



Enduring quality and trust



11<sup>th</sup>

*Annual Report*

2010-11

**SRS LIMITED**

(AN ISO 9001:2008 CERTIFIED COMPANY)



## **VISION**

To diversify in all fields of entertainment, hospitality, retail and gems & jewellery in order to touch the ever rising heights of success by turning the steering wheels of prosperity in the emerging globalized economy and to be recognized as a company that everyone wants to be associated with.

## **MISSION**

To be the most admired organization with zeal to work for society where excellent services are provided through advanced innovations; employment opportunities are created with the sense of social responsibility and every step is taken to constantly upgrading our skills, competencies & knowledge.

## **VALUES**

We believe in simplicity and maintain clear and effective communication in the organization.

We believe in teamwork with well-defined responsibilities and accountability.

We strive to provide best value for money to our customers by synergising our intellectual resources and experience.

We believe in according top priority to our customers through prompt and appropriate response.

We believe in respect and care for all those associated with us by meeting commitments.





**OVER 8 MILLION PATRONS  
ENTERTAINED  
6 CITIES, 7608 SEATS,  
11 MULTIPLEX, 30 SCREENS**

**SRS CINEMAS  
THE WAY TO  
WATCH MOVIES**



 **SRS**  
CINEMAS

[www.srscinemas.net](http://www.srscinemas.net)



# 7dayz <sup>SRS</sup>

## FOOD COURT

It's Always Time for a  
**Treat!**



North Indian

South Indian

Chinese

Continental

Chaat

Beverages

Sweets

### VISIT US AT

#### FARIDABAD

SRS Mall,  
City Centre,  
Sec-12

Pristine Mall,  
Sec-31

Metro Hospital,  
Sec-16A

SRS Banquet  
City Centre,  
Sec-12

#### MORADABAD (UP)

Westend Mall,  
Ramganga Vihar,  
Phase-I

SRS 7Dayz Café  
Teerthankar  
University

#### BIJNOR (UP)

Shoppers Pride Mall,  
Shakti Chowk

#### GORAKHPUR

City Mall,  
2<sup>nd</sup> Floor

#### GREATER NOIDA

Ansal Plaza Mall,  
2<sup>nd</sup> Floor,  
Pari Chowk

#### INDORE

C21 Mall, AB Road,  
Opposite pakiza,  
Nr. Vijay Nagar Chowk

#### JIND

226/227,  
Scheme No 5,  
Gandhi Nagar

#### LUDHIANA

Resto Bar  
4th Floor,  
Firozpur Road,  
Westend Mall





ਭੋਲ  
The Unique Flavours  
of Traditional Punjab

and Much More

ਭੋਲ



 **SRS**

punjabi  
**haandi**

FAMILY RESTAURANT & BAR



INDIAN • MUGHLAI • PUNJABI • CHINESE • BAR

ਭੋਲ ਭੋਲ

SRS PUNJABI HAANDI,  
SRS Mall, Ground Floor,  
Sec-12, Faridabad  
HARYANA

SRS PUNJABI HAANDI  
Family Restaurant  
City Mall, 3rd Floor,  
Gorakhpur, U.P

SRS PUNJABI HAANDI,  
WESTEND MALL, 4th Floor,  
Firozpur Road, Ludhiana,  
PUNJAB



let's  
**go**

**SRS**  
**VALUE**  
**BAZAAR**

**THURSDAY**  
**IS THE BEST**  
**VALUE DAY!**

**GREAT**  
**PRODUCTS,**  
**GREAT SAVINGS!**

**FREE**  
**HOME**  
**DELIVERY!**

**DELHI**

• D-78, Main Market, Malviya Nagar • 1st 60ft road, Tajpur, Molarband Extn., Badarpur

**GURGAON**

• Bestech Mall, Sector-56, Sushant Lok • Omaxe Plaza, Sector-49, Sohna Road • SCO-3, Sector-10A  
• 765/11, Dayal Market, Shivpuri, Sector-7 • Shri Ram Complex, Ground Floor, C-Block, Near Maple Height,  
Shushant Lok-1

