

FAIRNESS OPINION SRS LIMITED



July, 2013



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For SRS LIMITED

A handwritten signature in black ink, appearing to read 'Arundel', is written over the printed text.

Auth. Signatory/Director

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Ref. No: CPC/MB/024/2013-14

Dated 24.07.2013

SEBI Reg. No: INM000011435

To,

The Board of Directors

SRS Limited

AND

SRS Cinemas & Entertainment Limited

AND

SRS Modern Retail Limited

Subject: Fairness Opinion on the Share Entitlement Report of M/s Rahul Bansal & Co, Chartered Accountants for the proposed Demerger of Cinema Division and Retail Division of SRS Limited and consequent amalgamation with SRS Cinemas & Entertainment Limited and SRS Modern Retail Limited.

Dear Sir,

We refer to the discussion held with the key management personnel of M/s SRS Limited (SRSLTD) for the purpose of arriving at an opinion on the Share Entitlement Report issued by M/s Rahul Bansal & Co, Chartered Accountants for the proposed demerger of Cinema Division and Retail Division of SRS Limited.

In reference to the Scheme of Arrangement, it is proposed to transfer and vest the "Cinema Division" and "Retail Division" of SRS Limited into SRS Cinemas & Entertainment Limited (SRSCCEL) and SRS Modern Retail Limited (SRSMRL), respectively, on a going concern basis, pursuant to the provisions of Section 391-394 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made there under.

In terms of discussion held, we are enclosing our opinion along with this letter. Please note that this is just an opinion on the captioned subject on the basis of the documents submitted to us and does not constitute our independent Analysis. All comments as contained herein must be read in conjunction with the Caveats to this opinion.

The opinion is confidential and has been prepared exclusively for the management of SRS Limited, and the Resulting Companies. It should not be used, reproduced or circulated to any other person, in whole or in part, without the prior consent of Corporate Professionals Capital Private Limited, such consent will only be given after full consideration of the circumstance at the time. We are however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures and we provide consent for the same. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully,

For Corporate Professionals Capital Private Limited

Maneesh Srivastava
Maneesh Srivastava

[Sr. Manager]



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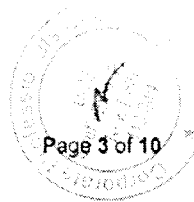
For SRS LIMITED

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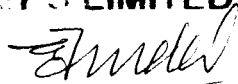
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CONTEXT AND BACKGROUND

1. We understand that equity shares of SRS Limited are listed at the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. The proposed scheme of arrangement provides for demerger of "Cinema Division" and "Retail Division" of SRS Limited and consequent amalgamation with its wholly owned subsidiaries, namely, SRS Cinemas & Entertainment Limited (SRSCCEL) and SRS Modern Retail Limited (SRSMRL), respectively, on a going concern basis pursuant to the provisions of Section 391-394 and other applicable provisions of the Companies Act, 1956 and/or Rules/Regulations made there under. The proposed scheme of arrangement also provides for listing of equity shares of the resulting companies i.e. SRSCCEL and SRSMRL, at the stock exchanges where the shares of SRSLTD is already listed.
2. In accordance with Clause 24(h) of the Listing Agreement and SEBI circular dated September 04, 2008 as applicable to the Listed Companies, the listed Company as well as the Unlisted Company getting merged shall each be required to obtain a "Fairness Opinion" on the Valuation of assets / Equity shares done by the Valuers for the Company and Unlisted Company from an independent Merchant Banker.

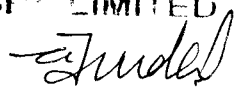
Clause 24(h) reads as below-

"The company agrees that in the explanatory statement forwarded by it to the shareholders u/s 393 or accompanying a proposed resolution to be passed u/s 100 of the Companies Act, it shall disclose the pre and post-arrangement or amalgamation (expected) capital structure and shareholding pattern, and the "fairness opinion" obtained from an independent merchant bankers on valuation of assets / shares done by the valuer for the company and unlisted company."

