

Ref: DCS/AMAL/BS/24(f)/290/2013-14

October 17, 2013

The Company Secretary
SRS Limited
SRS Multiplex (Top floor),
City Centre, Sector -12,
Faridabad (NCR Delhi) 121007.

Dear Sir

Sub: Observation letter regarding the Scheme of Arrangement between SRS Limited, SRS Cinemas & Entertainment Limited and SRS Modern Retail Limited

We refer to your draft Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between SRS Limited (SRSL) (Transferor Company / Demerged Company) and SRS Cinema & Entertainment Limited (SCEL) and SRS Modern Retail Limited (SMRL) and their respective shareholders involving the demerger of Cinema division of SRS Limited into SRS Cinema & Entertainment Limited and demerger of Retail Division of SRS Limited into SRS Modern Retail Limited .

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013, SEBI has vide its letter dated October 17, 2013 given the following comments on the draft scheme of arrangement:

- a. *To ensure that information submitted by the company vide email dated September 24, 2013 with regard to financials of SRS Limited both pre-scheme and post-scheme is displayed from the date of receipt of this letter on the websites of the listed company.*
- b. *To ensure that the information submitted by the company vide email dated October 7, 2013 with respect to treatment of fractional equity shares which may be resulting pursuant to the scheme is incorporated in the scheme.*
- c. *the company shall duly comply with various provisions of the aforesaid SEBI circular."*

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

However, the listing of equity shares of SRS Cinema & Entertainment Limited (SCEL) and SRS Modern Retail Limited (SMRL) on the BSE Limited, shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No.CIR/CFD/DIL/5/2013 dated February 4, 2013. Further, SCEL and SMRL shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange

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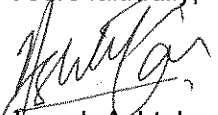
The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of SCEL and SMRL is at the discretion of the Exchange. In addition to the above, the listing of SCEL and SMRL pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

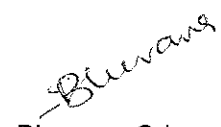
1. To submit the Information Memorandum containing all the information about SCEL and SMRL and its group companies in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information about SCEL and SMRL in line with the details required as per the aforesaid SEBI circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about SCEL and SMRL to BSE on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - (a) The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - (b) "There shall be no change in the shareholding pattern in SCEL and SMRL between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of arrangement.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,


Jayesh Ashtekar
Manager


Bhuvana Sriram
Dy. Manager