



SRS LIMITED

Issue Details

SRS Limited proposes to come out with an Initial Public Offer (IPO) of 35 million equity shares of face value of Rs.10 each. The issue is being made through the 100% Book Building Process, wherein not more than 50% of the Issue will be available for allocation on a proportionate basis to Qualified Institutional Bidders (QIBs), of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders including Mutual Funds. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders. Post-IPO, the shares will be listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

Proposed Use of IPO Proceeds

The IPO proceeds are proposed to be used primarily for:

- Setting up of cinemas
- Setting up of food courts and restaurants
- Setting up of retail stores
- Setting up of jewellery manufacturing facility and jewellery retail stores
- General corporate purposes
- Issue related expenses

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IPO Grading

ICRA has assigned an “**ICRA IPO Grade 3**”, indicating average fundamentals to the proposed IPO of SRS Limited (SRS). ICRA assigns IPO gradings on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, *inter alia*, business and competitive position, financial position and prospects, management quality, corporate governance, and history of compliance and litigation.

Disclaimer: Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company, and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA are provided on an “as is” basis, without representations and warranties of any nature.

Strengths

- Strong revenue and profit growth, though the same is mainly driven by the jewellery business
- Diversified business portfolio with presence in businesses like cinemas, retailing, food & beverages (F&B) and jewellery segments
- Established presence of “SRS” brand in the key operational geographies to help provide cross promotional support for all the businesses
- Satisfactory operational performance as reflected in steady revenue growth from all the business segments; albeit profitability as reflected in Return on Capital Employed (RoCE) has remained weak for cinemas and F&B segment
- Experienced promoter group; and demonstrated track record for operations in key business segments
- Financial flexibility as is reflected in comfortable capital structure; healthy cash accruals

Concerns

- Modest scale of operations in retail, F&B and cinema businesses; the scale of operations to improve post completion of the projects planned under proposed IPO
- Almost 90% of IPO proceeds are proposed to be utilised in three businesses, Cinemas, F&B and retail, which accounted for around ~20% of the company's OPBDITA in FY 10 and 11; While the company has identified the cities, it is yet to identify the proposed locations for the outlets to be set up from IPO proceeds; ability to timely identify them and commence satisfactory operations will be critical to maintain future profitability
- Overall weak profit margins due to lower value addition in retail business and jewellery business, which accounted for almost 95% of company's revenues in FY 2011
- Despite satisfactory overall RoCE; Return on Net Worth (RoNW) has remained weak due to lower financial leverage arising out of steady equity infusions from promoters
- Vulnerability of the businesses to economic slowdown as has happened in FY 2009, whereby the profitability of the company was adversely impacted
- Exposure to fluctuations in gold prices to its presence in jewellery segment

Grading Rationale

The grading draws the comfort from the strong revenue and profit growth demonstrated by the company over past few years and diversified business portfolio with a presence in businesses like cinemas, retail stores, Food & Beverage (F&B) outlets and jewellery trading. The grading also takes into account the established presence of “SRS” brand in key operational geographies of the company and the experienced promoter group which has resulted in satisfactory revenue growth in all the business segments of the company. The grading is also supported by the comfortable financial profile as reflected in its capital structure and its cash accruals, which is expected to provide enough financial flexibility for funding its growth. The funding from the proposed IPO will further impart enough financial flexibility to undertake the projects proposed from the IPO proceeds. The grading is however constrained on account of modest scale of company's operations in cinema, retail and F&B businesses and overall weak profit margins due to high revenue contribution from trading businesses i.e. jewellery and retail. The grading is also constrained on account of proposed deployment of significant portion of IPO proceeds towards businesses which currently have weak profitability and lack of identified location within the proposed cities for the new outlets which are to be set up from IPO Proceeds. Further, the growth in revenues and profits over past few years have been mainly driven by the jewellery business, where the company is exposed to the counter party credit risk as major part of the jewellery sales is derived from sales to customers on unsecured credit. The company apart from being exposed to the fluctuations in gold prices is also exposed to economic slowdown as all the businesses are mainly driven by the disposable income levels of the customers.