**FARIDABAD**

• SRS Mall, Sector-12 • SRS Chhabra 555, SRS Mall, Sector-12 • Housing Board Colony, Near Bishamber  
Vatika, Sector-3 • SCO 150, HUDA Market, Sector-21C • SCO 50, HUDA Market, Sector-29 • SCO-1, HUDA  
Market, Opp • Kanishka Tower, Sector-34 • SCF-151/152, HUDA Market, Sector-9 • SCF-94, HUDA Market,  
Sector-17 • C-440, Mastana Chowk, Chawla Colony, Ballabgarh • Near Agrasen Chowk, Main Bazaar,  
Ballabgarh

**GHAZIABAD &  
NOIDA**

• 437, Sector 12, Vasundhra, Ghaziabad • Plot No-22, Block B-1A, Sector 51, Noida

**PALWAL**

• Bye Pass Road, Near Agra Chowk

**AMRITSAR**

• The Celebration Mall, Gagan Cinema complex, Batala Road

**JIND**

• Plot No. 226 & 227, Scheme No. 5, Gandhi Nagar



 **SRS**  
**FASHION WEAR**



Choose your Style

MEN • WOMEN • KIDS

FARIDABAD: **Crown Plaza Mall**- Lower Ground Floor, Sector 15A **Crown Interiorz Mall**- Ground Floor, Sector 31

 **SRS** JEWELLS



100% HALLMARKED GOLD, CERTIFIED DIAMOND, KUNDAN & POLKI JEWELLERY

New Delhi | Faridabad | Palwal



PRESS REVIEWS

**जागरण रि** **Palwal** **ZEENEEXT.TV** **SRS To Build 5 Star Hotel And 2 Motels On National Highway** **सिनेमा... बॉक्स ऑफिस** **हाउसफुल यानि हाउसफुल**

लागू द लश्कारा पर कावे अक्षय-अनुष्का

**एसआरएस ग्रुप ने किया नए रेस्टोबार फ्लेमज का शुभारंभ**  
एनसीआर के लोगों की आशाओं पर खरा उतरा रेस्टोबार : डा. जिंदल

**राष्ट्रीय महारा**  
एसआरएस गिनता के सल्लागार यादू म प्रकाश गुप्त उपहारों की बीछारों में मिलाने की तैयारी

**भोली**  
संस्कार : रानीराव रेग्मी पुस्तकालय में लॉन्चिंग

**एसआरएस ग्रुप बना पैरा एशियन खेलों में भारत का आ**  
प्रतियों में भारत

**प्रियंका की अदाओं पर फिदा हुआ शहर**

**‘पटियाला हाऊस’ के प्रमोशन के लिए पहुंच लिया**

**भारतीय क्रिकेट टीम के बट जीतने पर एस.आर.एस. टी सी.एम.डी. डा0 अनिल जिंदल ने बताया कि एस. ग्रुप की ओर से पारित स्वरूप क्रिकेट खिलाड़ियों एस.आर.एस. सिनेमा व एस.एस. 7 डेज फूड कोर्ट थ्रूज आजीवन मूवी व खाने का उठा सकते हैं। इसी क्रम में जिंदल ने बताया कि अभी एस.सिनेमा व 15 फुड कोर्ट जोड़ने के विभिन्न भागों में खुले हैं तो यह रहेगा ही और जो भविष्य में आने वाले एस.आर.एस. सिनेमा व एस.एस. 7 डेज फूड खुलेंगे उनमें भी होगा।**

**अजय शर्मा, चरीतव्य**  
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**EVENTS IN SRS**

The Company enthralled, engaged and rewarded people with a series of exciting events across the year. This brought in new vibrancy into the brand world and also made SRS more visible. Some of the highlights are as follows:



**Patiala House Star Cast visit:** The visit of the star cast and crew of the Movie Patiala House was organized at the SRS Mall, Faridabad and this saw Rishi Kapoor, Akshay Kumar and Anushika Sharma at the mall to promote their movie. The excited crowd of over 10000 people got a chance to see their favourite stars as well as enjoy the performances by the visiting artists.



