

SRS

Issue Details

Issue size	: Rs. 58 – 65
No. of Shares	: 35 million shares
Issue Size	: Rs. 2030 – Rs. 2275 million
Issue Opens – Closes	: 23rd August – 26th August, 2011
Listing	: BSE & NSE
Market Cap	: Rs. 8079 – 9054 million

Background

- SRS is a Faridabad (Haryana) based company with presence across food & beverage, cinema exhibition, retail and manufacturing and retailing of jewellery.
- The company has entered the capital market to fund its expansion plan across the abovementioned business segments.
- While it plans to add 54 cinema screens, 33 food courts, 29 retail stores and 17 jewellery stores, it currently operates 23 SRS Value Bazaar retail stores, 14 food & beverage outlets and 30 cinema screens in North India.
- It operates 5 jewellery retail and wholesale outlets and has a jewellery manufacturing unit in Delhi.

Why is the company making the IPO?

- Setting up Cinemas
- Setting up Food Courts and Restaurants
- Setting up Retail Stores
- Setting up of Jewellery Manufacturing facility and jewellery retail stores
- For General Corporate purposes
- To list shares of the company on BSE and NSE.

From the Research Desk of theIPOguru.com

- The company's revenues from cinema exhibition business and food & beverage business together account for less than 5 per cent for FY 2011.
- In FY 2011, the occupancy rates stood at around 20 per cent.
- Jewellery and retail cash & carry business accounts for more than 95 per cent of the total income.
- The food and beverage business has the second best margins among its lines of business at OPBDITA levels close to 17 per cent while the cash and carry business had an OPBDITA of 2 per cent over the past two years.
- The property acquired by the company over an agreement to sell on December 2007 for which the SRS has already paid over Rs. 15 million may not be admissible in the court of law in case the seller backs out.
- Regulatory approvals/licenses for some of its properties and businesses operated by the company have expired and are pending for approval.
- There are legal and criminal proceedings against the company, its promoters and promoter group companies, pending in the court of law.

Certain promoters and their group companies were earlier debarred from accessing and being associated with the capital market for a period of 5 years (i.e., upto November 28, 2007) on the grounds of alleged malpractices in the public issue of SRS Real Infrastructure Ltd (earlier known as Manu Finlease Limited) which came with an IPO in the year 1995. SEBI had also subsequently withdrawn the acknowledgement card of the Draft Prospectus filed by Bansla Finlease Limited (later known as S.B.S Finance Ltd and merged with SRS Finance Ltd) stating that it did not clearly bring out the irregularities in the public issue of Manu Finlease Ltd in 1996. In September 2009 and June 2010, the promoter group companies and their directors received notices from SEBI and were issued summons for insider trading and respectively.

- The Operating Profit before depreciation, Interest Tax and Amortization (OPBDITA) was 18 per cent for FY 2011.
- The company has negative cash flows at the operating level.