Company Profile

SRS Limited is a diversified Company with a business portfolio comprising of Cinema Exhibition, Food & Beverages, Retail and Manufacturing & Retailing of Jewellery. SRS Limited was incorporated as SRS Commercial Company Limited in August 2000 and was later renamed to SRS Entertainment Limited in January 2005. Subsequently the name of the company was changed to SRS Entertainment and Multitrade Limited in December, 2008 and SRS Entertainment & Retail Limited in January 2009 and the company was renamed as SRS Limited, in July 2009, which is the present name of the company. The numerous changes in the name of the company has been made due to changes in nature of the business activities of the company over the years. For the FY ending March 31, 2011, the company reported an operating income of Rs 20.41 billion and net profit of Rs 373.88 million as compared to an operating income of Rs 13.08 billion and net profit of Rs 261.57 million in the previous year. The jewellery business accounted for 71% of the revenues and 93% of the company's operating profits before depreciation interest and taxes during the FY 2011 as against 63% of revenues and 91% of the operating profit during previous year.

Promoters and Management

The promoters of SRS Limited have interest in a diverse range of sectors including entertainment, food & beverages, retail, financing, trading, jewellery and real estate. The company is mainly promoted by Jindal and Bansal families of Faridabad, NCR Delhi. Cumulatively the promoter and promoter group (including friends and relatives of these families) controls 98.89% of the company's shareholding, which is expected to decline to around 74.04% after the proposed IPO. The shareholding pattern of SRS Limited pre-IPO and post-IPO is given in Table 1 below.

Table 1: Shareholding Pattern of SRS Limited (Pre-IPO and Post-IPO)

Category	Pre-Issue		Post-Issue	
	No of Shares	%	No of Shares	%
Promoter & Promoter Group	103,136,130	98.89%	103,136,130	74.04%
Public	1,154,879	1.11%	36,154,879	25.96%
Total Shares	104,291,009	100.00%	139,291,009	100.00%

Source: DRHP, Company, ICRA Estimates

Business and Competitive Position:

Diversified business activities with presence in cinemas, food & beverages, retail and jewellery business; however a major component of the income, profits and the growth has been driven by jewellery business:

The operations of Company are well diversified, with the company being engaged in various businesses like cinemas, food and beverages, retail and wholesale trading and jewellery business. However the revenue and profitability growth over the past few years has been majorly driven by the jewellery business. The table below shows the segment wise revenues and contribution to OPBDITA of various businesses in overall performance of the company.

Table 2: Segmental revenues and operating profitability of SRS Limited:

	2007-08	2008-09	2009-10	2010-11	2007-08	2008-09	2009-10	2010-11
Revenues in Rs Million					% of total Operating Income			
Cinemas	137.56	182.37	218.79	368.81	8%	4%	2%	2%
Food and Beverages	43.02	133.96	170.29	212.50	3%	3%	1%	1%
Retail + cash and carry	1291.01	4479.64	4439.25	5212.53	75%	89%	34%	26%
Jewellery	0.00	157.89	8213.45	14579.91	0%	3%	63%	71%
Others (Unallocable)	244.59	49.63	35.87	34.26	14%	1%	0%	0%
Total	1716.18	5003.49	13077.65	20408.01	100%	100%	100%	100%
OPBDITA in Rs Million					% of total OPBDITA			
Cinemas	11.18	23.18	32.47	66.13	6%	10%	5%	7%
Food and Beverages	-1.91	12.71	21.34	34.75	-1%	6%	3%	4%
Retail + cash and carry	189.97	275.69	93.66	103.59	105%	118%	13%	11%
Jewellery	0.00	4.91	661.34	858.82	0%	2%	91%	93%
Others (Unallocable)	-17.88	-83.31	-85.72	-141.94	-10%	-36%	-12%	-15%
Total	181.36	233.18	723.09	921.35	100%	100%	100%	100%

Source: Company, ICRA Estimates

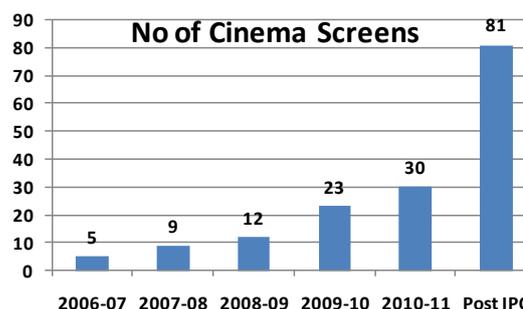
The company operates cinemas, food courts, restaurants and retail stores in order to cater to the interests of the entire family. The company generally aims to have food courts/retail store and multiplex in the same property, and acts as an anchor tenant for the mall. This also helps company in better negotiation for the rentals, and the close synergies between these businesses enable the company reduce the costs as well as undertake cross promotional activities.