3. Further, in addition to above, SEBI Circular No. CIR/CFD/DIL/5/2013, dated February 04, 2013 as applicable to listed companies, provides that all the listed companies entering into scheme of arrangement under Section 391 - 394 or Section 100 of the Companies Act, 1956, are required to obtain a "Fairness Opinion" from an independent Merchant Banker on the valuation of assets / equity shares done by the valuers of the Company and unlisted Company.
4. With reference to the above, we, **Corporate Professionals Capital Private Limited, a SEBI Registered Merchant Banker**, have been appointed by SRS Limited and the Resulting Companies, to provide the "Fairness Opinion" in accordance with the clause 24 and SEBI Circular No. CIR/CFD/DIL/5/2013 of the Listing Agreement, stated above



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BRIEF ABOUT COMPANIES

- **SRS Limited ('SRSLTD'), or the (Demerged Company)**

SRS Limited is a company incorporated on August 29, 2000 under the provisions of the Companies Act, 1956 and presently having its registered office at "SRS Multiplex", Top Floor, City Centre, Sector-12, Faridabad, Haryana - 121007. The Company is majorly engaged in three business verticals, namely, Jewellery (in the brand name of 'SRS Jewells'), Retail Stores Chain (in the brand name of 'SRS Value Bazaar') and Cinema Exhibition (in the brand name of 'SRS Cinemas'). The Company is also engaged in the business of Foods and Beverages (in the brand name of SRS 7 Dayz and SRS Punjabi Haandi), however, the financial contribution of this segment is insignificant.

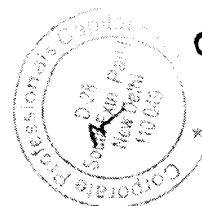
Further, in the year 2011, the Company came up with the Initial Public Offer (IPO), and eventually the equity shares of the Company got listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

- **SRS Cinemas & Entertainment Limited (SRSCCEL), or the (Resulting Company 1)**

SRS Cinemas & Entertainment Limited is a Company incorporated on May 20th 2013, under the Companies Act, 1956 having its Registered Office at "SRS Multiplex", City Centre, Sector-12, Faridabad, Haryana 121007 India. SRSCCEL is a wholly owned subsidiary of SRSLTD.

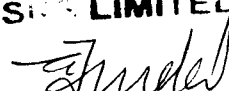
- **SRS Modern Retail Limited (SRSMRL), or the (Resulting Company 2)**

SRS Modern Retail Limited is a Company incorporated on May 24th 2013, under the Companies Act, 1956 having its Registered Office at "SRS Multiplex", City Centre, Sector-12, Faridabad, Haryana 121007 India. SRSMRL is a wholly owned subsidiary of SRSLTD.



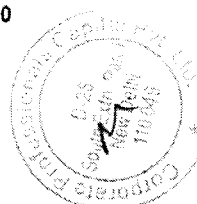
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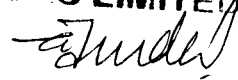

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KEY FACTS & CERTAIN EXTRACT OF THE SCHEME

