dispatched to all the shareholders along with self addressed postage prepaid envelope. The shareholders are requested to send back the postal ballot forms duly filled up & signed in the postage prepaid envelopes provided to them by the Company, so as to reach the scrutinizer (in whose name the envelopes are made) on or before the 30th day from the date of issue of notice by the Company.

The scrutinizer compiles the postal ballot result out of the postal ballot forms found valid and hand over the results to the Chairman. The Chairman there upon declares the results of the postal ballot.

7. DISCLOSURE

a. No transaction of material nature has been entered into by the company with its Promoters, Directors or Management or Relatives etc. that may have conflict with the interest of the Company.

b. Related Party Transactions

The details of the Related Party Transactions are given in note no. 25 of Balance Sheet i.e. under the head notes to the financial statement for the financial year ended 31st March, 2012.

c. Disclosure of Accounting Treatment

The Company is following the prescribed Accounting Standards of the trade which provides a true and fair view of the business of the Company and there is no deviation.

d. During the financial year 2011-12, 1,27,00,000 number of shares were allotted in demat form, out of which 3,00,000 shares were allotted on 12.10.11 and 1,24,00,000 shares were allotted on 15.02.2012.

e. Compliance by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities relating to the above.

f. Number of shares held by Non Executive Directors

As on 31st March, 2012 two Non-Executive Directors were holding equity shares of the Company namely Mr. H.S. Bharana who is holding 1931385 shares and Mr. Amit Bharana who is holding 11800 shares.

g. Management Discussion and Analysis

A report on Management Discussion and Analysis is given else where in this Annual Report.

h. Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Company has framed the risk assessment and minimization procedure which is periodically reviewed by the Board.

8. SUBSIDIARY COMPANIES

M/s Silverline Cinemas Private Limited is the only wholly owned subsidiary company of the Company. The Company did not had a material non-listed Indian Subsidiary during the financial year 2011-12.

9. CODE OF CONDUCT

The Board of Directors of the Company had laid down a Code of Conduct for all Board members and senior Management of the Company. This code is derived from the principles of good corporate governance, good corporate citizenship and high personal ethical standards and is applicable to all Directors and Senior Management personnel of the Company. All Directors and senior Management personnel of the Company have affirmed compliance with the Era E-Zone's Code of Conduct for the financial year ended on 31/03/2012 as required under Clause-49 of the Listing Agreement.

The Board of Directors and senior Managers affirm with the code on annual basis as at the end of each financial year (April to March).

10. CEO/CFO CERTIFICATION

A Certificate signed by the Manager, appointed in terms of the Companies Act, 1956 and the Finance Head, on the financial statements of the Company was placed before the Board.

11. COMPLIANCE WITH NON MANDATORY REQUIREMENT

(i) REMUNERATION COMMITTEE

The Board has set up a remuneration Committee details of which are furnished at serial no. 4 of this report.

(ii) WHISTLE BLOWER POLICY

The Company at present does not have whistle blower policy. However, the Management ensures that the employees of the Company have sufficient access to the audit committee as and when they desire.

12. MEANS OF COMMUNICATION

- i) The quarterly results of the Company are published in leading and widely circulated English / Hindi national as per the requirements of the Listing Agreement with the Stock Exchange. The results are also faxed to the Stock Exchange where the Company is listed. The results are also published in the prescribed performa within 48 hours of the conclusion of the meeting of the Board in which they are considered and approved.
- (ii) The quarterly financial results during the financial year 2011-12 were published as detailed below:

| Quarters | Date of Board Meeting | Date of Press Release | News papers |
|------------------------|---------------------------------|---------------------------------|--------------------------------|
| April-June, 2011 | 13 th August, 2011 | 14 th August, 2011 | Jansatta and Financial Express |
| July-September, 2011 | 14 th November, 2011 | 15 th November, 2011 | Jansatta and Financial Express |
| October-December, 2011 | 14 th February, 2012 | 15 th February, 2012 | Jansatta and Financial Express |
| January-March, 2012 | 15 th May, 2012 | 17 th May, 2012 | Jansatta and Financial Express |

13. GENERAL SHAREHOLDER INFORMATION

I) ANNUAL GENERAL MEETING

The 20th Annual General Meeting is scheduled as under:

Day : Saturday

Date : 29th September, 2012

Time : 5:00 P.M.

Venue : Executive Club, 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi-110074

II) Financial Calendar; April 2012 to March 2013

| | |
|--|---|
| Results for the quarter ending June 30, 2012 | By 14 th of August 2012 |
| Results for the quarter ending September 30, 2012 | By 14 th of November 2012 |
| Results for the quarter ending December 31, 2012 | By 14 th of February 2013 |
| Results for the quarter/financial year ending March 31, 2013 | By 15 th of May /end of May 2013 |
| Annual General Meeting for the year ending March 2013 | Latest by end of September 2013 |

III) BOOK CLOSURE PERIOD

22nd September, 2012 to 29th September, 2012 (both days inclusive).

IV) DIVIDEND

Board of Directors have not recommended any dividend.

V) LISTING

Your Company is presently listed at Bombay Stock Exchange Limited. Annual Listing Fee for the year 2012-13 has been paid to the Bombay Stock Exchange Limited.

VI) STOCK CODE

Stock Code for the Equity Shares of the company at Bombay Stock Exchange is 531615.

VII) MARKET PRICE

The table mentioned herein below gives the monthly high and low closing price quotations traded at BSE for the financial year 2011-2012:

| DATE | HIGH (₹) | LOW (₹) |
|-----------------|------------|-----------|
| April, 2011 | 20.30 | 16.25 |
| May, 2011 | 22.05 | 20.10 |
| June, 2011 | 21.80 | 16.30 |
| July, 2011 | 15.50 | 13.90 |
| August, 2011 | 14.00 | 12.00 |
| September, 2011 | 15.09 | 12.65 |
| October, 2011 | 15.45 | 14.00 |
| November, 2011 | 15.40 | 13.90 |
| December, 2011 | 13.21 | 12.00 |
| January, 2012 | 12.90 | 12.00 |
| February, 2012 | 12.26 | 10.25 |
| March, 2012 | 12.67 | 09.95 |

VIII) COMMON AGENCY FOR SHARE TRANSFERS AND ELECTRONIC CONNECTIVITY

Name : Beetal Financial & Computer Services (P) Ltd.,
 Address : Beetal House, 3rd floor, 99, Madangir (Behind Local Shopping Centre)
 Near Dada Harsukhdas Mandir, New Delhi-110062.
 Tel. No. : 011 29961281- 82 ; Fax: 011 29961284
 E Mail ID : beetal@beetalfinancial.com, beetalrta@gmail.com

IX) SHARE TRANSFER SYSTEM

Transfer of Equity Shares is handled by Beetal Financial & Computer Services Private Limited. The transferee is required to furnish transfer deed duly completed in all respects together with Share Certificate to Beetal Financial & Computer Services Private Limited at the above address in order to enable Beetal Financial & Computer Services Private Limited to process the transfer.

X) SHAREHOLDING PATTERN AND DISTRIBUTION SCHEDULE:

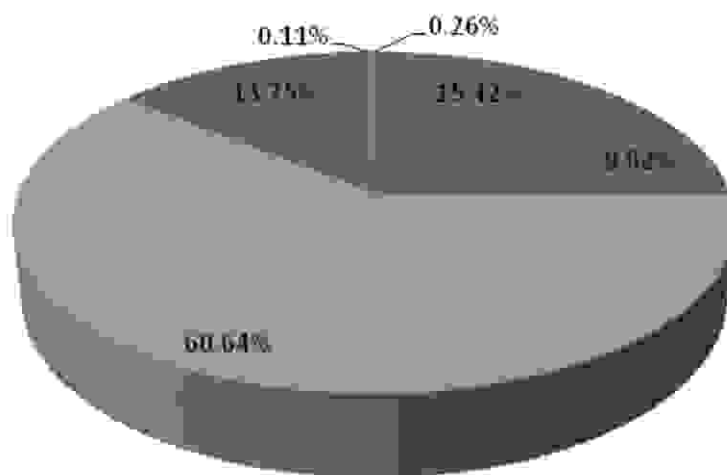
The Shareholding Pattern of the Company as at 31st March, 2012:

| S. No. | Category | No. of shares held | % age of shares held |
|------------|---|--------------------|----------------------|
| A) | Shareholding of Promoter/Promoter Group | | |
| 1. | Bodies Corporate | 3666000 | 15.42 |
| 2. | Directors & their Relatives | 2336025 | 09.82 |
| | Foreign Promoters | NIL | NIL |
| | (A) Sub Total(1 + 2) | 6002025 | 25.24 |
| (B) | Non Promoters Holding | | |
| 1) | Institutional Investors | | |
| a) | Banks, Financial Institutions, Insurance companies, Central /State Govt. / institutions | - | - |
| b) | Non Governmental Institutions | - | - |
| c) | FIs | - | - |
| | Sub Total (3) | | |
| Others: | | | |
| 2) | Non Institutional Investors | | |
| a) | Private Corporate Bodies | 14419984 | 60.64 |
| b) | Indian Public | 3269503 | 13.75 |
| c) | NRI/OCBs | 26366 | 00.11 |
| d) | HUF | 62122 | 00.26 |
| | Sub Total (4) | 17777975 | 74.76 |
| | (B) Sub total (3 + 4) | 17777975 | 74.76 |
| | Grand Total (A+B) | 23780000 | 100.00 |

PICTORIAL PRESENTATION IN THE FORM OF A PIE CHART FOR THE SHAREHOLDING PATTERN:

%Age of Shareholding

- Promoter Body Corporates
- Directors & their Relatives
- Private Corporate Bodies
- Indian Public
- NRI'S / OCB'S
- HUF



XI) THE DISTRIBUTION SCHEDULE AS ON 31ST MARCH, 2012 IS AS UNDER:

| SHAREHOLDING OF NOMINAL VALUE OF Rs. | SHARE HOLDERS | | SHARES | |
|--------------------------------------|---------------|--------------------------|--------------------|--------------------------|
| | Number | As a Percentage of total | Number | As a Percentage of total |
| Upto 5000 | 9,942 | 92.60 | 17,95,772 | 7.55 |
| 5001 - 10000 | 354 | 3.30 | 2,77,477 | 1.17 |
| 10001 - 20000 | 331 | 3.08 | 4,30,846 | 1.81 |
| 20001 - 30000 | 25 | 0.23 | 64,214 | 0.27 |
| 30001 - 40000 | 10 | 0.09 | 36,928 | 0.15 |
| 40001 - 50000 | 9 | 0.08 | 42,340 | 0.18 |
| 50001 - 100000 | 15 | 0.14 | 1,20,719 | 0.51 |
| 100001 & above | 51 | 0.47 | 2,10,11,704 | 88.36 |
| TOTAL | 10,737 | 100.00 | 2,37,80,000 | 100.00 |

XII) DEMATERIALIZATION OF SHARES

The Equity Shares of our Company are eligible for Dematerialization. The Company has signed agreements with both the depositories namely NSDL and CDSL. The ISIN allotted to Company's Equity Shares is INE040E01010. Whenever any person deals in the equity shares of the Company, he/ she is required to quote the said ISIN on the debit/credit instructions. Shareholders are advised to get in touch with any depository participant for dematerialization of their scrips.

As on 31st March, 2012 the no. of shares held in dematerialized and physical form are as given below :

| Segment | No. of Shares | % age of Shareholding |
|---|--------------------|-----------------------|
| Physical (A) | 26,59,975 | 11.19 |
| Demat (B) :- | | |
| NSDL (National Securities Depository Ltd.) | 79,30,653 | 33.35 |
| Pending for Corporate Action Form from NSDL | 1,27,00,000 | 53.41 |
| CDSL (Central Depository Services (India) Ltd.) | 4,89,372 | 2.05 |
| Grand Total (A+B) | 2,37,80,000 | 100.00 |

Note : During the financial year 2011-12, 1,27,00,000 shares were allotted in demat form. Although the Corporate Action Form of the above allotted shares was generated after 31.03.2012.

XIII) PLANT LOCATION

The Company as on date does not have manufacturing activity. Hence does not have plant.

XIV) OUT STANDING WARRANTS, FCCBS AND GDR/ADR

The Company does not have any outstanding ADR/GDR and any other securities which have an impact on the equity of the company during the Financial Year.

XV) ADDRESS OF CORRESPONDENCE

Registered Office:

Era E -Zone (India) Ltd.

153, Okhla industrial Estate,

Phase III, New Delhi 110020.

Tel. : 011-40637000

Fax : 011-40637070

XVI) GREEN INITIATIVE TAKEN BY THE COMPANY

PAPERLESS COMMUNICATION:

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by Companies through electronic mode and has issued circulars bearing no. 17/2011 dated: April 21, 2011 and 18/2011 dated : April 29, 2011 stating that service of documents by a Company to its members can be made through electronic mode. The move aims at large to contribute to the green movement.

