

REPORT OF THE AUDIT COMMITTEE OF SRS LIMITED

The Securities and Exchange Board of India vide its Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 ('Circular') has, amongst other requirements, sought a Report from the Audit Committee of the Listed Companies recommending the Draft Scheme under Section 391- 394 or 101 of the Companies Act, 1956, after taking into consideration, inter-alia, the Valuation Report of an Independent Chartered Accountant.



In light of above circular of SEBI, the Audit Committee at its meeting held on 29th July, 2013 examined the Scheme of Arrangement for demerger of "Cinema Division" and "Retail Division" of SRS Limited (**hereinafter referred to as "SRSLTD"/"Demerged Company"**) and thereby transfer and vesting of "Cinema Division" and "Retail Division" of M/s. SRS Limited on Going Concern basis into M/s. SRS Cinemas & Entertainment Limited (**hereinafter referred to as SRSCCEL**) and M/s. SRS Modern Retail Limited (**hereinafter referred to as SRSMRL**), respectively.

The Audit Committee noted that SRSLTD has obtained a Certificate from the Statutory Auditors providing comments on the accounting treatment prescribed in the Scheme.

The Audit Committee, in light of the SEBI's Circular No. CIR/CFD/DIL/8/2013, further took note of the fact that the "Valuation Report from an Independent Chartered Accountant" need not be required as shareholding of the Resulting Companies shall be exactly same as that of the demerged Company. Further, it is also noted that the Company has obtained Report on Share Entitlement Ratio by the Independent Chartered Accountant dated 22nd July, 2013, recommending the share entitlement ratio.

The Audit Committee recommends the draft scheme for favorable consideration by the Board of Directors, Stock Exchange (s) and SEBI.

For SRS Limited



(Shiv Mohan Gupta)
Chairman-Audit Committee

Date: 29th July, 2013
Place: Faridabad