**Saat Khoon Maaf Star Cast visit:** The fever stayed on with the visit of the star-cast and crew of Saat Khoon Maaf. Priyanka Chopra visited the SRS Mall and interacted with a crowd of fans who had gathered for a glimpse of their favourite star.



**Patiala House Film Premier:** The grand world premiere of Patiala House was held at SRS Cinemas at Patiala and was attended by eminent personalities and socialites including the Deputy CM of Punjab, Mr. Sukhbir Singh Badal, Akshay Kumar, Anushika Sharma, Navjot Singh Sidhu, Jaibir Jassi and many others.



**Sponsorship of Kailash Kher Musical Night:** The singing sensation enthralled audience with his hit numbers at Sri Fort Auditorium, New Delhi. The event was powered by SRS and its high level of branding made the brand visible amongst the upscale crowd at the concert.



**Sponsorship of a Shubha Mudgal Concert:** This was the second sponsorship of a musical event at Sri Fort that reinforced the brand's presence amongst the Delhi crowd. It was promoted across press and radio and ensured good visibility levels.



**Diwali Dhamaka:** To add greater glitter to Diwali, SRS announced a festive celebratory campaign wherein it held a lucky draw to reward people who shopped at SRS retail stores. Attractive prizes such as diamond jewellery, bikes and LCDs were instrumental in eliciting an enthusiastic response.



## EVENTS IN SRS



**Meet your Favorite RJ:** This event was held at SRS Value Bazaar, Amritsar wherein customers had a chance to meet their favourite RJ at Fever FM station. Conceived during the early days of the store launch, this event helped attract significant footfalls at the store.



**Holi Bash:** On the eve of Holi, SRS organized Rangolis - a fun filled event celebrating the colors, creativity, music and entertainment. The two-day affair saw events such as dance competitions and rangoli contests. The conclusion of the event was the Sufi Rock Band 'Nahla' which rocked the crowd with its electrifying performance.



**Special Cricket Match:** On the CSR front, the SRS Group sponsored a cricket match for the physically challenged. Held between the Delhi and Haryana teams, the match was heavily covered in print media and the SRS Group was appreciated for its contribution towards the cause.



**Valentine's Day:** A dose of excitement was infused into the Valentine's Day celebrations at the multiplex. This included a special stage for photo shoot for the couples as well as distribution of exciting merchandise and gifts. Activities such as this reinforce the fact that special days are made even more special at SRS.



**Children's Day Celebrations:** To make Children's Day really special, a song & dance competition was organized at the SRS Mall. The event was well promoted locally and drew an enthusiastic response from the children and their parents, making the event truly memorable.



**Danik Jagran Activity:** It was an awareness campaign regarding our right to vote, we created a slogan board in our all properties with the association of Danik Jagran. Patrons showed enthusiasm during this activity. We created hype among public that vote is our legal right & we should use it as our duty.



**Youth Rock Festival:** Several college bands from the NCR participated in the rock festival held at the SRS Mall across two weekends. It culminated into an exciting round of performance that literally rocked thousands of people who had turned up to watch the event.

These events are a way to bring in surprises of happiness in the daily lives of people. It is the endeavour of SRS to build excitement, engagement and involvement for the consumers through events that pack in a whole lot of fun for everyone involved. Apart from this, such activities ensure vibrancy around the brand and ensure that we stay top-of-mind amongst our consumer sets.

Events such as these ensured that the SRS brand stayed synonymous with excitement and vibrancy and thrilled a wide cross section of its consumer segments.

**AWARDS & RECOGNITION**



**Top Row:**

- Large Gold Trophy:** A large, ornate gold trophy with a circular top and a base.
- All India Achievers' Conference Kohinoor of India Award:** A framed certificate from the All India Achievers' Conference.
- Gem of India Award:** A framed certificate with a star emblem.
- Award For SRS Group:** A blue, stylized trophy of a person holding a globe.