Keeping in view the underlying theme and the circular issued by MCA, the Company has already taken an initiative by inviting the shareholders to participate in the “Go-Green” initiative by registering their e-mail addresses with the Company (in case of Physical Shareholders) and with their respective Depositories (for De-mat Shareholders). It is proposed to send various communications and documents like notice calling general meetings, audited financial statements, directors report, auditors report etc., henceforth, in electronic form to the e-mail addresses provided by the members to the Depositories or to the Company.

The Company’s initiative has been responded with overwhelming response from the shareholders.

To further support this green initiative in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with Depositories through their concerned Depository Participant. Members who hold shares in physical form are requested to register their e-mail addresses with the Company at investors@eragroup.in or by filling in and submitting to the Company, the Registration Form provided in this Annual Report or register their email addresses.

DISCLOSURES BY THE MANAGEMENT

During the financial year 2011-12, there have been no transactions of material nature entered into by the Company with the Management or their relatives that may have potential conflict with interest of the Company.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 14th August, 2012

(H.S. Bharana)
Chairman

CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Gaurav Chopra, Manager and Pushkar Vats, Finance Head of Era E-Zone (India) Ltd., to the best of our knowledge and belief hereby certify that:-

- a) We have reviewed financial statements and the cash flow statement for the financial year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's board of directors (and persons performing the equivalent functions) :
 - i. all deficiencies in the design or operation of internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material lacknesses in internal controls over financial reporting including any Corrective actions with regard to deficiencies;
 - ii. Significant change in internal controls during the financial year covered by this report ;
 - iii. all significant changes in accounting policies during the financial year (if any) that the same have been disclosed in the notes to the financial Statements ;
 - iv. instances of significant fraud of which we are aware, that involves Management or other employees who have a significant role in the Company's internal control system.

Place : New Delhi
Date : 14th August, 2012

(Pushkar Vats)
Finance Head

(Gaurav Chopra)
Manager

COMPLIANCE

The Certificate dated 14.08.2012 obtained from Mr. R.S. Bhatia, Company Secretary in Practice forms part of this Annual Report.

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the members of
ERA E-ZONE (INDIA) LIMITED

I have examined the compliance of conditions of Corporate Governance by Era E-Zone (India) Limited, for the financial year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and impediments thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further State that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : New Delhi
Date : 14th August, 2012

(R.S. Bhatia)
Company Secretary in Practice
C.P. No. 2514

AUDITORS' REPORT

The Members,
Era E-Zone (India) Limited
New Delhi.

REPORT ON THE ACCOUNTS FOR THE REPORTING PERIOD ON 31ST MARCH, 2012 IN COMPLIANCE WITH SECTION 227(2) OF THE COMPANIES ACT, 1956.

1. We have audited the attached balance sheet of Era E-Zone India Limited as at 31st March, 2012 and the statement of profit & loss and also the cash flow statement for the reporting period on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by the law have been kept by the company, so far as appears from our examination of those books ;
 - iii) The balance sheet, profit & loss account, and cash flow statement dealt with by this report are in agreement with the books of account ;
 - iv) In our opinion, the balance sheet, profit & loss account and cash flow statement dealt with this report comply with the accounting standards referred in section 211(3C) of the Companies Act, 1956 ;
 - v) On the basis of the written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956 ;
 - vi) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with the notes to accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
 - a) In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2012 ;
 - b) In the case statement of Profit & Loss , of the Loss of the company for reporting period on that date; and
 - c) In the case of the Cash Flow Statement, of the cash flows for the reporting period on that date.

For P.C. BINDAL & CO.
Chartered Accountants
FRN : 003824N

PLACE : New Delhi
DATE : 14th August, 2012

[CA. K. C. Gupta]
Partner
M. No. : 088638

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF ERA E-ZONE (INDIA) LIMITED FOR THE REPORTING PERIOD ON 31ST MARCH, 2012

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets of the company have been physically verified during the year by the management and no material discrepancies between the book records and the physical inventory have been noticed.
 - c) During the year, the company has not disposed off substantial part of fixed assets.
- ii) a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of inventory, the company is maintaining proper records of inventory and no discrepancies has been noticed on verification between the physical stocks and the books records.
- iii) a) According to the information and explanations given to us, the company has granted interest free unsecured loans to one wholly owned subsidiary company. The maximum amount involved during the year was Rs. 69,76,069 and the year end balance of loans granted to such party was Rs. 36,35,283.
 - b) In our opinion, terms and conditions of the above said loan which has been given to subsidiary company which is not required to be covered in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
 - c) In our opinion and according to the information and explanations given to us, the company is receiving the principal amount as stipulated or as re-stipulated.
 - d) According to the information and explanations given to us, there is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
 - e) According to the information and explanations given to us, the company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. In view of the above, clause 4(iii) (e) to (g) of the Order are not applicable in respect of the Company.
- iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory and sales of goods. During the course of our audit, we have not observed any major weakness in internal controls.

- v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into the register in pursuance of Section 301 of the Act. Accordingly, clause 4(v) (a) and (b) of the Companies (Auditors' Report) Order 2003 is not applicable to the company for the current year.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public to which provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 apply. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business. The directors are themselves implementing the system.
- viii) Clause 4(viii) of Companies (Auditors' Report) Order, 2003 (as amended) regarding maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company.
- ix) a) According to the information and explanations given to us and according to the books and records produced before us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess and other material statutory dues applicable to it were in arrears, as at 31st March, 2012 for a period of more than six months from the date they become payable.
c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- x) The company does not have any accumulated losses as at the end of the year. During the year under review, the company has not incurred cash losses. The company is having cash loss in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.

- xiv) In our opinion and according to the information and explanations given to us , the company is not dealing in or trading in shares, securities, debentures and other investments, Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) According to the information and explanations given to us, the company has not availed any term loan during the year under audit.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix) According to the information and explanations given to us, the company had not issued any debentures during the year.
- xx) According to the information and explanations given to us, the company had not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For P.C. BINDAL & CO.
Chartered Accountants
FRN : 003824N

PLACE : New Delhi
DATE : 14th August, 2012

[CA. K. C. Gupta]
Partner
M. No. : 088638

ERA E-ZONE (INDIA) LIMITED

BALANCE SHEET AS AT 31st March, 2012

(Amount in ₹)

| PARTICULARS | NOTES | AS AT 31.03.2012 | AS AT 31.3.2011 |
|--------------------------------|-------|---------------------|--------------------|
| Equity And Liabilities | | | |
| Shareholder's Funds | | | |
| Share Capital | 2 | 237,800,000 | 110,800,000 |
| Reserves and Surplus | 3 | 520,751,378 | 302,071,332 |
| | | 758,551,378 | 412,871,332 |
| Non Current Liabilities | | | |
| Long-Term Borrowings | 4 | - | 22,222,225 |
| Long Term Provisions | 5 | 331,133 | 345,480 |
| | | 331,133 | 22,567,705 |
| Current Liabilities | | | |
| Trade Payables | 6 | 17,604,658 | 16,562,707 |
| Other Current Liabilities | 6 | 2,229,649 | 25,929,586 |
| Short-Term Provisions | 5 | 39,968 | - |
| | | 19,874,276 | 42,492,293 |
| Total | | 778,756,786 | 477,931,330 |
| Assets | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 7 | 59,217,111 | 66,131,555 |
| Capital Work-In-Progress | | 198,745,254 | 197,672,588 |
| Non Current Investments | 8 | 9,785,474 | 9,785,474 |
| Long-Term loans and Advances | 9 | 164,767,574 | 160,767,574 |
| | | 432,515,413 | 434,357,191 |
| Current Assets | | | |
| Inventories | 10 | 1,006,693 | 866,566 |
| Cash and Bank Balances | 11 | 8,752,994 | 10,238,094 |
| Short Term Loans and Advances | 9 | 336,462,840 | 32,456,336 |
| Other Current Assets | 12 | 18,846 | 13,143 |
| | | 346,241,373 | 43,574,139 |
| Total | | 778,756,786 | 477,931,330 |

Significant Accounting Policies

1

The accompanying notes (21 to 33) are an integral part of financial statements

As per our report of even date

For P.C. Bindal & Co.
Chartered Accountants
FRN: 003824N

For and on behalf of the Board

(CA. K.C. Gupta)
Partner
M. No. 088638

(H.S.Bharana)
Chairman

(Amit Bharana)
Director

Place : New Delhi
Date : 14th August, 2012

(Kapil Kumar)
Company Secretary

(Gaurav Chopra)
Manager

ERA E-ZONE (INDIA) LIMITED

Statement of Profit & Loss Account for the Year ended 31st March, 2012

(Amount in ₹)

| PARTICULARS | NOTES | AS AT 31.03.2012 | AS AT 31.3.2011 |
|---|-------|---------------------|---------------------|
| Income | | | |
| Revenue From Operations | 13 | 107,222,061 | 85,253,454 |
| Other Income | 14 | 161,025 | 983,138 |
| Total Revenue (I) | | 107,383,086 | 86,236,592 |
| Expenses | | | |
| Purchase of Traded Goods | 15 | 10,674,320 | 9,249,938 |
| (Increase)/ Decrease in Inventories | 16 | (140,127) | 8,885,090 |
| Employee Benefits Expense | 17 | 9,495,954 | 11,066,220 |
| Other Expenses | 18 | 82,502,087 | 74,716,046 |
| Total (II) | | 102,532,233 | 103,917,294 |
| Earnings Before Interest, tax, depreciation and amortisation (EBITDA) (I)-(II) | | 4,850,852 | (17,680,702) |
| Depreciation Expense | 19 | 7,311,874 | 7,294,404 |
| Finance Costs | 20 | 2,483,933 | 5,630,482 |
| Profit/(Loss) Before Tax | | (4,944,954) | (30,605,588) |
| Tax Expenses | | | |
| Current Tax | | - | - |
| Deferred Tax | | - | - |
| Deferred Tax Assets Reversed | | - | 13,085,211 |
| Total Tax Expenses | | - | 13,085,211 |
| Profit / (Loss) after Tax | | (4,944,954) | (43,690,799) |
| Earning Per Equity Share of Rs. 10/- | | | |
| Basic | | (0.39) | (3.94) |
| Diluted | | (0.39) | (3.94) |

Significant Accounting Policies

1

The accompanying notes (21 to 33) are an integral part of financial statements

As per our report of even date

For P.C. Bindal & Co.
Chartered Accountants
FRN: 003824N

(CA. K.C. Gupta)
Partner
M. No. 088638

Place : New Delhi
Date : 14th August, 2012

For and on behalf of the Board

(H.S.Bharana)
Chairman

(Kapil Kumar)
Company Secretary

(Amit Bharana)
Director

(Gaurav Chopra)
Manager

ERA E-ZONE (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(Amount in ₹)

| PARTICULARS | AS AT 31.03.2012 | AS AT 31.3.2011 |
|--|----------------------|---------------------|
| Cash Flow from Operating Activities | | |
| Net Profit before taxation | (4,944,954) | (30,605,588) |
| Adjustments for | | |
| Add : | | |
| Depreciation | 7,311,874 | 7,294,404 |
| Interest Expenses | 2,333,415 | 5,489,921 |
| Deduct : | | |
| Dividend Income | (12,588) | (2,555) |
| Interest Income | (130,229) | (133,789) |
| Profit on Sale of Assets | - | (30,805) |
| Operating Profit Before working capital change | 4,557,518 | (17,988,412) |
| (Increase) / Decrease In Inventory | (140,127) | 8,885,090 |
| (Increase) / Decrease In Loan & Advances | (304,006,504.00) | 36,851,911 |
| (Increase) / Decrease In Other Current Assets | (5,703.00) | 17,770 |
| Increase / (Decrease) In Trade Payables | 1,041,951 | 4,281,964 |
| Increase / (Decrease) In Provisions | 25,621 | 88,970 |
| Increase / (Decrease) in other Current Liabilities | (1,477,717) | (1,857,288) |
| Cash generated from Operation | (300,004,961) | 30,280,005 |
| Income tax paid | - | - |
| Net Cash Flow from Operating Activities (A) | (300,004,961) | 30,280,005 |
| Cash Flow Investing Activities | | |
| Fixed Assets | (397,430) | (72,876) |
| Capital Work in Progress | (1,072,666) | (2,214,993) |
| Capital Advances | (4,000,000) | - |
| Proceeds from sale of assets | - | 400,000 |
| Dividend Income | 12,588 | 2,555 |
| Interest Income | 130,229 | 133,789 |
| Net Cash Flow Investing Activities (B) | (5,327,279) | (1,751,525) |
| Cash Flow Financing Activities | | |
| Share Capital (Including Premium) | 350,625,000 | - |
| Secured Loan | (44,444,445) | (22,256,778) |
| Interest Paid | (2,333,415) | (5,489,921) |
| Net Cash Flow Financing Activities (C) | 303,847,140 | (27,746,699) |
| Net Increase / (Decrease) in Cash & cash equivalents (A + B + C) | (1,485,100) | 781,780 |
| Cash & Cash Equivalents at beginning of the year | 10,238,094 | 9,456,316 |
| Cash & Cash equivalents at end of the year (Refer Note 11) of the financial statement) | 8,752,994 | 10,238,094 |

Note: The above Cash Flow Statement has been prepared under the "indirect method" as stated in Accounting Standard-3

As per our report of even date

For P.C. Bindal & Co.