- Based on our discussion with the key management personnel of the companies, we understand that SRS Cinemas & Entertainment Limited and SRS Modern Retail Limited are wholly owned subsidiaries of SRS Limited. Further, SRS Limited is engaged in diverse portfolio of businesses namely Jewellery, Cinema, Retail and Food & Beverage. We further understand that Foods and Beverage Division of the SRS Limited is at nascent stage and financial contribution of this division is insignificant and hence this undertaking cannot be treated as independent business vertical.
- This restructuring of the business is being done as each of the business vertical of SRSLTD has the potential of being developed into a parallel and independent profitable business but requires focused management and long term business plan. Further, the economic environments, capital market dynamics, the investors' community for each of the three divisions are different. Thus, this scheme of demerger would ensure better focus of management for the instantaneous development of all the three divisions and to create independent entities for each division.
- Pursuant to the scheme of arrangement the Cinema division of SRSLTD will be demerged and vested into SRS Cinemas & Entertainment Limited. SRSCCEL in consideration shall issue 2 (Two) equity shares of Rs. 10 each at par to the shareholders of SRSLTD in lieu of 10 (Ten) Equity Shares held by them in SRSLTD
- Pursuant to the scheme of arrangement the Retail division on SRSLTD will be demerged and vested into SRS Modern Retail Limited. SRSMRL in consideration shall issue 1 (One) equity shares of Rs.10 each at par to the shareholders of SRSLTD in lieu of 10 (Ten) Equity Shares held by them in SRSLTD
- The proposed scheme of arrangement, states that the existing equity share capital of SRSLTD, the Demerged company, will be reduced to the extent, that the equity share capital being issued to the shareholders of SRSLTD, in the Resulting Company 1 and Resulting Company 2. Thus, each equity shareholder of the Demerged Company holding 10 (Ten) equity shares of face value of Rs. 10 (Rupees Ten), shall be deemed to have held 7 (Seven) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each.



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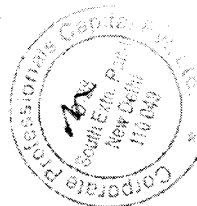

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- Further, to create a mirror image shareholding pattern of the resulting companies, the Scheme provides that the equity shares held by SRS LTD in Resulting Companies shall stand cancelled and reduced.

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ABSTRACT OF SHARE ENTITLEMENT RATIO


Rahul Bansal & Co, Chartered Accountants has recommended the share entitlement Ratio for issue of shares to the shareholders of SRS Limited, pursuant to the Scheme in SRS Cinemas & Entertainment Limited and SRS Modern Retail Limited.

The valuer after considering all the relevant factors and circumstances, have recommended that the demerger of SRSLTD into resulting companies i.e. SRSCCEL and SRSMRL is fair and reasonable to the equity shareholders of SRSLTD.



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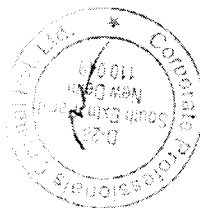

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CONCLUSION & OPINION

- With reference to above and based on information provided by the management and after analyzing the share entitlement report of the valuer, we understand that the valuer recommendation for share entitlement report is true and fair.
- We also understand that, the proposed cancellation and reduction of capital of the resulting companies to an extent the shares of such companies held by SRSLTD, would result in creation of mirror image shareholding pattern of the resulting companies as that of the demerged company.
- The company net worth pre demerger and post demerger shall remain the same.

In accordance with para 4.2 of SEBI Circular No CIR/CFD/DIL/8/2013, dated 21st May 2013, "Valuation Report from an Independent Chartered Accountants need not be required in cases where there is no change in the shareholding pattern of the listed company/resultant company"

"Subject to above read with the caveats as detailed later, we as a Merchant Banker hereby certify that pursuant to Clause 24 of the listing agreement and SEBI circular dated February 04, 2013 we have reviewed the share entitlement report of the Valuer and believe it to be fair and reasonable from a financial and commercial point of view to the holders of equity share holders of the SRSLTD"



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CAVEATS

- We wish to emphasize that, we have relied on explanations and information provided by the respective key managements, and other public available information while verifying the Scheme of arrangement. Although, we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.
- We have not made an appraisal or independent valuation of any of the assets or liabilities of the companies and have not conducted an audit or due diligence or reviewed/validated the financial data except what is provided to us by the Company.
- The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this scheme of arrangement, which might be relevant in the context of the transaction and which a wider scope might uncover.
- We have no present or planned future interest in SRS Limited or in any of its associate companies and the fee payable for this opinion is not contingent upon the opinion reported herein.
- Our Fairness Opinion should not be construed as investment advice; specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
- The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management of SRS Limited and its wholly owned subsidiaries under the scheme has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.