**Second Row:**

- Udyog Rattan Award:** A framed certificate with a sunburst design.
- Entrepreneurship Magazine of Karnataka Subramanian:** A framed certificate with a circular emblem.
- India Gandhi Sahithana Award by H.E. Dr. A. R. Kabra:** A framed certificate with a red border.
- HR Growth Award:** A framed certificate with a diamond shape.
- Award from Union Bank of India:** A framed certificate with a star emblem.

**Third Row:**

- Udyog Rattan Award Received from Hon'ble Sri. Veeranna Mahabadi Chairman - Karnataka Legislative Council:** A framed certificate with a sunburst design.
- Memento From Yash Singh:** A decorative memento with a circular top and a base.
- Farindex'07:** A framed certificate with a blue and red design.
- Gem of India Award All India Achievers' Conference 27th Feb. 2008:** A framed certificate with a star emblem.
- Chakra India Award Bestowed by Vijay Anandan I Bk Play, 2008:** A framed certificate with a red border.

**Fourth Row:**

- Real Estate Watch Monthly Magazine (Most Respected Real Estate Brand Award 07):** A framed certificate with a red and white design.
- Handball Chamber of Commerce & Industry:** A large, circular gold plaque.
- Best of the Best:** A framed certificate with a star emblem.
- National Integration & Economic Council (Rajiv Gandhi Sahithana Award):** A framed certificate with a star emblem.
- Ash of Excellence (Business) Award All India Achievers' Conference 27th Feb 2008:** A framed certificate with a star emblem.

**Fifth Row:**

- Hyaryana Urban Development Authority (Best Firm from HUDA Flower Festival):** A framed certificate with a blue and white design.
- Business Sphere Monthly Magazine (Most Respected Company and Pioneer in combination of Entrepreneurs India):** A framed certificate with a gold and blue design.
- (Bharatya Nirvan Shiksha Parivar) By Institute of Economic Studies:** A framed certificate with a gold and blue design.
- Award from Rotary Board Bank:** A framed certificate with a gold and blue design.
- Ash of Excellence (Business) Award All India Achievers' Conference 27th Feb 2008:** A framed certificate with a star emblem.

**Sixth Row:**

- India Gandhi Sahithana Award:** A framed certificate with a gold and blue design.
- Award From Lahore Chamber of Commerce & Industry Pakistan:** A framed certificate with a gold and blue design.
- Award from Union Bank of India:** A framed certificate with a star emblem.
- HR Growth Award:** A framed certificate with a diamond shape.
- All India Achievers' Conference Best PM Award:** A framed certificate with a star emblem.



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Dr. Anil Jindal	-	Chairman
Sh. Sunil Jindal	-	Managing Director
Sh. Raju Bansal	-	Whole-Time Director
Sh. Vinod Kumar	-	Whole-Time Director
Sh. Praveen Kumar Kapoor	-	Non-Executive Director
Sh. Jitender Kumar	-	Non-Executive Director
Sh. Praveen Gupta	-	Independent Director
Sh. Shiv Mohan Gupta	-	Independent Director
Sh. Nishant Goel	-	Independent Director
Sh. Joginder Lal Chhabra	-	Independent Director
Sh. Kailash Kumar	-	Independent Director
Sh. Lalit Kumar	-	Independent Director

### COO & COMPANY SECRETARY

Dr. (Ms.) Navneet Kwatra

### CFO

Sh. Bhagwan Dass

### DEPUTY COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Mamta Rastogi

### INTERNAL AUDITOR

M/s. Naresh Jai & Associates

### STATUTORY AUDITORS

M/s. S. S. Kothari Mehta & Co.