Chartered Accountants

FRN: 003824N

(CA. K.C. Gupta)

Partner

M. No. 088638

Place : New Delhi

Date : 14th August, 2012

For and on behalf of the Board

(H.S.Bharana)

Chairman

(Amit Bharana)

Director

(Kapil Kumar)
Company Secretary

(Gaurav Chopra)
Manager

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

Note : 1

A. COMPANY OVERVIEW

Era E-Zone (India) Limited was incorporated as a Public Limited Company under the name and style of Era Financial Services (India) Limited on 6th January, 1993 with the office of Registrar of Companies NCT of Delhi & Haryana and obtained the Certificate of Commencement of Business on 2nd February, 1993 from the office of Registrar of Companies NCT of Delhi & Haryana. W.e.f. 20th September, 2006 it changed its name to Era E-Zone (India) Limited consequent upon change in its Main Objects. Presently Company is engaged in the business of running of Multiplexes/Cineplexes, Food Court and real estate etc. However, the company is now entering into manufacturing of pre-engineered building blocks and other allied areas and has amended the main object clause of its Memorandum of Association accordingly. The Company's registered office is situated at 153, Okhla Industrial Estate, Phase-III, New Delhi-110020

The shares of the Company are listed on the Bombay Stock Exchange, Mumbai.

B. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant presentational requirements of the Companies Act, 1956. A summary of important accounting policies applied are set out below;

B.1 BASIS OF ACCOUNTING

Financial statements are prepared under historical cost convention and on the basis of a going concern.

B.2 REVENUE RECOGNITION

- i) Revenue comprises of income from entertainment inclusive of Cineplex operation and other Income.
- ii) Dividend income is considered on receipt basis.
- iii) Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods are transferred to the buyer.

B.3 FIXED ASSETS

Fixed assets are recorded at cost of acquisition. They are stated at historical cost less accumulated depreciation.

B.4 DEPRECIATION

Depreciation has been provided as per straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition / disposal during the year has been provided on prorata basis.

B.5 IMPAIRMENT

Fixed Assets are tested for impairment if there is any indication of their possible impairment. An impairment loss is recognized where the carrying amount of a fixed asset (or cash generating unit) exceeds its recoverable amount, i.e. higher of value in use and net selling price. Impairment loss recognized in one year can get reversed fully or partly in a subsequent year.

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

B.6 INVENTORIES

- i) Value of inventories of items that are not ordinarily interchangeable or are meant for specific projects is assigned by specific identification of their individual cost and net realizable value.
- ii) Inventories are valued at cost or Net Realizable Value whichever is lower on FIFO basis.

B.7 INVESTMENTS

Investments are classified into non current investments and current investments. Non current investments are stated at cost. Provision for diminution in the value of a non current investment is made if such diminution is other than temporary. Current investments are carried at the lower of cost and fair value and provisions are made to recognize the decline in the carrying value.

B.8 EMPLOYEE BENEFITS

- i) Contribution to Provident Fund is accounted for on accrual basis. The company continues to make Contribution to Provident Fund plan administered by the government of India.
- ii) Gratuity and leave encashment are charged to profit & loss account through provision for accruing liabilities based on assumptions that such benefits are payable to eligible employees at the end of accounting year.

B.9 FOREIGN EXCHANGE TRANSACTION

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the respective transactions.

B.10 INCOME TAX

Income taxes are computed using the tax effect accounting method where taxes are accrued in the same period, as the related revenue and expenses to which they relate. The differences that exist between profit offered for income tax and the profit before tax as per financial statements are identified and deferred tax assets or deferred tax liabilities are recorded for timing differences, namely, differences that originate in one accounting period and are capable of reversal in future. Deferred tax assets and liabilities are measured using tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized. Should the company have unabsorbed depreciation or carried forward losses under taxation laws, a much stricter test, viz, virtual certainty of realisation, is to be applied for recognition of any deferred tax assets. Deferred tax assets are reviewed for the continuing appropriateness of their recognition as assets at each balance sheet date and written down or written-up to reflect the amount that is reasonably /virtually certain (as the case may be) of realization.

B.11 Borrowing Cost

Borrowing costs are attributable to the acquisition of qualifying assets are capitalized as part of cost of such assets till such time assets become ready for their intended use. All other borrowing costs are charged to Profit & Loss Account.

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

| PARTICULARS | AS AT 31.03.2012 | AS AT 31.03.2011 | | |
|---|-----------------------------|------------------------------|---------------------|---------------------|
| 2. Share Capital | | | | |
| Authorised | | | | |
| 3,00,00,000 (P.Y. 3,00,00,000) Equity Shares of Rs 10/- Each | 300,000,000 | 300,000,000 | | |
| Issued, Subscribed and Paid up | | | | |
| 2,37,80,000 (P.Y. 1,10,80,000) Equity Shares of Rs. 10/- Each, fully paid up | 237,800,000 | 110,800,000 | | |
| | 237,800,000 | 110,800,000 | | |
| a. Reconciliation of Shares Outstanding at the beginning and at the end of reporting period | | | | |
| Equity Shares | 31 st March,2012 | 31 st March, 2011 | | |
| | No of Shares | Rs. | No of Shares | Rs. |
| At the Beginning of the Period | 11,080,000 | 110,800,000 | 11,080,000 | 110,800,000 |
| Add: Allotted during the Year | 12,700,000 | 127,000,000 | - | - |
| Outstanding at the end of the reporting period | 23,780,000 | 237,800,000 | 11,080,000 | 110,800,000 |
| b. Terms/right attached to Equity shares | | | | |
| The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends only in Indian rupees. | | | | |
| In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. | | | | |
| c. Details of shareholders holding more than 5% shares | 31 st March,2012 | 31 st March,2011 | | |
| in the company Equity Shares | No of Shares | % | No of Shares | % |
| Rutujit Constructions Private Limited | 3300000 | 13.88% | - | - |
| Vigala Infrastructure Private Limited | 3300000 | 13.88% | - | - |
| Tarasvi Realty Private Limited | 2900000 | 12.20% | - | - |
| Vagisha Buildwell Private Limited | 2900000 | 12.20% | - | - |
| Mr. H.S. Bharana | 1931385 | 8.12% | 1,931,385 | 17.43% |
| Peshwa Realtors Pvt Ltd | 1250000 | 5.26% | 1,250,000 | 11.28% |
| Sachet Realty Pvt Ltd | 1250000 | 5.26% | 1,250,000 | 11.28% |
| Era Infra Engineering Ltd | 1110000 | 4.67% | 1,110,000 | 10.02% |
| As per records of the company, including its register of shareholders/members and all other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares. | | | | |
| d. Other Details of Equity Shares for a period of five years immediately preceeding March 31,2012:- | | | As at 31.03.2012 | As at 31.03.2011 |
| i) Aggregate Number of Shares allotted as fully paidup as pursuant to contract Without being received in cash | | | Nil | Nil |
| ii) Aggregate number of Shares allotted as fully paid bonus shares | | | Nil | Nil |
| iii) aggregate number of shares Bought Back | | | Nil | Nil |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

| | | | | | |
|----|--|---------------------|------------|--------------------|--------------|
| 3. | Reserves and Surplus | | | 31.03.2012 | 31.03.2011 |
| a. | Capital Reserve (Forfeited Equity Share Warrants) | | | | |
| | Balance as per Last Financial Statements | | | - | - |
| | Add: Addition during the year | | | 33,125,000 | - |
| | Closing Balance | | | 33,125,000 | - |
| b. | Securities Premium Account | | | | |
| | Balance as per last financial statements | | | 255,012,500 | 255,012,500 |
| | Add: Addition during the year | | | 190,500,000 | - |
| | Closing Balance | | | 445,512,500 | 255,012,500 |
| c. | Special Reserve | | | | |
| | Balance as per Last Financial Statements | | | 1,140,000 | 1,140,000 |
| | Add: Addition during the year | | | - | - |
| | Closing Balance | | | 1,140,000 | 1,140,000 |
| d. | Surplus in Profit & Loss Statement | | | | |
| | Balance as per Last Financial Statements | | | 45,918,832 | 89,609,632 |
| | Add: Profit(Loss) for The Year | | | (4,944,954) | (43,690,800) |
| | Net Surplus in Profit & Loss Statement | | | 40,973,878 | 45,918,832 |
| | Total reserves & surplus (a+b+c+d) | | | 520,751,378 | 302,071,332 |
| 4. | Long-Term Borrowings | | | | |
| | | Non Current Portion | | Current Maturities | |
| | | 31.03.2012 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| | | Rs. | Rs. | Rs. | Rs. |
| | Term Loans | | | | |
| | Secured Loans | | | | |
| | Yes Bank Ltd.* | - | 22,222,225 | - | 22,222,220 |
| | Total | - | 22,222,225 | - | 22,222,220 |
| | *Term Loan from Yes Bank Ltd was secured against exclusive charge on whole of the movable assets relating to 9 screens & 3 food court and current assets of the Company, both present and future pertaining to units at various locations. | | | | |
| 5. | Provisions | | | | |
| | | Long Term | | Short Term | |
| | | 31.03.2012 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| | | Rs. | Rs. | Rs. | Rs. |
| | Provision for Tax | - | - | - | - |
| | Provision For Gratuity | 331,133 | 345,480 | 39,968 | - |
| | | 331,133 | 345,480 | 39,968 | - |
| 6. | Other Current Liabilities | | | 31.03.2012 | 31.03.2011 |
| | Cosidered Unsecured unless otherwise indicated | | | Rs. | Rs. |
| a. | Trade Payables | | | 17,604,658 | 16,562,707 |
| b. | Other Liabilities | | | | |
| | Current maturities of long term borrowings (Refer Note 4) | | | - | 22,222,220 |
| | Others | | | 2,229,649 | 3,707,366 |
| | | | | 2,229,649 | 25,929,586 |
| | Total (a+b) | | | 19,834,308 | 42,492,293 |
| | Trade Payables Include | | | | |
| | Amount due to MSME creditors | | | - | - |
| | Others | | | 17,604,658 | 16,562,707 |
| | | | | 17,604,658 | 16,562,707 |

ERA E-ZONE (INDIA) LIMITED
NOTE - 7 : TANGIBLE ASSETS

(Amount in ₹)

| S. No. | PARTICULARS | Rate of Dep. | Double Shift | GROSS BLOCK | | | DEPRECIATION | | | | NET BLOCK | | |
|--------|------------------------|--------------|--------------|-------------------|---------------------|-------------------|-------------------|------------------------|-------------------|---------------------------|------------------------|-------------------|--------------------|
| | | | | As at 01.04.2011 | Add During the Year | Sold / Adjustment | As at 31.03.2012 | Total as at 01.04.2011 | Sold / Adjustment | Depreciation for the Year | Total as at 31.03.2012 | As at 01.04.2011 | As at 31.03.2012 |
| 1 | LEASE HOLD IMPROVEMENT | - | - | 54,938,421 | - | - | 54,938,421 | 12,997,165 | - | 5,114,133 | 18,111,298 | 41,941,256 | 36,827,123 |
| 2 | PLANT & MACHINERY | 4.75% | 10 | 5,658,087 | 11,500 | - | 5,669,587 | 664,054 | - | 269,079 | 933,133 | 4,994,033 | 4,736,454 |
| 3 | OFFICE EQUIPMENTS | 4.75% | 6 | 2,352,224 | 9,780 | - | 2,362,004 | 353,204 | - | 111,950 | 465,154 | 1,999,020 | 1,896,850 |
| 4 | PROJECTOR | 7.07% | 10 | 6,585,467 | 247,500 | - | 6,832,967 | 1,216,244 | - | 469,369 | 1,685,613 | 5,369,222 | 5,147,354 |
| 5 | FURNITURE & FIXTURES | 6.33% | 6 | 8,322,685 | - | - | 8,322,685 | 1,327,928 | - | 526,826 | 1,854,754 | 6,994,757 | 6,467,931 |
| 6 | ELECTRICAL FITTINGS | 4.75% | 6 | 3,221,417 | - | - | 3,221,417 | 702,451 | - | 153,017 | 855,468 | 2,518,966 | 2,365,949 |
| 7 | COMPUTER | 16.21% | 16 | 4,070,188 | 87,150 | - | 4,157,338 | 1,822,848 | - | 663,692 | 2,486,540 | 2,247,340 | 1,670,798 |
| 8 | SCOOTER/MOTER CYCLE | 4.75% | | 12,912 | - | - | 12,912 | 1,334 | - | 613 | 1,947 | 11,580 | 10,965 |
| 9 | TELEVISION | 4.75% | | 23,382 | - | - | 23,382 | 2,450 | - | 1,111 | 3,561 | 20,932 | 19,821 |
| 10 | AIR CONDITION | 4.75% | | 38,521 | 41,500 | - | 80,021 | 4,072 | - | 2,083 | 6,155 | 34,449 | 73,866 |
| | TOTAL | | | 85,223,304 | 397,430 | - | 85,620,734 | 19,091,750 | - | 7,311,874 | 26,403,623 | 66,131,555 | 59,217,111 |
| | Previous Year | | | 85,657,554 | 72,876 | 507,126 | 85,223,304 | 11,935,277 | 137,931 | 7,294,404 | 19,091,750 | 73,722,278 | 412,174,215 |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