Cinema Business:

Modest scale of existing multiplex business; aggressive expansion planned in tier 2 and tier 3 cities; with almost 45-50% of the proposed IPO proceeds to be utilised towards cinemas business:

SRS commenced its cinemas operations in year 2004 with three screens located at Faridabad, Haryana. Since then

Chart 1: No of Cinema Screens



Source: Company, ICRA Estimates

SRS has steadily grown and currently SRS has 30 screens across 11 locations in 6 cities with 7608 seats at the end of FY 2011. Most of the screens opened by the company during last few years are located in Tier II and Tier III cities (refer table 3) such as Gorakhpur (UP), Bijnore (UP) and Patiala (Punjab) etc. SRS mainly operates through the leased properties and out of its existing eleven properties; only one property, i.e. SRS Mall, Faridabad is owned by the company.

With 30 screens at the end of FY 11, the scale of company's cinemas operations continues to remain small in relation to other established multiplex players in the industry, nonetheless, with experience gained in multiplex operations over the years, the company now plans to aggressively expand its no of screens to around 81 from the proceeds of the IPO which is expected to improve the scale of cinemas operation and will be comparable to some of the established players in the industry. With proposed expansion, SRS wants to capitalise on the growth opportunities in the Tier II and Tier III cities which currently have low penetration of multiplex and gain from the first mover advantage and benefit from the lower competition.

Timely identification of the proposed locations for the proposed cinemas will be critical for its future growth as almost 45~50% of the IPO proceeds are proposed to be deployed towards cinema business.

Revenue and earnings from cinema business have grown in line with the scale of operations:

With the opening of the new screens and the stabilisation time taken by the new properties during initial year, the occupancy levels for SRS have gradually declined over past years (refer table 4); however it is broadly remained comparable with industry average. During FY 11, the ticket prices at its cinemas ranged from Rs. 90 to Rs. 150, with average ticket price (ATP) of Rs 119/visitor. The table 4 given below shows the key trend in operational and financial performance of cinema businesses:

Table 4: Operational and financial performance in cinema business:

	2006-07	2007-08	2008-09	2009-10	2010-11
Occupancy Levels [^]	42.8%	35.9%	26.2%	26.0%	20.4%
No of visitors (Million)	0.8	1.2	1.4	1.6	2.5
Average Ticket Price (Rs)	97.1	105.4	110.7	107.4	119.2
Average F&B sale per Visitor (Rs)	27.1	28.5	29	29	31.6
Operating Income (Rs Million)	77.26	137.56	182.37	218.79	368.81
% OPBDITA	31.2%	8.1%	12.7%	14.8%	17.9%

[^] adjusted for opening in the middle of the year

Source: Company, ICRA Estimates

Food and Beverage Business:

Presence mainly in Quick Service Restaurant (QSR) format through "SRS 7 Dayz" brand offering value for money meals mainly in Tier II and Tier III cities; almost 15~20% of the IPO proceeds to be utilized towards expansion of F&B business:

SRS operates 14 F&B outlets of which 11 outlets are under the "QSR" format, under the brand name, "SRS 7 Dayz"; and 3 fine dining restaurants under the brand name "SRS Punjabi Haandi". Apart from this, it also operates one banquet hall at Faridabad. Most of its QSR restaurants operate from the Tier II and Tier III cities located in the state of Haryana and UP. Most of these outlets are taken on lease with size ranging from 5,000 sq ft to 10,000 sq ft. Over the past years, the company has steadily grown its outlets and improved on the profitability margins.

Going forward, the company plans to scale the no of outlets to around 50 from the proposed utilisation of IPO proceeds. Since the company has not identified the location of the proposed outlets, ability to timely identify these locations will be critical for its future growth.

