

**RAHUL BANSAL & COMPANY**  
**CHARTERED ACCOUNTANTS**

**SHARE ENTITLEMENT REPORT OF SRS LIMITED**

The company "SRS Limited" ("SRSLTD" / "Demerged Company") has proposed the scheme of arrangement to demerge its "Cinema Division" and "Retail Division" and consequently amalgamate with its wholly owned subsidiaries, namely, SRS Cinemas & Entertainment Limited ("SRSCCEL" / "Resulting Company 1") and SRS Modern Retail Limited ("SRSMRL" / "Resulting Company 2").

In reference to above, the Management of SRS Limited has appointed M/s Rahul Bansal & Co., Chartered Accountants, for recommendation of "Share Entitlement Ratio", for issue of shares to the shareholders of SRS Limited, pursuant to the Scheme in SRS Cinema & Entertainment Limited and SRS Modern Retail Limited.

Further, in accordance with the Scheme, the mirror image shareholding in SRSCCEL and SRSMRL shall be created as that of SRSLTD.

**BACKGROUND:**

1. **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 Days 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).
2. **SRS CINEMAS & ENTERTAINMENT LIMITED** is a company incorporated on May 20<sup>th</sup> 2013, under the Companies Act, 1956 having its Registered Office at "SRS Multiplex", City Centre, Sector-12, Faridabad, Haryana – 121 007. The entire paid-up equity share capital of SRSCCEL is held by the Demerged Company i.e. SRSLTD.
3. **SRS MODERN RETAIL LIMITED** is a Company incorporated on May 24<sup>th</sup> 2013, under the Companies Act, 1956 having its Registered Office at "SRS Multiplex", City Centre,

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**For SRS LIMITED**

*[Signature]*

Auth. Signatory/Director



Sector-12, Faridabad, Haryana – 121 007. The entire paid-up equity share capital of SRSMRL is held by the Demerged Company i.e. SRSLTD.

4. We have been informed by the management that this restructuring of the business is being undertaken as each of the business vertical of SRSLTD has the potential of being developed into a parallel and independent profitable business, however each business vertical, 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, pursuant to this scheme of demerger, independent entities of each division shall be created which would ensure better focus of management for the instantaneous development of all the three divisions.
5. Pursuant to the scheme of arrangement the Cinema Division and Retail Division of SRSLTD shall be demerged and vested into SRS Cinemas & Entertainment Limited and SRS Modern Retail Limited, respectively. In consideration, SRSCCEL 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 and SRSMRL 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 Scheme also provides that the shares issued in SRSCCEL and SRSMRL shall be listed on all the Stock Exchange (s), where the equity shares of SRSLTD are listed.
6. Further, the Scheme provides that, this Scheme upon coming into effect, it will be deemed that with effect from the Appointed Date the existing equity share capital of the Demerged Company, shall be reduced to the extent, the equity share capital issued to the shareholders of Demerged Company in the SRSCCEL and SRSMRL and 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.
7. The net worth pre and post demerger as on 1<sup>st</sup> April, 2013 shall remain the same.

**NET WORTH:**

Pre demerger	Amount in Cr.	Post demerger	Amount in Cr.
SRS LIMITED	550.30	SRS Limited	431.36
		SRS Cinemas & Entertainment limited	85.49
		SRS Modern Retail Limited	33.45
<b>Total</b>	<b>550.30</b>	<b>Total</b>	<b>550.30</b>

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For SRS LIMITED

*[Signature]*

Auth. Signatory/Director



8. SRSLTD is the promoter company of SRSCCEL and SRSMRL and has made investments in these companies in the month of May, 2013. Further, the scheme provides for reduction and cancellation of all the shares held by SRSLTD in SRSCCEL and SRSMRL to ensure that mirror image shareholding of SRSCCEL and SRSMRL is created post demerger.

**SOURCES OF INFORMATION:**

- a. Scheme of Arrangement
- b. Audited financial statements of SRSLTD for the period ended 31st March, 2013.
- c. Other information and documents as provided by the company for the purposes of this engagement.

**CONCLUSION:**

In light to above, and on a consideration of all the relevant facts and circumstances, we believe that the demerger of SRS Ltd into resulting companies i.e. SRSCCEL and SRSMRL is fair and reasonable to the equity shareholders of SRSLTD

For Rahul Bansal & Company

Rahul Bansal

[Proprietor]

FRN No.: 023447N

M.No 514855

Place: New Delhi

Dated: 22 July 2013

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**For SRS LIMITED**



Auth. Signatory/Director