| 8. | Non Current Investments | NO. OF SHARES | 31.03.2012 | 31.03.2011 |
|-----------|--|---------------|------------------|------------------|
| | | | Rs. | Rs. |
| | Non Trade Investments | | | |
| | INVESTMENTS (LONG TERM, FULLY PAID UP) | | | |
| A) | QUOTED SHARES (Non Trade) | | | |
| 1 | Castrol India Ltd | 30 | 4,577 | 4,577 |
| 2 | Choksi Tube Company Ltd. | 200 | 8,029 | 8,029 |
| 3 | Indo Bosch Gems and Jewellery Ltd. | 100 | 3,885 | 3,885 |
| 4 | Indo French BioTech Enterprises Ltd. | 1,000 | 47,500 | 47,500 |
| 5 | ITC LTD (New Face Value Rs.1/-) | 750 | 102,470 | 102,470 |
| 6 | Jindal Stainless Ltd. | 220 | 26,729 | 26,729 |
| 7 | Jindal Steel & Power Ltd. (New Face Value Rs.1/-) | 2,400 | 17,819 | 17,819 |
| 8 | Nagarjuna Fertilizers & Chemicals Ltd. (New Face Value Rs.1/-) | 110 | 3,434 | 3,434 |
| 9 | Nagarjuna Oil Refinery Ltd. | 100 | - | - |
| 10 | Nahar Industrial Enterprises Ltd. | 120 | 25,710 | 25,710 |
| 11 | Nalwa Sons Investments Ltd. | 16 | - | - |
| 12 | NEPC India Ltd. | 520 | 60,300 | 60,300 |
| 13 | NEPC Tea Garden Ltd. | 6 | 114 | 114 |
| 14 | Paam Pahraceuticals (Delhi) Limited | 500 | 37,490 | 37,490 |
| 15 | Pasupati Spinning and Weaving Mills Ltd. | 200 | 24,900 | 24,900 |
| 16 | Ready Food Ltd. | 1,800 | 47,558 | 47,558 |
| 17 | Rohini Strips Ltd. | 400 | 11,188 | 11,188 |
| 18 | Saraswati Industrial Syndicate Ltd. | 100 | 36,381 | 36,381 |
| 19 | Skyline NEPC Ltd. | 600 | 30,580 | 30,580 |
| 20 | Surlux Diagnostic Ltd. | 1,000 | 34,700 | 34,700 |
| 21 | Vikas Hybride Ltd. | 200 | 14,090 | 14,090 |
| 22 | Western Paques (I) Ltd. | 100 | 24,745 | 24,745 |
| 23 | Whirpool of India Ltd. | 125 | 30,025 | 30,025 |
| | Total (A) | | 592,224 | 592,224 |
| B) | UNQUOTED | | | |
| 1 | DEBENTURES (Non Trade) | | | |
| | Paam Pharmaceuticals (Delhi) Limited | 100 | 7,000 | 7,000 |
| | Total (B) | | 7,000 | 7,000 |
| 2 | SUBSIDIARIES (Trade) | | | |
| a) | Silverline Cinemas Private limited | 500,000 | 4,386,250 | 4,386,250 |
| | Total (C) | | 4,386,250 | 4,386,250 |
| b) | Samdarya & Era Pictures Private limited | | | |
| | SHARES - UNQUOTED | 5000 | 50,000 | 50,000 |
| | Share Application Money Paid | | 4,750,000 | 4,750,000 |
| | TOTAL (A+B+C) | | 9,785,474 | 9,785,474 |
| | The aggregate book value and market value of quoted investments and book value of unquoted investment are as follow: | | | |
| | Quoted Investment | | | |
| | - Aggregate book value | | Rs. 5,92,224 | |
| | - Aggregate market value | | Rs. 16,56,482 | |
| | Aggregate book value of unquoted investments | | Rs. 91,93,250 | |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

| 9. Loans and Advances | Non Current | | Current | |
|---|--------------------|--------------------|--------------------|-------------------|
| | 31.03.2012 Rs. | 31.03.2011 Rs. | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Unsecured, considered good unless otherwise indicted | | | | |
| a. Capital Advances | 148,370,074 | 148,370,074 | | |
| b. Security Deposits | 16,397,500 | 12,397,500 | | |
| c. Advances recoverable in cash or kind | | | | |
| Advances for Real Estate Projects | | | 328,706,013 | 21,171,013 |
| Loan To Subsidiary | | | 3,635,283 | 6,976,069 |
| Advance To Suppliers | | | 6,900 | - |
| Prepaid Expenses | | | 425,274 | 326,521 |
| Others | | | 3,689,370 | 3,982,733 |
| | 164,767,574 | 160,767,574 | 336,462,840 | 32,456,336 |
| 10. Inventories (valued at lower of cost or Net Realisable Value) | | | 31.03.2012 | 31.03.2011 |
| Types of inventory | | | Rs. | Rs. |
| Food & Beverages | | | 1,006,693 | 866,566 |
| | | | 1,006,693 | 866,566 |
| 11. Cash And Bank Balances | | | Current | |
| | | | 31.03.2012 | 31.03.2011 |
| | | | Rs. | Rs. |
| Cash and Cash Equivalents | | | | |
| Balances in current accounts | | | 8,341,971 | 4,102,575 |
| Cash in hand | | | 361,023 | 85,519 |
| Other Bank Balances | | | | |
| FDR kept in Govt. Securities | | | 50,000 | 50,000 |
| FDR with Banks | | | - | 6,000,000 |
| | | | 8,752,994 | 10,238,094 |
| Amount disclosed under non current assets | | | 8,752,994 | 10,238,094 |
| 12. Other Current Assets | | | 31.03.2012 | 31.03.2011 |
| | | | Rs. | Rs. |
| Prepaid Taxes | | | 18,846 | 13,143 |
| Total (a+b) | | | 18,846 | 13,143 |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

| | 31.03.2012 Rs. | 31.03.2011 Rs. |
|--|---------------------------|---------------------------|
| 13. Revenue From Operations | | |
| Ticket Collection | 79,393,620 | 57,500,349 |
| Traded Goods** | 25,759,855 | 21,548,593 |
| Advertising Income | 218,664 | 964,120 |
| Counter Rental Income | 1,645,922 | 932,858 |
| Parking Charges | 204,000 | 130,734 |
| Sales- Others | - | 4,176,800 |
| Revenue From Operations | 107,222,061 | 85,253,454 |
| ** Traded Goods | | |
| Food & Beverages | 25,759,855 | 21,548,593 |
| | 25,759,855 | 21,548,593 |
| 14. Other Income | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Interest received (TDS of Rs.12,518 P.Y. Rs. 12,918) | 130,229 | 133,789 |
| Dividend Received (From Long Term Investments) | 12,588 | 2,555 |
| Profit on sale of fixed assets | - | 30,805 |
| Other non operating income | 18,208 | 815,989 |
| | 161,025 | 983,138 |
| 15. Details of purchases of traded goods | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Food & Beverages | 10,674,320 | 9,249,938 |
| | 10,674,320 | 9,249,938 |
| 16. (Increase)/ Decrease in inventories | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Inventories at the beginning of the year | | |
| Stock - F & B | 866,566 | 536,088 |
| Stock - Shares | - | 9,215,568 |
| | 866,566 | 9,751,656 |
| Inventories at the end of the year | | |
| Stock - F & B | 1,006,693 | 866,566 |
| | 1,006,693 | 866,566 |
| (Increase)/ Decrease in inventory | (140,127) | 8,885,090 |
| 17. Employee Benefits Expense | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Salaries, Wages and Bonus | 7,913,169 | 7,415,654 |
| Managerial Remuneration | 1,024,285 | 3,109,934 |
| Contribution to Provident and other funds | 462,303 | 400,377 |
| Gratuity Expense | 25,621 | 88,970 |
| Staff Welfare Expenses | 70,576 | 51,285 |
| | 9,495,954 | 11,066,220 |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

| 18. Other Expenses | 31.03.2012 Rs. | 31.03.2011 Rs. |
|--|---------------------------|---------------------------|
| Freight and Cartage (Inward) | 118,914 | 173,172 |
| House Keeping Exps. | 1,913,738 | 1,482,842 |
| Meeting Expenses | 128,327 | 58,177 |
| Watch and Ward | 1,296,293 | 1,138,586 |
| Printing & Stationary | 1,702,876 | 1,010,702 |
| Legal & Professional Expenses | 530,611 | 696,462 |
| Postage & Telephone | 617,338 | 446,569 |
| Travelling & Conveyance | 271,188 | 140,951 |
| Electricity & Water Charges | 4,584,477 | 4,219,521 |
| Advertisement | 575,351 | 386,552 |
| Insurance | 266,311 | 297,363 |
| Rent | 10,398,135 | 9,181,447 |
| Repair and Maintenance | 6,060,247 | 7,414,738 |
| Auditors Remuneration* | 403,431 | 358,475 |
| General / Miscellaneous Expenses | 565,967 | 8,108,774 |
| Air Condition Operation Charges | 1,143,120 | 2,175,996 |
| Booking Charges | 827,256 | 827,255 |
| Entertainment Tax Expenses | 4,588,734 | 6,091,176 |
| INR Charges | 52,500 | 64,500 |
| Representative Charges | 377,590 | 355,840 |
| Show Tax & F.D.F. | 290,662 | 106,060 |
| License Fee | 71,875 | 55,536 |
| Film Hire Charges | 31,604,923 | 19,243,172 |
| Film Exhibition Sharing Exp | 11,130,000 | 7,920,000 |
| Sales Tax | 2,982,223 | 2,762,180 |
| | 82,502,087 | 74,716,046 |
| * Payment to Auditor | | |
| Audit Fee | 392,745 | 358,475 |
| Others | 10,686 | - |
| | 403,431 | 358,475 |
| 19. Depreciation | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Depreciation on tangible assets (refer note 7) | 7,311,874 | 7,294,404 |
| | 7,311,874 | 7,294,404 |
| 20. Finance Costs | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Interest | | |
| Banks | 2,207,433 | 5,323,551 |
| Others | 150,518 | 140,561 |
| Bank Charges | 125,982 | 166,370 |
| | 2,483,933 | 5,630,482 |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

| | 31.03.2012 Rs. | 31.03.2011 Rs. |
|--|---------------------------|---------------------------|
| 21. Earning per share (EPS) | | |
| The following reflects computation of EPS | | |
| Net Profit/ (Loss) for the year | (4,944,954) | (43,690,799) |
| Net Profit/ (Loss) used in computation of basic and diluted EPS | (4,944,954) | (43,690,799) |
| Weighted Average no of equity shares for the computation of basic and diluted EPS | 12,779,454 | 11,080,000 |
| Earning Per Share-Basic & Diluted | (0.39) | (3.94) |
| 22. Capital and other commitments | | |
| Estimated Value of Contracts in Capital account remaining to be executed & not provided for Rs. 201,51,022 (P.Y. Rs. 201,51,022) net of advances. | | |
| 23. Contingent Liabilities | | |
| NIL (Previous Year - NIL) | | |
| 24. SEGMENT REPORTING | | |
| Based on the guiding principles giving in the accounting standard (AS-17) on segment reporting issued by the Institute of Chartered Accountants of India, the primary segment of the company were Real Estate business, Trading activities & Entertainment Business. | | |
| | 31.03.2012 Rs. | 31.03.2011 Rs. |
| A. BUSINESS SEGMENTS | | |
| Segment Revenue | | |
| Entertainment / Cineplex | 107,222,061 | 85,253,454 |
| Real Estate | - | - |
| Others | - | - |
| Total | 107,222,061 | 85,253,454 |
| B. Segment Results Profit Before Tax and Interest | | |
| Entertainment / Cineplex | (2,622,046) | (25,958,244) |
| Real Estate | - | - |
| Others | - | - |
| Total | (2,622,046) | (25,958,244) |
| Less : Financial Expenses | 2,483,933 | 5,630,482 |
| Add : Other Income | 161,025 | 983,138 |
| Total Profit Before Tax | (4,944,954) | (30,605,588) |
| C. Capital Employed | | |
| Entertainment / Cineplex | 429,246,141 | 391,101,095 |
| Real Estate | 328,706,013 | 21,171,013 |
| Others | 599,224 | 599,224 |
| Total | 758,551,378 | 412,871,332 |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