Table 5: F&B Locations

F&B Locations	Outlets
Faridabad (Haryana)	4
Ludhiana (Punjab)	2
Noida (UP)	1
Moradabad (UP)	2
Gorakhpur (UP)	2
Jind (Haryana)	1
Bijnor (UP)	1
Indore (MP)	1
Total	14

Source: Company, ICRA Estimates

Table 6: Operational and financial performance in F&B business:

	2006-07	2007-08	2008-09	2009-10	2010-11
Operating Income (Rs Million)	0.87	43.02	133.96	170.29	212.50
% OPBDITA	NM	-4.4%	9.5%	12.5%	16.4%

NM: Not meaningful

Source: Company, ICRA Estimates

Retail and Cash & carry Business:

Strong retail spread in the NCR region; foray in Cash & Carry (wholesale trading) segment has contributed to the revenues growth; however contribution to the operating profitability remains minimal. Almost 20-25% of the IPO Proceeds to be utilized towards this business segment:

SRS commenced retail business in FY 2005-06 with a single store in Faridabad; and currently it operates 23 retail stores in the northern India, with prime focus on the NCR. Out of the 23 stores as on date; the company operates 20 stores under the brand, "SRS Value Bazaar" and the balance three under the brand "SRS Fashion wear".

SRS Value Bazaar format offers the entire range of FMCG products, whereas SRS Fashion wear offers clothes under private labels as well those of well known brands.

As can be seen from the table 7, most of the company's stores are located in the NCR region; however going forward, the company plans to almost double its retail outlets to around 53 stores from the IPO proceeds, with major focus on tier II and Tier III cities. Similar to its cinema and F&B businesses, the company its yet to identify the location of the proposed stores. Any delays in identification and finalization can potentially delay the expansion plans and future growth.

Table 7: Retail Store Locations

Retail Locations	Stores
Faridabad (Haryana)	11
Gurgaon (Haryana)	6
New Delhi	2
Ghaziabad (UP)	1
Jind (Haryana)	1
Palwal (Haryana)	1
Amritsar (Punjab)	1
Total	23
Total Area (Sq ft)	~ 0.13 million

Source: Company, ICRA Estimates

The company's revenues from retail stores were adversely impacted during the economic downturn during the later half of FY 2009 and FY 2010; which adversely impacted its retail sales. However this was offset by the growth in cash and carry segment, which resulted in overall stable revenues from this business segment.

Table 8: Operational and financial performance in retail business:

	2006-07	2007-08	2008-09	2009-10	2010-11
Revenues (Rs Million)	209.27	1291.01	4479.64	4439.25	5212.53
% Overall EBITDA	0.7%	14.7%	6.2%	2.1%	2.0%

Source: Company, ICRA Estimates

Though the foray into cash and carry segment has resulted in considerable revenue growth to the company however due to limited value addition in cash and carry segment, the profit margins have declined to around 2% levels in FY 11.

Jewellery Business:

The main growth driver for revenues and profits during past few years; credit period offered to wholesale customers is the key value proposition; but exposes it to counter-party credit risk and risks arising out of fluctuations in gold prices:

SRS jewellery business has been the key revenue and profitability driver for the company during last two years; contributing almost 71% of revenues and 93% of operating profits during FY 11 as against 3% of revenues and 2% of operating profits in FY 09.

The company mainly operates through wholesale segment, whereby it manufactures and sells jewellery to its various smaller wholesale clients on a credit. During FY 2011, the top five customers of the company accounted for almost 47% of the jewellery sales as against 71% in previous year. Though the revenue concentration has declined, it continues to remain high. While most of the customers of the company are known entities and the debtors of the company are unsecured; thereby exposing it to counter-party credit risk. To mitigate the credit risks, the company sometimes takes postdated cheques from its customers to secure the transaction.

For manufacturing the jewellery, the company purchases gold from Banks against standby letter of credit with a credit period of up to 180 days. The purchase is on daily basis depending on the sales and the quantum of

purchase is such that it replenishes the stock sold by the company. At a given point, the company holds inventory of around 300~400 kgs of gold (~Rs 700~800 million). Any decline in gold prices, will expose the company to the losses due to decline in value of the inventory. Due to annual volume contract with banks for purchase of gold, the company is able to purchase gold on lower brokerage in relation to other smaller traders. The pricing to the customer is done based on the prevailing gold prices and making charges are added depending on the credit period offered to the wholesale customer.

The company manufactures jewellery at its manufacturing unit, located in Delhi and its export oriented manufacturing unit at Noida SEZ. The company has got the possession of 645 sq meter of land out of total requirement of around 1800 sq meter at Noida SEZ and it commenced operations from this facility in April 2011. The domestic wholesale jewellery business is carried out through its two outlets located in Delhi, in addition to which it has three retail outlets in Delhi NCR. Wholesale jewellery trading accounted for over 99% of the jewellery division revenues in FY 2011.