25. Related Party Disclosures

Related Parties With Whom Transactions Have Taken Place During The Year

- a. **Wholly Owned Subsidiaries:** Silverline Cinemas Private Limited
- b. **Associates:** Era Landmarks Ltd.(Till 05.01.11)
- c. **Key Management Personnel:** Mr. H.S. Bharana –Chairman
Mr. Amit Bharana –Managing Director till 31.05.2011
Mr. Gaurav Chopra – Manager w.e.f. 01.06.2011

Related Party Transactions and Balances

| a. Loans Taken and Repayments Thereof | Year Ended | Loans Taken (Rs.) | Repayment (Rs.) | Amount owed to Related Parties (Rs.) |
|--|------------|-------------------|----------------------------------|--------------------------------------|
| Enterprises owned or significantly influenced by key management personnel | | | | |
| Associates | | | | |
| -Era Landmarks Ltd. | 31/3/2011 | - | 860,959 | - |
| b. Reimbursement of Exps. Paid | | | | |
| Enterprises owned or significantly influenced by key management personnel | | Year Ended | Expenses Reimbursed | Amount owed to Related Parties (Rs.) |
| Associates | | | | |
| -Era Landmarks Ltd. | 31/3/2011 | | 4,288,015 | 20,897,471 |
| c. Repayment of loan received | | Year Ended | Repayment of Loan received (Rs.) | Amount owed by Related Parties (Rs.) |
| Wholly Owned Subsidiaries | | | | |
| -Silverline Cinemas Private Limited | 31/3/2012 | - | 3,340,786 | 3,635,283 |
| -Silverline Cinemas Private Limited | 31/3/2011 | 297,376 | - | 6,976,069 |
| d. Remuneration to Key Management Personnel | | | 31.03.2012 | 31.03.2011 |
| | | | Rs. | Rs. |
| Mr. Amit Bharana –Managing Director till 31.05.2011 | | | | |
| Salary | | | 575,100 | 3,109,934 |
| Mr. Gaurav Chopra - Manager w.e.f. 01.06.2011 | | | | |
| Salary | | | 449,185 | - |
| Contribution to PF | | | 21,852 | - |
| | | | 1,046,137 | 3,109,934 |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

25. Retirement Benefits

The disclosures as per the Notified AS 15 under the Companies (Accounting Standards) Rules, 2006 (as amended) on "Employee Benefits", are as follows:

| | Gratuity | |
|---|---|---|
| | 31.03.2012 | 31.03.2011 |
| A) Expenses recognized in the Statement of Profit & Loss | | |
| 1) Current Service Cost | 111,826 | 154,801 |
| 2) Interest Cost | 29,366 | 21,557 |
| 3) Expected Return on Plan Assets | - | - |
| 4) Actuarial (Gain)/Loss Recognized in the I.V.P. | (115,570) | (92,174) |
| 5) Expenses Recognized in the statement of Profit & Loss | 25,622 | 84,184 |
| B) Amount to be recognized in the Balance Sheet | | |
| 1) Present Value of Obligation at the end of the I.V.P. | 371,102 | 345,480 |
| 2) Fair Value of Plan Assets at the end of the I.V.P. | Nil | Nil |
| 3) Funded Status | Nil | Nil |
| 4) Unrecognized Actuarial (Gain)/Loss at the end of the I.V.P. | Nil | Nil |
| 5) Net Asset/Liability Recognized in the Balance Sheet | (371,102) | (345,480) |
| C) Changes in the Present Value of Obligations | | |
| 1) Present Value of Obligation at the beginning of the I.V.P. | 345,480 | 261,296 |
| 2) Interest Cost | 29,366 | 21,557 |
| 3) Current Service Cost | 111,826 | 154,801 |
| 4) Benefits Paid | Nil | Nil |
| 5) Actuarial (Gain)/Loss on Obligation | (115,570) | (92,174) |
| 6) Present Value of Obligation at the end of the I.V.P. | 371,102 | 345,480 |
| D) Actuarial gain/Loss Recognized | | |
| 1) Actuarial Gain/(Loss) on Obligations | 115,570 | 92,174 |
| 2) Actuarial Gain/(Loss) on Plan Assets | - | - |
| 3) Total (Gain)/Loss for the I.V.P. | (115,570) | (92,174) |
| 4) Actuarial (Gain)/Loss Recognized in the I.V.P. | (115,570) | (92,174) |
| 5) Unrecognized Actuarial (Gain)/Loss at the end of the I.V.P. | - | - |
| E) Actuarial Assumption | | |
| | LIC(1994-96) Published table of rates | LIC(1994-96) Published table of rates |
| 1) Mortality Table | - | - |
| 2) Discounting Rate | - | - |
| 3) Salary Rise | - | - |
| 4) Return on Plan Assets | - | - |
| 5) Remaining Working Life | 31.99 Years | 31.63 Years |

26. a) During the year Company issued 1,80,00,000 convertible warrants to Non Promoters on Preferential basis and out of them 127,00,000 warrants have been converted into equal number of equity shares.

b) Proceeds from preferential issue:

| | Rs. In Lacs |
|--|--------------------|
| A) Amount received | 350,625,000 |
| B) Less: Fund utilised for working capital requirement | 350,390,365 |
| C) Balance | 234,635 |

ERA E-ZONE (INDIA) LIMITED

Notes to The Financial Statements For The Year ended 31st March, 2012

27. In the opinion of the board of directors, all the current assets, loans & advances have value of realisation in the ordinary course of business at least equal to the amount at which they are stated except those are expressly stated and that all the known liabilities relating to the period under review have been provided for.
28. In the opinion of the board, none of the assets/ cash generating units of the company is impaired.
29. Expenditure/Earnings in foreign currency- Nil
30. There are no payments due to Micro, Small & Medium Enterprise.
31. Provisions for diminution in the value of Non Current Investments has not been made as in the opinion of the board, such diminution is temporary.
32. Parties balance is subject to confirmation from them.

33. Previous Years Figures

Till the year ended 31st March, 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of financial statements. During the year ended 31st March, 2012, the revised schedule VI notified under Companies Act, 1956 has become applicable to the Company. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation for financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. As a result, previous years' figures have been regrouped/ reclassified to conform to this year's financial statements where necessary.

As per our report of even date

For P.C. Bindal & Co.
Chartered Accountants
FRN: 003824N

For and on behalf of the Board

(CA. K.C. Gupta)
Partner
M. No. 088638

(H.S. Bharana)
Chairman

(Amit Bharana)
Director

Place : New Delhi
Date : 14th August, 2012

(Kapil Kumar)
Company Secretary

(Gaurav Chopra)
Manager

AUDITORS' REPORT

The Members,
Era E-Zone (India) Limited
New Delhi.

1. We have audited the attached Consolidated Balance Sheet of Era E-Zone (India) Limited ('the Company') and its subsidiaries (collectively referred as 'Era E-Zone Group') as at March 31, 2012 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standard generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for your opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standards (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of interests in Joint Ventures issued by the Institute of Chartered Accountants of India.
4. Based on our audit on financial statement and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view with the accounting principles generally accepted in India.
 - (i) In the case of the Consolidated Balance Sheet, of the state of affairs of the ERA E-Zone Group as at March 31, 2012;
 - (ii) In the case of Consolidated statement of Profit and Loss, of the loss for the reporting period on that date and
 - (iii) In the case of Consolidated Cash Flow Statement, of the cash flows for the reporting period on that date.

For P.C. BINDAL & CO.
Chartered Accountants
FRN : 003824N

PLACE : New Delhi
DATE : 14th August, 2012

[CA. K. C. Gupta]
Partner
M. No. : 088638

ERA E-ZONE (INDIA) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31st March, 2012

(Amount in ₹)

| PARTICULARS | NOTES | AS AT 31.03.2012 | AS AT 31.3.2011 |
|--------------------------------|-------|---------------------|--------------------|
| Equity And Liabilities | | | |
| Shareholder's Funds | | | |
| Share Capital | 2 | 237,800,000 | 110,800,000 |
| Reserves and Surplus | 3 | 514,510,287 | 296,692,030 |
| | | 752,310,287 | 407,492,030 |
| Non Current Liabilities | | | |
| Long-Term Borrowings | 4 | - | 22,222,225 |
| Long Term Provisions | 5 | 331,133 | 345,480 |
| | | 331,133 | 22,567,705 |
| Current Liabilities | | | |
| Trade Payables | 6 | 17,604,658 | 16,562,707 |
| Other Current Liabilities | 6 | 2,294,692 | 25,961,022 |
| Short-Term Provisions | 5 | 39,968 | - |
| | | 19,939,318 | 42523,729 |
| Total | | 772,580,738 | 472,583,464 |
| Assets | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 7 | 59,217,111 | 66,131,555 |
| Intangible Assets | 8 | 1,631,869 | 2,447,804 |
| Capital Work-In-Progress | | 198,745,254 | 197,672,588 |
| Non Current Investments | 9 | 5,399,224 | 5,399,224 |
| Long-Term loans and Advances | 10 | 164,767,574 | 160,767,574 |
| Other Non-Current Assets | 11 | 22,365 | 33,552 |
| | | 429,783,397 | 432,452,297 |
| Current Assets | | | |
| Inventories | 12 | 1,006,693 | 866,566 |
| Cash and Bank Balances | 13 | 8,910,058 | 10,396,218 |
| Short Term Loans and Advances | 10 | 332,850,557 | 28,844,053 |
| Other Current Assets | 11 | 30,033 | 24,330 |
| | | 342,797,341 | 40,131,167 |
| Total | | 772,580,738 | 472,583,464 |

Significant Accounting Policies

1

The accompanying notes (21 to 35) are an integral part of financial statements

As per our report of even date

For P.C. Bindal & Co.
Chartered Accountants
FRN: 003824N

For and on behalf of the Board

(CA. K.C. Gupta)
Partner
M. No. 088638

(H.S.Bharana)
Chairman

(Amit Bharana)
Director

Place : New Delhi
Date : 14th August, 2012

(Kapil Kumar)
Company Secretary

(Gaurav Chopra)
Manager

ERA E-ZONE (INDIA) LIMITED

Consolidated Statement of Profit & Loss Account for the Year ended 31st March, 2012

(Amount in ₹)

| PARTICULARS | NOTES | AS AT 31.03.2012 | AS AT 31.3.2011 |
|---|-------|---------------------|---------------------|
| Income | | | |
| Revenue From Operations (Gross) | 14 | 107,222,061 | 85,253,454 |
| Other Income | 15 | 161,025 | 983,138 |
| Total Revenue (I) | | 107,383,086 | 86,236,592 |
| Expenses | | | |
| Purchase of Traded Goods | 16 | 10,674,320 | 9,249,938 |
| (Increase)/ Decrease in Inventories | 17 | (140,127) | 8,885,090 |
| Employee Benefits Expense | 18 | 9,495,954 | 11,066,220 |
| Other Expenses | 19 | 82,547,942 | 75,215,774 |
| Total (II) | | 102,578,088 | 104,417,022 |
| Earnings Before Interest, tax, depreciation and amortisation (EBITDA) (I)-(II) | | 4,804,997 | (18,180,430) |
| Depreciation Expense | | 8,127,809 | 7,294,404 |
| Finance Costs | 20 | 2,483,933 | 5,658,255 |
| Profit/(Loss) Before Tax | | (5,806,744) | (31,133,089) |
| Tax Expenses | | | |
| Current Tax | | - | - |
| Deferred Tax | | - | - |
| Deferred Tax Assets Reversed | | - | 15,456,819 |
| Total Tax Expenses | | - | 15,456,819 |
| Profit / (Loss) after Tax | | (5,806,744) | (46,589,908) |
| Earning Per Equity Share of Rs. 10/- | | | |
| Basic | | (0.45) | (4.20) |
| Diluted | | (0.45) | (4.20) |

Significant Accounting Policies

1

The accompanying notes (21 to 35) are an integral part of financial statements

As per our report of even date

For P.C. Bindal & Co.
Chartered Accountants
FRN: 003824N

(CA. K.C. Gupta)
Partner
M. No. 088638

Place : New Delhi
Date : 14th August, 2012

For and on behalf of the Board

(H.S.Bharana)
Chairman

(Kapil Kumar)
Company Secretary

(Amit Bharana)
Director

(Gaurav Chopra)
Manager

ERA E-ZONE (INDIA) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

(Amount in ₹)

| PARTICULARS | AS AT 31.03.2012 | AS AT 31.3.2011 |
|---|----------------------|---------------------|
| Cash Flow from Operating Activities | | |
| Net Profit before taxation | (5,806,744) | (31,133,089) |
| Adjustments for | | |
| Add : | | |
| Depreciation | 8,127,809 | 7,294,404 |
| Amortisation | 11,187 | 11,183 |
| Finance Cost | 2,483,933 | 5,658,255 |
| Deduct : | | |
| Dividend Income | (12,588) | (2,555) |
| Interest Income | (130,229) | (133,789) |
| Profit on Sale of Assets | - | (30,805) |
| Operating Profit Before working capital change | 4,673,367 | (18,336,395) |
| (Increase) / Decrease In Inventory | (140,127) | 8,885,090 |
| (Increase) / Decrease In Loan & Advances | (304,006,504) | 37,530,631 |
| (Increase) / Decrease In Other Current Assets | (5,703) | 17,770 |
| Increase / (Decrease) In Trade Payable | 644,521 | 4,281,964 |
| Increase / (Decrease) In Provisions | 25,621 | 88,970 |
| Increase / (Decrease) in other Current Liabilities | (1,444,110) | (1,978,469) |
| Cash generated from Operation | (300,252,934) | 30,489,561 |
| Income tax paid | - | - |
| Net Cash Flow from Operating Activities (A) | (300,252,934) | 30,489,561 |
| Cash Flow Investing Activities | | |
| Fixed Assets | - | (72,876) |
| Capital Work in Progress | (1,072,666) | (2,214,993) |
| Capital Advances | (4,000,000) | - |
| Proceeds from sale of assets | - | 400,000 |
| Dividend Income | 12,588 | 2,555 |
| Interest Income | 130,229 | 133,789 |
| Net Cash Flow Investing Activities (B) | (4,929,849) | (1,751,525) |
| Cash Flow Financing Activities | | |
| Share Capital (Including Premium) | 350,625,000 | - |
| Secured Loan | (44,444,445) | (22,256,779) |
| Finance Cost | (2,483,933) | (5,658,255) |
| Net Cash Flow Financing Activities (C) | 303,696,622 | (27,915,034) |
| Net Increase / (Decrease) in Cash & cash equivalents (A + B + C) | (1,486,160) | 823,002 |
| Cash & Cash Equivalents at beginning of the year | 10,396,218 | 9,573,215 |
| Cash & Cash equivalents at end of the year (Refer Note 13) of the financial statement) | 8,910,058 | 10,396,218 |

Note: The above Cash Flow Statement has been prepared under the "indirect method" as stated in Accounting Standard-3
As per our report of even date

For P.C. Bindal & Co.
Chartered Accountants
FRN: 003824N

For and on behalf of the Board

(CA. K.C. Gupta)
Partner
M. No. 088638

(H.S.Bharana)
Chairman

(Amit Bharana)
Director

Place : New Delhi
Date : 14th August, 2012

(Kapil Kumar)
Company Secretary

(Gaurav Chopra)
Manager

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012

Note : 1

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. PRINCIPLES OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements which relates to Era E-Zone (India) Limited, its various subsidiary companies have been prepared on the following basis:

1. The financial statements are prepared under historical cost convention on accrual basis of accounting and on a going concern basis.
2. The financial statements of the parent company and its subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/transactions and resulting unrealized profit/loss.
3. Consolidated Financial Statements are prepared by applying accounting policies as follows by the Company and its subsidiaries; to the extent it is practicable. Significant differences in the accounting policies, if any, are appropriately disclosed by way of Notes to the Consolidated Financial Statements.
4. Interest in Subsidiary is as under:

| Company Name | % of voting power as on 31.03.2012 | % of voting power as on 31.03.2011 |
|---------------------------------------|---------------------------------------|---------------------------------------|
| i) Silverline Cinemas Private Limited | 100% | 100% |

1. BASIS OF PREPARATION

The financial statements have been prepared to comply to all material aspect with the Notified accounting standards by and the relevant provisions of the Companies Act, 1956. Except otherwise mention, the accounting policies have been consistently applied by the company and are consistent with those uses in the previous year.

2. REVENUE RECOGNITION

- i) Revenue comprises of income from Trading activities, Real estate business, income from entertainment inclusive of cineplex operation and other Income.
- ii) Revenue in respect of transfer of rights in land is recognized when significant risk & rewards has been transferred.
- iii) Dividend income is considered on receipt basis.
- iv) Revenue from sale of goods is recognized when all significant risks and rewards of ownership of goods are transferred to the buyer (usually at the point of dispatch to customers).

3. USE OF ESTIMATES

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include employee retirement benefit plan and Income Tax.

4. FIXED ASSETS

Fixed assets are recorded at cost of acquisition and subsequent improvements thereto including taxes, duties, freight & other incidental expenses related to acquisition and installation. They are stated at historical cost less accumulated depreciation.

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012

5. DEPRECIATION

Depreciation has been provided as per Written down Value Method as per the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on addition / disposal during the year has been provided on prorata basis.

6. IMPAIRMENT

Fixed Assets are tested for impairment if there is any indication of their possible impairment. An impairment loss is recognized where the carrying amount of a fixed asset (or cash generating unit) exceeds its recoverable amount, i.e. higher of value in use and net selling price. Impairment loss recognized in one year can get reversed fully or partly in a subsequent year.

7. INVENTORIES

- i) Stock of land for real estate projects is valued at lower of cost or net realizable value.
- ii) Stocks of trading goods are valued at lower of cost or net realizable value.
- iii) Value of inventories of items that are not ordinarily interchangeable or are meant for specific projects is assigned by specific identification of their individual cost and net realizable value.
- iv) Inventories are valued at cost or Net Realizable Value whichever is lower on FIFO basis.

8. INVESTMENTS

Investments are classified into non current investments and current investments. Non current investments are stated at cost. Provision for diminution in the value of a non current investment is made if such diminution is other than temporary. Current investments are carried at the lower of cost and fair value and provisions are made to recognize the decline in the carrying value.

9. FOREIGN EXCHANGE TRANSACTION

Transactions in foreign currency are recorded at the exchange rates prevailing at the dates of the respective transactions.

10. EMPLOYEE BENEFITS

- i) Contribution to Provident Fund is accounted for on accrual basis. The company continues to make Contribution to Provident Fund plan administered by the government of India.
- ii) Gratuity and leave encashment are charged to profit & loss account through provisions for accruing liabilities based on assumption that such benefits are payable to eligible employees at the end of accounting year.

11. INCOME TAX

Income taxes are computed using the tax effect accounting method where taxes are accrued in the same period, as the related revenue and expenses to which they relate. The differences that exist between profit offered for income tax and the profit before tax as per financial statements are identified and deferred tax assets or deferred tax liabilities are recorded for timing differences, namely, differences that originate in one accounting period and are capable of reversal in future. Deferred tax assets and liabilities are measured using tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized. Should the company have unabsorbed depreciation or carried forward losses under taxation laws, a much stricter test, viz, virtual certainty of realisation, is to be applied for recognition of any deferred tax assets. Deferred tax assets are reviewed for the continuing appropriateness of their recognition as assets at each balance sheet date and written down or written-up to reflect the amount that is reasonably /virtually certain (as the case may be) of realization.

12. BORROWING COST

Borrowing costs are attributable to the acquisition of qualifying assets are capitalized as part of cost of such assets till such time assets become ready for their intended use. All other borrowing costs are charged to Profit & Loss Account.

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

| PARTICULARS | AS AT 31.03.2012 | AS AT 31.03.2011 |
|--|---------------------|---------------------|
| 2. Share Capital | | |
| Authorised | | |
| 3,00,00,000 (P.Y. 3,00,00,000) Equity Shares of Rs 10/- Each | 300,000,000 | 300,000,000 |
| Issued, Subscribed and Paid up | | |
| 2,37,80,000 (P.Y. 1,10,80,000) Equity Shares of Rs. 10/- Each, fully paid up | 237,800,000 | 110,800,000 |
| | 237,800,000 | 110,800,000 |

a. Reconciliation of Shares Outstanding at the beginning and at the end of reporting period

| Equity Shares | 31 st March, 2012 | | 31 st March, 2011 | |
|--|------------------------------|-------------|------------------------------|-------------|
| | No of Shares | Rs. | No of Shares | Rs. |
| At the Beginning of the Period | 11,080,000 | 110,800,000 | 11,080,000 | 110,800,000 |
| Add: Allotted during the Year | 12,700,000 | 127,000,000 | - | - |
| Outstanding at the end of the reporting period | 23,780,000 | 237,800,000 | 11,080,000 | 110,800,000 |

b. Terms/right attached to Equity shares

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends only in Indian rupees.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares

| in the company Equity Shares | 31 st March, 2012 | | 31 st March, 2011 | |
|---------------------------------------|------------------------------|--------|------------------------------|--------|
| | No of Shares | % | No of Shares | % |
| Rutujit Constructions Private Limited | 3300000 | 13.88% | - | - |
| Vigala Infrastructure Private Limited | 3300000 | 13.88% | - | - |
| Tarasvi Realty Private Limited | 2900000 | 12.20% | - | - |
| Vagisha Buildwell Private Limited | 2900000 | 12.20% | - | - |
| Mr. H.S. Bharana | 1931385 | 8.12% | 1,931,385 | 17.43% |
| Peshwa Realtors Pvt Ltd | 1250000 | 5.26% | 1,250,000 | 11.28% |
| Sachet Realty Pvt Ltd | 1250000 | 5.26% | 1,250,000 | 11.28% |
| Era Infra Engineering Ltd | 1110000 | 4.67% | 1,110,000 | 10.02% |

As per records of the company, including its register of shareholders/members and all other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

d. Other Details of Equity Shares for a period of five years immediately preceding March 31, 2012:-

| | As at 31.03.2012 | As at 31.03.2011 |
|--|---------------------|---------------------|
| i) Aggregate Number of Shares allotted as fully paid up as pursuant to contract Without being received in cash | Nil | Nil |
| ii) Aggregate number of Shares allotted as fully paid bonus shares | Nil | Nil |
| iii) Aggregate number of shares Bought Back | Nil | Nil |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012

(Amount in ₹)

| | | | | | |
|----|--|---------------------|------------|--------------------|--------------|
| 3. | Reserves and Surplus | | | 31.03.2012 | 31.03.2011 |
| a. | Capital Reserve (Forfeited Equity Share Warrants) | | | | |
| | Balance as per Last Financial Statements | | | - | - |
| | Add: Addition during the year | | | 33,125,000 | - |
| | Closing Balance at the year end | | | 33,125,000 | - |
| b. | Securities Premium Account | | | | |
| | Balance as per last financial statements | | | 255,012,500 | 255,012,500 |
| | Add: Addition during the year | | | 190,500,000 | - |
| | Closing Balance at the year end | | | 445,512,500 | 255,012,500 |
| c. | Special Reserve | | | | |
| | Balance as per Last Financial Statements | | | 1,140,000 | 1,140,000 |
| | Add: Addition during the year | | | - | - |
| | Closing Balance at the year end | | | 1,140,000 | 1,140,000 |
| d. | Surplus in Profit & Loss Statement | | | | |
| | Balance as per Last Financial Statements | | | 40,539,531 | 84,681,373 |
| | Profit / (Loss) for The Year | | | (5,806,744) | (44,141,843) |
| | Closing Balance at the year end | | | 34,732,787 | 40,539,530 |
| | Total reserves & surplus (a+b+c+d) | | | 514,510,287 | 296,692,030 |
| 4. | Long-Term Borrowings | | | | |
| | | Non Current Portion | | Current Maturities | |
| | | 31.03.2012 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| | | Rs. | Rs. | Rs. | Rs. |
| | Term Loans | | | | |
| | Secured Loans | | | | |
| | Yes Bank Ltd.* | - | 22,222,225 | - | 22,222,220 |
| | Total | - | 22,222,225 | - | 22,222,220 |
| | *Term Loan from Yes Bank Ltd was secured against exclusive charge on whole of the movable assets relating to 9 screens & 3 food court and current assets of the Company, both present and future pertaining to units at various locations. | | | | |
| 5. | Provisions | | | | |
| | | Long Term | | Short Term | |
| | | 31.03.2012 | 31.03.2011 | 31.03.2012 | 31.03.2011 |
| | | Rs. | Rs. | Rs. | Rs. |
| | Provision for Tax | - | - | - | - |
| | Provision For Gratuity | 331,133 | 345,480 | 39,968 | - |
| | | 331,133 | 345,480 | 39,968 | - |
| 6. | Other Current Liabilities | | | 31.03.2012 | 31.03.2011 |
| | Considered Unsecured unless otherwise indicated | | | Rs. | Rs. |
| a. | Trade Payables | | | 17,604,658 | 16,562,707 |
| b. | Other Liabilities | | | | |
| | Current maturities of long term borrowings (Refer Note 4) | | | - | 22,222,220 |
| | Others | | | 2,294,692 | 3,738,802 |
| | | | | 2,294,692 | 25,961,022 |
| | Total (a+b) | | | 19,899,351 | 42,523,729 |
| | Trade Payables Include | | | | |
| | Amount due to MSME creditors | | | - | - |
| | Others | | | 17,604,658 | 16,562,707 |
| | | | | 17,604,658 | 16,562,707 |