Table 9: Operational and financial performance in jewellery business:

	2008-09	2009-10	2010-11
Revenue (Rs Million)	157.89	8213.45	14579.91
% OPBDITA	3.1%	8.1%	5.9%

Source: Company, ICRA Estimates

Limited presence in retailing, however aggressive growth plans in retail business; Jewellery retailing business to benefit from the SRS brand recognition:

While the company currently derives almost its entire sales from the wholesale business, the company has ventured into jewellery retailing business and plans to increase its retail stores to around 20 from the IPO proceeds. Retail segment commenced operations in March 2009 and the company currently has three stores catering to the retail customers. SRS does not have an in house design team and procures standard designs, with some modifications from various vendors.

Financial Position

Strong growth in revenues and profits; mainly driven by growth in jewellery and cash & carry businesses; decline in profit margins due to trading nature of these businesses:

SRS has shown a considerable revenue growth over past few years, which has been mainly driven by its cash and carry business during the period FY 2008 and FY 2009 and later due to growth in jewellery manufacturing and trading businesses during 2010 and FY 2011. In addition to the contribution from these businesses, the other businesses; i.e. cinemas, retail and food courts have also shown steady growth and contributed to the revenue growth.

Table 10: Profitability & Earnings

Rs in Million	2006-07	2007-08	2008-09	2009-10	2010-11
Operating Income (OI)	496.09	1716.18	5003.49	13077.65	20408.01
Growth		246%	192%	161%	56%
OPBDITA	97.73	181.36	233.18	723.09	921.35
OPBDITA/ OI (%)	19.7%	10.6%	4.7%	5.5%	4.5%
PAT	101.11	104.75	55.91	261.57	373.88
PAT / OI (%)	20.4%	6.1%	1.1%	2.0%	1.8%
EPS (Rs/Share)	3.57	2.12	0.60	2.55	3.59
EPS Growth (%)		-41%	-72%	325%	41%
ROCE (%)	12.2%	7.9%	4.8%	13.2%	13.6%
RONW (%)	13.5%	7.5%	2.6%	9.5%	11.9%

OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortization; PAT: Profit After Tax, RoNW, Return on Net Worth, RoCE: Return on Capital Employed

Source: Company, ICRA Estimates

While the segmental OPBDITA margins continue to remain comfortable, the overall operating profitability margins of the company have consistently declined over the past years due to higher revenue contribution from lower margin businesses, i.e. retail and jewellery businesses, which offer OPBDITA margin of around 2% and 5.9% respectively during FY 11. The RoCE declined sharply in FY 2008-09 due to decline in profit margins in retail business following the economic slowdown as well as increase in capital employed following the commissioning of new stores and cinemas. Despite a satisfactory RoCE in FY 2010 and FY 2011, the RoNW in has remained

below satisfactory levels due to consistent equity infusion from the promoter group, thereby resulting in lower leveraging. The RoNW has slightly improved in FY 11 despite a modest increase in RoCE, due to increase in leverage levels.

Comfortable gearing levels following steady equity infusion and accretion to reserves; almost 80% of debt attributable to working capital requirements;

With steady increase in number of cinema screens, retail outlets and F& B outlets; the gross block has steadily increased over past years; a major portion of which has been funded through steady equity infusion from the promoters as well as internal accruals. As a result of equity funding, despite an increased investments, the long term debt accounted for around 20% of the total debt of the company; thereby resulting in comfortable capital structure with an overall gearing of 0.90 times as on March 31 2011.

Table 11: Capital Structure

Rs in Million	2006-07	2007-08	2008-09	2009-10	2010-11
Total Debt (TD)	437.34	1283.06	1543.01	1622.86	2737.72
Tangible Net Worth (TNW)	746.89	1396.62	2142.74	2767.36	3130.53
Total Debt / Net Worth (time)	0.59	0.92	0.72	0.59	0.87
TD/OPBDITA	4.47	7.07	6.62	2.24	2.97

Source: Company, ICRA Estimates

With increase in revenues and working capital intensive nature of jewellery business, the company's working capital borrowings have increased sharply and it accounted for almost 80% of the company's debt as on March 31 2011. Increased working capital debt has resulted in increase in gearing levels during FY 2011 to 0.90 times from 0.59 times in previous year; however it continues to remain comfortable.