ERA E-ZONE (INDIA) LIMITED

NOTE - 7 : TANGIBLE ASSETS

| S. No. | PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------|------------------------|-------------------|---------------------|-------------------|-------------------|------------------------|-------------------|---------------------------|------------------------|----------------------|----------------------|
| | | As at 01.04.2011 | Add During the Year | Sold / Adjustment | As at 31.03.2012 | Total as at 01.04.2011 | Sold / Adjustment | Depreciation for the Year | Total as at 31.03.2012 | WDV As at 01.04.2011 | WDV As at 31.03.2012 |
| 1 | LEASE HOLD IMPROVEMENT | 54,938,421 | - | - | 54,938,421 | 12,997,165 | - | 5,114,133 | 18,111,298 | 41,941,256 | 36,827,123 |
| 2 | PLANT & MACHINERY | 5,658,087 | 11,500 | - | 5,669,587 | 664,054 | - | 269,079 | 933,133 | 4,994,033 | 4,736,454 |
| 3 | OFFICE EQUIPMENTS | 2,352,224 | 9,780 | - | 2,362,004 | 353,204 | - | 111,950 | 465,154 | 1,999,020 | 1,896,850 |
| 4 | PROJECTOR | 6,585,467 | 247,500 | - | 6,832,967 | 1,216,244 | - | 469,369 | 1,685,613 | 5,369,222 | 5,147,354 |
| 5 | FURNITURE & FIXTURES | 8,322,685 | - | - | 8,322,685 | 1,327,928 | - | 526,826 | 1,854,754 | 6,994,757 | 6,467,931 |
| 6 | ELECTRICAL FITTINGS | 3,221,417 | - | - | 3,221,417 | 702,451 | - | 153,017 | 855,468 | 2,518,966 | 2,365,949 |
| 7 | COMPUTER | 4,070,188 | 87,150 | - | 4,157,338 | 1,822,848 | - | 663,692 | 2,486,540 | 2,247,340 | 1,670,798 |
| 8 | SCOOTER/MOTER CYCLE | 12,912 | - | - | 12,912 | 1,334 | - | 613 | 1,947 | 11,578 | 10,965 |
| 9 | TELEVISION | 23,382 | - | - | 23,382 | 2,450 | - | 1,111 | 3,561 | 20,934 | 19,821 |
| 10 | AIR CONDITION | 38,521 | 41,500 | - | 80,021 | 4,072 | - | 2,083 | 6,155 | 34,449 | 73,866 |
| | TOTAL | 85,223,304 | 397,430 | - | 85,620,734 | 19,091,750 | - | 7,311,873 | 26,403,623 | 66,131,555 | 59,217,111 |
| | Previous Year | 89,737,228 | 72,876 | 507,126 | 89,302,978 | 13,567,147 | 137,931 | 7,294,405 | 20,723,620 | 76,170,081 | 68,579,355 |

NOTE - 8 : INTANGIBLE ASSETS

| S. No. | PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------|---------------|------------------|---------------------|-------------------|------------------|------------------------|-------------------|---------------------------|------------------------|----------------------|----------------------|
| | | As at 01.04.2011 | Add During the Year | Sold / Adjustment | As at 31.03.2012 | Total as at 01.04.2011 | Sold / Adjustment | Depreciation for the Year | Total as at 31.03.2012 | WDV As at 01.04.2011 | WDV As at 31.03.2012 |
| | GOODWILL | 4,079,674 | - | - | 4,079,674 | 1,631,870 | - | 815,935 | 2,447,805 | 2,447,804 | 1,631,869 |
| | TOTAL | 4,079,674 | - | - | 4,079,674 | 1,631,870 | - | 815,935 | 2,447,805 | 2,447,804 | 1,631,869 |
| | Previous Year | 4,079,674 | - | - | 4,079,674 | 1,631,870 | - | - | 1,631,870 | 2,447,804 | 2,447,804 |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

| 9. | Non Current Investments | NO. OF SHARES | 31.03.2012 | 31.03.2011 |
|-----------|--|---------------|------------------|------------------|
| | | | Rs. | Rs. |
| A) | QUOTED SHARES (Non Trade) | | | |
| 1 | Castrol India Ltd | 30 | 4,577 | 4,577 |
| 2 | Choksi Tube Company Ltd. | 200 | 8,029 | 8,029 |
| 3 | Indo Bosch Gems and Jewellery Ltd. | 100 | 3,885 | 3,885 |
| 4 | Indo French BioTech Enterprises Ltd. | 1,000 | 47,500 | 47,500 |
| 5 | ITC LTD (New Face Value Rs.1/-) | 750 | 102,470 | 102,470 |
| 6 | Jindal Stainless Ltd. | 220 | 26,729 | 26,729 |
| 7 | Jindal Steel & Power Ltd. (New Face Value Rs.1/-) | 2,400 | 17,819 | 17,819 |
| 8 | Nagarjuna Fertilizers & Chemicals Ltd. (New Face Value Rs.1/-) | 110 | 3,434 | 3,434 |
| 9 | Nagarjuna Oil Refinery Ltd. | 100 | - | - |
| 10 | Nahar Industrial Enterprises Ltd. | 120 | 25,710 | 25,710 |
| 11 | Nalwa Sons Investments Ltd. | 16 | - | - |
| 12 | NEPC India Ltd. | 520 | 60,300 | 60,300 |
| 13 | NEPC Tea Garden Ltd. | 6 | 114 | 114 |
| 14 | Paam Pahraceuticals (Delhi) Limited | 500 | 37,490 | 37,490 |
| 15 | Pasupati Spinning and Weaving Mills Ltd. | 200 | 24,900 | 24,900 |
| 16 | Ready Food Ltd. | 1,800 | 47,558 | 47,558 |
| 17 | Rohini Strips Ltd. | 400 | 11,188 | 11,188 |
| 18 | Saraswati Industrial Syndicate Ltd. | 100 | 36,381 | 36,381 |
| 19 | Skyline NEPC Ltd. | 600 | 30,580 | 30,580 |
| 20 | Surlux Diagnostic Ltd. | 1,000 | 34,700 | 34,700 |
| 21 | Vikas Hybride Ltd. | 200 | 14,090 | 14,090 |
| 22 | Western Paques (I) Ltd. | 100 | 24,745 | 24,745 |
| 23 | Whirpool of India Ltd. | 125 | 30,025 | 30,025 |
| | Total (A) | | 592,224 | 592,224 |
| B) | UNQUOTED | | | |
| 1 | DEBENTURES (Non Trade) | | | |
| | Paam Pharmaceuticals (Delhi) Limited | 100 | 7,000 | 7,000 |
| | Total (B) | | 7,000 | 7,000 |
| 2 | Samdarya & Era Pictures Private limited | | | |
| | SHARES - UNQUOTED | 5000 | 50,000 | 50,000 |
| | Share Application Money Paid | | 4,750,000 | 4,750,000 |
| | TOTAL (A+B+C) | | 4,800,000 | 4,800,000 |
| | | | 5,399,224 | 5,399,224 |
| | The aggregate book value and market value of quoted investments and book value of unquoted investment are as follow: | | | |
| | Quoted Investment | | | |
| | - Aggregate book value | | Rs. 5,92,224 | |
| | - Aggregate market value | | Rs. 1,656,482 | |
| | Aggregate book value of unquoted investments | | Rs. 4,807,000 | |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

| 10. Loans and Advances | Non Current | | Current | |
|---|--------------------|--------------------|--------------------|-------------------|
| | 31.03.2012 Rs. | 31.03.2011 Rs. | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Unsecured, considered good unless otherwise indicted | | | | |
| a. Capital Advances | 148,370,074 | 148,370,074 | | |
| b. Security Deposits | 16,397,500 | 12,397,500 | - | 3,363,787 |
| c. Advances recoverable in cash or kind | | | | |
| Advances for Real Estate Projects | | | 328,706,013 | 21,171,013 |
| Advance To Suppliers | | | 6,900 | - |
| Prepaid Expenses | | | 425,274 | 326,521 |
| Others | | | 3,712,370 | 3,982,732 |
| | 164,767,574 | 160,767,574 | 332,850,557 | 28,844,053 |
| | | | | |
| 11. Other Assets | Non Current | | Current | |
| | 31.03.2012 Rs. | 31.03.2011 Rs. | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Unamortised Expenditure | 22,365 | 33,552 | 11,187 | 11,187 |
| Prepaid Taxes | - | - | 18,846 | 13,143 |
| | 22,365 | 33,552 | 30,033 | 24,330 |
| Total (a+b) | 22,365 | 33,552 | 30,033 | 24,330 |
| | | | | |
| 12. Inventories (valued at lower of cost or Net Realisable Value) | | | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Types of inventory | | | | |
| Food & Beverages | | | 1,006,693 | 866,566 |
| | | | 1,006,693 | 866,566 |
| | | | | |
| 13. Cash And Bank Balances | | | Current | |
| | | | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Cash and Cash Equivalents | | | | |
| Balances in current accounts | | | 8,467,750 | 4,228,354 |
| Cash on hand | | | 392,308 | 117,864 |
| Other Bank Balances | | | | |
| FDR kept in Govt. Securities | | | 50,000 | 50,000 |
| FDR with Banks | | | - | 6,000,000 |
| | | | 8,910,058 | 1,039,6218 |
| Amount disclosed under non current assets | | | 8,910,058 | 1,039,6218 |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

| | 31.03.2012 Rs. | 31.03.2011 Rs. |
|--|--------------------|-------------------|
| 14. Revenue From Operations | | |
| Ticket Collection | 79,393,620 | 57,500,349 |
| Traded Goods** | 25,759,855 | 21,548,593 |
| Advertising Income | 218,664 | 964,120 |
| Counter Rental Income | 1,645,922 | 932,858 |
| Parking Charges | 204,000 | 130,734 |
| Sales- Others | - | 4,176,800 |
| Revenue From Operations | 107,222,061 | 85,253,454 |
| ** Traded Goods | | |
| Food & Beverages | 25,759,855 | 21,548,593 |
| | 25,759,855 | 21,548,593 |
| 15. Other Income | | |
| Interest received (TDS of Rs.12,518 P.Y. Rs. 12,918) | 130,229 | 133,789 |
| Dividend Received (From Long Term Investments) | 12,588 | 2,555 |
| Profit on sale of fixed assets | - | 30,805 |
| Other non operating income | 18,208 | 815,989 |
| | 161,025 | 983,138 |
| 16. Details of purchases of traded goods | | |
| Food & Beverages | 10,674,320 | 9,249,938 |
| | 10,674,320 | 9,249,938 |
| 17. (Increase)/ Decrease in inventories | | |
| Inventories at the beginning of the year | | |
| Stock - F & B | 866,566 | 536,088 |
| Stock - Shares | - | 9,215,568 |
| | 866,566 | 9,751,656 |
| Inventories at the end of the year | | |
| Stock - F & B | 1,006,693 | 866,566 |
| | 1,006,693 | 866,566 |
| (Increase)/ Decrease in inventory | (140,127) | 8,885,090 |
| 18. Employee Benefits Expense | | |
| Salaries, Wages and Bonus | 7,913,169 | 7,415,654 |
| Directors Remuneration | 575,100 | 3,109,934 |
| Managerial Remuneration | 449,185 | - |
| Contribution to Provident and other funds | 462,303 | 400,377 |
| Gratuity Expense | 25,621 | 88,970 |
| Staff Welfare Expenses | 70,576 | 51,285 |
| | 9,495,954 | 11,066,220 |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

| 19. Other Expenses | 31.03.2012 Rs. | 31.03.2011 Rs. |
|----------------------------------|-------------------|-------------------|
| Freight and Cartage (Inward) | 118,914 | 173,172 |
| House Keeping Exps. | 1,913,738 | 1,482,842 |
| Meeting Expenses | 128,327 | 58,177 |
| Watch and Ward | 1,296,293 | 1,138,586 |
| Printing & Stationary | 1,702,876 | 1,010,702 |
| Legal & Professional Expenses | 537,188 | 707,533 |
| Postage & Telephone | 617,338 | 446,569 |
| Travelling & Conveyance | 271,188 | 140,951 |
| Electricity & Water Charges | 4,584,477 | 4,219,521 |
| Advertisement | 575,351 | 386,552 |
| Insurance | 266,311 | 297,363 |
| Rent | 10,398,135 | 9,181,447 |
| Repair and Maintenance | 6,060,248 | 7,860,532 |
| Auditors Remuneration* | 431,521 | 386,050 |
| General / Miscellaneous Expenses | 565,967 | 8,108,774 |
| Air Condition Operation Charges | 1,143,120 | 2,175,996 |
| Booking Charges | 827,256 | 827,255 |
| Entertainment Tax Expenses | 4,588,734 | 6,091,176 |
| INR Charges | 52,500 | 64,500 |
| Representative Charges | 377,590 | 355,840 |
| Show Tax & F.D.F. | 290,662 | 106,060 |
| License Fee | 71,875 | 55,536 |
| Film Hire Charges | 31,604,923 | 19,243,172 |
| Film Exhibition Sharing Exp | 11,130,000 | 7,920,000 |
| Sales Tax | 2,982,223 | 2,766,285 |
| Premilinery Expenses W/off | 11,187 | 11,183 |
| | 82,547,942 | 75,215,774 |
| * Payment to Auditor | | |
| Audit Fee | 420,835 | 386,050 |
| Others | 10,686 | - |
| | 431,521 | 386,050 |
| | | |
| 20. Finance Costs | 31.03.2012 | 31.03.2011 |
| | Rs. | Rs. |
| Interest | | |
| Banks | 2,207,433 | 5,323,551 |
| Others | 150,518 | 160,696 |
| Bank Charges | 125,982 | 174,008 |
| | 2,483,933 | 5,658,255 |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

| 21. Earning per share (EPS) | 31.03.2012 Rs. | 31.03.2011 Rs. |
|--|--------------------|---------------------|
| The following reflects computation of EPS Net Profit/ (Loss) for the year | (5,806,744) | (46,589,908) |
| Net Profit/ (Loss) used in computation of basic and diluted EPS | (5,806,744) | (46,589,908) |
| Weighted Average no of equity shares for the computation of basic and diluted EPS | 12,779,454 | 11,080,000 |
| Earning Per Share-Basic & Diluted | (0.45) | (4.20) |
| 22. Capital and other commitments | | |
| Estimated Value of Contracts in Capital account remaining to be executed & not provided for Rs. 201,51,022 (P.Y. Rs. 201,51,022) net of advances. | | |
| 23. Contingent Liabilities | | |
| NIL (Previous Year - NIL) | | |
| 24. SEGMENT REPORTING | | |
| Based on the guiding principles giving in the accounting standard (AS-17) on segment reporting issued by the Institute of Chartered Accountants of India, the primary segment of the company were Real Estate business, Trading activities & Entertainment Business. | | |
| | 31.03.2012 Rs. | 31.03.2011 Rs. |
| BUSINESS SEGMENTS | | |
| A. Segment Revenue | | |
| Entertainment / Cineplex | 107,222,061 | 85,253,454 |
| Real Estate | - | - |
| Others | - | - |
| Total | 107,222,061 | 85,253,454 |
| B. Segment Results Profit Before Tax and Interest | | |
| Entertainment / Cineplex | (3,483,836) | (31,133,089) |
| Real Estate | - | - |
| Others | - | - |
| Total | (3,483,836) | (31,133,089) |
| Less : Financial Expenses | 2,483,933 | 5,658,255 |
| Add : Other Income | 161,025 | 983,138 |
| Total Profit Before Tax | (5,806,744) | (31,133,089) |
| C. Capital Employed | | |
| Entertainment / Cineplex | 423,005,050 | 385,721,793 |
| Real Estate | 328,706,013 | 21,171,013 |
| Others | 599,224 | 599,224 |
| Total | 752,310,287 | 407,492,030 |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

25. Related Party Disclosures

Related Parties With Whom Transactions Have Taken Place During The Year

Associates: Era Landmarks Ltd.(Till 05.01.11)

Key Management Personnel: Mr. H.S. Bharana –Chairman
Mr. Amit Bharana –Managing Director till 31.05.2011
Mr. Gaurav Chopra – Manager w.e.f. 01.06.11

| a. Loans Taken and Repayments Thereof | Year Ended | Loans Taken (Rs.) | Repayment (Rs.) | Amount owed to Related Parties (Rs.) |
|---|------------|----------------------|------------------------|--|
| Enterprises owned or significantly influenced by key management personnel | | | | |
| Associates | | | | |
| -Era Landmarks Ltd. | 31/3/2011 | - | 860,959 | - |
| b. Reimbursement of Exps. Paid Enterprises owned or significantly influenced by key management personnel | | | | |
| | Year Ended | | Expenses Reimbursed | Amount owed to Related Parties (Rs.) |
| Associates | | | | |
| -Era Landmarks Ltd. | 31/3/2011 | | 4,288,015 | 20,897,471 |
| c. Remuneration to Key Management Personnel | | | | |
| | | | 31.03.2012 Rs. | 31.03.2011 Rs. |
| Mr. Amit Bharana –Managing Director till 31.05.2011 | | | | |
| Salary | | | 575,100 | 3,109,934 |
| Mr. Gaurav Chopra - Manager w.e.f. 01.06.2011 | | | | |
| Salary | | | 449,185 | - |
| Contribution to PF | | | 21,852 | - |
| | | | 1,046,137 | 3,109,934 |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

26. Retirement Benefits

The disclosures as per the Notified AS 15 under the Companies (Accounting Standards) Rules, 2006 (as amended) on "Employee Benefits", are as follows:

| | Gratuity 31.03.2012 | Gratuity 31.03.2011 |
|---|---|---|
| A) Expenses recognized in the Statement of Profit & Loss | | |
| 1) Current Service Cost | 111,826 | 154,801 |
| 2) Interest Cost | 29,366 | 21,557 |
| 3) Expected Return on Plan Assets | - | - |
| 4) Actuarial (Gain)/Loss Recognized in the I.V.P. | (115,570) | (92,174) |
| 5) Expenses Recognized in the statement of Profit & Loss | 25,622 | 84,184 |
| B) Amount to be recognized in the Balance Sheet | | |
| 1) Present Value of Obligation at the end of the I.V.P. | 371,102 | 345,480 |
| 2) Fair Value of Plan Assets at the end of the I.V.P. | Nil | Nil |
| 3) Funded Status | Nil | Nil |
| 4) Unrecognized Actuarial (Gain)/Loss at the end of the I.V.P. | Nil | Nil |
| 5) Net Asset/Liability Recognized in the Balance Sheet | (371,102) | (345,480) |
| C) Changes in the Present Value of Obligations | | |
| 1) Present Value of Obligation at the beginning of the I.V.P. | 345,480 | 261,296 |
| 2) Interest Cost | 29,366 | 21,557 |
| 3) Current Service Cost | 111,826 | 154,801 |
| 4) Benefits Paid | Nil | Nil |
| 5) Actuarial (Gain)/Loss on Obligation | (115,570) | (92,174) |
| 6) Present Value of Obligation at the end of the I.V.P. | 371,102 | 345,480 |
| D) Actuarial gain/Loss Recognized | | |
| 1) Actuarial Gain/(Loss) on Obligations | 115,570 | 92,174 |
| 2) Actuarial Gain/(Loss) on Plan Assets | - | - |
| 3) Total (Gain)/Loss for the I.V.P. | (115,570) | (92,174) |
| 4) Actuarial (Gain)/Loss Recognized in the I.V.P. | (115,570) | (92,174) |
| 5) Unrecognized Actuarial (Gain)/Loss at the end of the I.V.P. | - | - |
| E) Actuarial Assumption | LIC(1994-96) Published table of rates | LIC(1994-96) Published table of rates |
| 1) Mortality Table | - | - |
| 2) Discounting Rate | - | - |
| 3) Salary Rise | - | - |
| 4) Return on Plan Assets | - | - |
| 5) Remaining Working Life | 31.99 Years | 31.63 Years |

27. a) During the year Company issued 1,80,00,000 convertible warrants to Non Promoters on Preferential basis and out of them 127,00,000 warrants have been converted into equal number of equity shares

b) Proceeds from preferential issue:

| | Rs. In Lacs |
|--|-------------|
| A) Amount received | 350,625,000 |
| B) Less: Fund utilised for working capital requirement | 350,390,365 |
| C) Balance | 234,635 |

ERA E-ZONE (INDIA) LIMITED

Consolidated Notes to The Financial Statements For The Year ended 31st March, 2012 (Amount in ₹)

28. In the opinion of the board of directors, all the current assets, loans & advances have value of realisation in the ordinary course of business at least equal to the amount at which they are stated except those are expressly stated and that all the known liabilities relating to the period under review have been provided for.
29. In the opinion of the board, none of the assets/ cash generating units of the company is impaired.
30. Expenditure/Earnings in foreign currency- Nil .
31. There are no payments due to Micro, Small & Medium Enterprise.
32. Provisions for diminution in the value of long term investments has not been made as in the opinion of the board, such diminution is temporary.
33. Parties balance is subject to confirmation from them.
34. Figure pertaining to the subsidiaries company has been reclassified wherever necessary to bring them in line with Group's Financial Statements
35. **Previous Years Figures**
Till the year ended 31st March, 2011, the company was using pre-revised Schedule VI to the Companies Act, 1956 for preparation and presentation of financial statements. During the year ended 31st March, 2012, the revised schedule VI notified under Companies Act, 1956 has become applicable to the Company. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation for financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet. As a result, previous years' figures have been regrouped/ reclassified to conform to this year's financial statements where necessary.

As per our report of even date

For P.C. Bindal & Co.

Chartered Accountants

FRN: 003824N

(CA. K.C. Gupta)

Partner

M. No. 088638

Place : New Delhi

Date : 14th August, 2012

For and on behalf of the Board

(H.S.Bharana)

Chairman

(Amit Bharana)

Director

(Kapil Kumar)

Company Secretary

(Gaurav Chopra)

Manager

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956 RELATING TO SUBSIDIARIES
COMPANIES FOR THE FINANCIAL YEAR 2011-12**

(₹ in Lacs)

| Name of Company | Silverline Cinemas Pvt. Ltd. |
|--|------------------------------|
| Capital | 50 |
| Extent of Interest held in subsidiaries(%) | 100% |
| Reserves | (84.87) |
| Total Assets | 2.14 |
| Total Liabilities | 2.14 |
| Detail of Investments (except in the case of subsidiaries) | |
| Turnover | - |
| Profit before Taxation | (0.46) |
| Provision for Taxation | - |
| Profit After Taxation | (0.46) |
| Proposed Dividend | - |

Forward looking statement

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future information or otherwise.

ERA E-ZONE (INDIA) LIMITED

Regd. Off. : 153, Okhla Industrial Estate, Phase-III, New Delhi-110020

E-Communication Registration Form

The Company Secretary,
Era E-Zone (India) Limited
153, Okhla Industria Estate
Phase-III, New Delhi-110020

Green Initiative in Corporate Governance

I/We hereby exercise my/our option to receive all communications from the Company such as Notice of General Meeting, Explanatory Statement, Audited Financial Statements, Balance Sheet, Profit & Loss Account, Director's Report, Auditors Report etc in electronic mode pursuant to the "Green Initiative in Corporate Governance" taken by the Ministry of Corporate Affairs vide circulars no. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011. Please register my e-mail ID as given below, in your records for sending the communications:

Folio No./ DP ID & Client ID No.

Name of Sole/1st Registered Holder

Name if Joint Holder(s), if any

Registered Address of the Sole/

1st Registered Holder

.....

.....

No. of Shares held

E-mail ID (to be registered)

Date:

Signatures:

Notes:

1. On registration, all communications will be sent to the e-mail ID registered.
2. The Form is also available on the website of the Company www.eragroup.co.in under the section "Investor Relations".
3. Shareholders are requested to keep the Company informed as and when there is any change in the e-mail address.
4. Members may register their e-mail id by e-mailing at investors@eragroup.in

ERA E-ZONE (INDIA) LIMITED

Registered Office : 153, Okhla Industrial Estate, Phase-III, New Delhi-110020

ATTENDANCE SLIP

L.F. No. : _____

No. of Shares(s) held _____

DP ID : _____

Client-ID _____

I/We hereby record my/our presence at the 20th Annual General Meeting of the Company at Executive Club, 439, Village Shahoorpur P.O., Fatehpuri Beri, New Delhi-110074 on Saturday, 29th September, 2012 at 5.00 p.m.

Name of the Member _____
[in block letters]

Signature of Member / Proxy*

Notes :

1. You are requested to sign and hand this over at the entrance.

-----TEAR HERE-----

ERA E-ZONE (INDIA) LIMITED

Registered Office : 153, Okhla Industrial Estate, Phase-III, New Delhi-110020

PROXY FORM

L.F. No. : _____

No. of Shares(s) held _____

DP ID : _____

Client-ID _____

I/We _____ of _____ being a member/
members of the above named Company hereby appoint _____ of
_____ or falling him/her _____ of
_____ as my/our proxy to vote for me/us on my/our behalf at the 20th Annual General
Meeting of the Company to be held on Saturday, 29th September, 2012 at 5.00 p.m.

Signed this _____ day of _____ 2012

Signature _____

Name of the Member
[in block letters]

Signature of Member / Proxy*

Notes :

1. This form should be signed across the stamp as per specimen signature registered with the Company.
2. The Proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
3. A Proxy need not be a member of the Company.

BOOK-POST

If undelivered, please return to :

Era E-Zone (India) Ltd.

153, Okhla Industrial Estate, Phase - III, New Delhi - 110020.

Tel: +91 11 4063 7000, Fax: +91 11 4063 7070

www.eragroup.co.in