Working Capital Intensity is moderate as majority of sales in non-jewellery business on limited credit period:

Since most of the sale in cinemas, retail and F&B outlets is on limited credit period, the debtors are mainly attributable to Jewellery business. While the overall inventory days are comfortable at around 1 month, out of the total inventory of around Rs 1 billion at the end of FY 11; a majority of the inventory is attributable to jewellery business. The creditors of the company are mainly attributable to non-jewellery businesses.

Table 12: Working Capital Indicators

	2006-07	2007-08	2008-09	2009-10	2010-11
Debtor Days	46	8	24	28	48
Inventory Days	32	30	20	36	19
Payable Days	46	29	15	8	9
Net Working Capital/OI	9%	3%	8%	15%	16%

Source: Company, ICRA Estimates

Contingent Liabilities

The company has not provided for the following contingent liabilities as on 31 March 2011

- Claims against the company not acknowledged as debt (excluding interest and penalty) : Rs 5.16 million

Corporate Governance

SRS's Board has been constituted in compliance with the Companies Act and currently constitutes of twelve directors of which six directors are independent, thereby satisfying the requirements under clause 49 of the listing agreement. The company has also constituted following committees for compliance with corporate governance requirements:

- 1) Audit Committee (Constitutes three directors including 2 independent director)
- 2) Investor's service committee (Constitutes three directors; none of them is independent director)
- 3) Remuneration committee and (Constitutes three directors, all of them are independent directors)
- 4) IPO Committee (Constitutes three directors, one of them is independent director)

Out of the six non-independent directors; two are from the Jindal Family occupying the position of Chairman; and Managing Director; one is from the Bansal Family occupying the position of Whole time director. The company

has also enacted the code of conduct for prevention of insider trading and corporate disclosure practices in its Board meeting held in March 2010.

Compliance and Litigation History

Accounting Quality

SRS has restated its past accounts for the qualifications made by the auditors, which had financial impact over the profitability of the company; however auditors of the company, in their audit reports have highlighted few cases where there were slight delays by the company in submission of statutory dues, which do not require any restatement of accounts.

Litigation History: Key litigations

As on the date of filing of Draft Red Herring Prospectus (DRHP); following litigations were pending against the company, promoters, directors and the promoter group.

Table 13: Key Litigations against SRS Limited, its promoters, promoter group and directors

	Against Company		Against Promoters		Against Promoter group		Against directors	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Criminal	1	0.0	4	0.00	1	41.65 [^]	3	0.00
Civil	3	4.93	5	0.00	67	33.73	4	0.00
Labour	2	0.09	0	0.00	0	0.00	0	0.00
Income Tax	5	0.21	3	0.00	10	2.12	2	0.12
Sales Tax	2	0.00	0	0.00	0	0.00	0	0.00
SEBI Notices					2	0.00	0	0.00
Total	13	5.23	12	0.00	78	77.5	9	0.12

[^] Amount deposited with Delhi High Court; Note Amount in Rs Million

Source: Company, DRHP, ICRA Estimates

Most of the litigations are against the promoter group companies, which largely include 61 cases against SRS Real Estate Limited (SREL) for delay in construction of the proposed residential housing colony. The criminal case involving Rs 41.65 million of amounts is due to stop payment of the cheque made by SREL against the purchase of land, which was later found disputed. On the instance of Delhi High Court, the company deposited this amount with the Court pending the final order.

During September 2009, two of the promoter group companies received the notices from SEBI in relation to the trading activities in few stocks, enquiring access to any insider information about these stocks with the companies. Later in June 2010, SEBI issued the summons to the director of these promoter group companies which required them to appear before the SEBI for enquiry, where the directors mentioned that these were routine transactions and they were not in possession of any price sensitive information.

In addition to above, following litigations have been initiated by the company, promoters and promoter group companies:

Table 14: Key Litigations filed by SRS Limited, its promoters, promoter group

	By Company		By Promoters		By Promoter group	
	No.	Amount	No.	Amount	No.	Amount
Criminal	3	5.89	2	0.00	338	21.56
Civil	1	0.02	0	0.00	2	0.10
Total	4	5.91	2	0.00	340	21.66

Note: Amount in Rs Million

Source: Company, DRHP, ICRA Estimates

Most of the litigations initiated by the promoter group are under section 138 of Negotiable Instrument Act, where the cheques issued by various persons to promoter companies in relation to their financing business have bounced, and hence the company has filed a complaint against them.

June 2011



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