### BANKERS

State Bank of India  
 State Bank of Patiala  
 Union Bank of India  
 Bank of India  
 State Bank of Travancore  
 State Bank of Bikaner & Jaipur  
 Oriental Bank of Commerce

### REGD. OFFICE

"SRS Multiplex",  
 Top Floor, City Centre,  
 Sector - 12,  
 Faridabad - 121007  
 Ph. : 0129-4282801-08  
 Fax : 0129-4282809-10

## CHAIRMAN'S MESSAGE



**DR. ANIL JINDAL**  
Chairman

Dear Shareowners,

It is my pleasure to welcome you to your Company's 11<sup>th</sup> Annual General Meeting.

While this marks eleven years of your company's strong existence, the formative roots go back to 25 years. So what the company has achieved so far can actually be attributed, in a large measure, to the strong foundation of entrepreneurship that leads the company today. This rich legacy of a quarter of a century, delivered from the senior-most level, has enabled SRS Limited to make steady progress and record enviable growth.

Now, in its second decade of running, the Company has chalked out an expansion plan for higher, faster growth. It has been planning for an IPO for this purpose, and has already received SEBI's observation letter as well as in-principle approvals from the BSE and the NSE. The Company shall launch the IPO at an opportune time, and the proceeds will be used to fund the next level of growth and expansion of its multiplex, retail, food & beverage and jewellery operations. This IPO will also lead to a wider shareholding of the company and benefit all stakeholders including our consumers, bankers, investors and employees.

The broad macro economic factors and changing consumer trends are making your Company's businesses rewarding with every passing day. The 8.6% GDP growth clocked in 2010-11, a population with almost 70% of the people under the age of 35 years, rising education standards, working women and double-income households, greater FDI, a shift towards lifestyle related consumption – are just a few pointers of the electrifying environment we are in, and coupled with our strong foundation, this is bound to unlock exciting growth for your Company.

We all had witnessed a period of economic slowdown a couple of years back, and you would have observed the resilience with which your company tided over those challenging times. The fundamental strength of your company enabled it to stay focused on growth and saw it expanding its footprint across verticals. This included the launch of a world class multiplex at Patiala and another one in Faridabad. Your company also commissioned a new, top-of-the-line retail store in Gurgaon positioned at the region's affluent and rewarding consumer base. It set up a premium jewellery store in one of the finest locations in New Delhi as well as opened up new F & B outlets in Ghaziabad, Bijnor and Moradabad. These expansions have enabled your Company to enhance its footprint into new markets and touch new consumer segments. Well thought out expansions such as these shall add to your Company's revenues, visibility and profitability.

While we are focused on profitable expansions, our core focus remains on people, the most powerful asset class of all. That is because of our strong belief that to create a good organization what you really need is a set of amazingly good people. We are fortunate on this front, and have an enthusiastic team of talented and experienced professionals who are leading your Company's growth. In addition to this, your company enjoys the presence of an equally talented support system in the form of ace bankers, auditors, business associates and vendors who work with a spirit of partnership with us. Add to this the advantage of our unique work culture, which brings in an atmosphere of active collaboration and a can-do attitude. Together, this wonderful team is quietly scoring big victories to take the Company ahead.



However, along with our string focus on growth, we are equally concerned about Corporate Social Responsibility (CSR). We consider it our moral responsibility to contribute towards the welfare and growth of our society and environment which has given us so much. This includes setting up of societies such as SRS Society for Seniors as well as others that look after welfare, health and education of various segments. As we grow more, we intend to intensify our efforts and coverage on this front.

In all, we had a fantastic year, and look forward to growing profitably in the times to come. I also take this opportunity to express my rich and heart-felt appreciation to all the team members, bankers, auditors, vendors, associates and above all, our wonderful customers and clients who actually made our plans come true.

I look forward to your support in the coming year as well, and remain absolutely confident of reporting still greater success. Like I always say – Hardwork, works! Our passionate efforts for growth, coupled with the blessings of the almighty God are bound to yield rich rewards for all of us.

Best wishes,



**(Dr. Anil Jindal)**  
Chairman

**NOTICE**

Notice is hereby given that the 11<sup>th</sup> Annual General Meeting of the Members of SRS Limited will be held as under: -

Day	:	Thursday
Date	:	26 <sup>th</sup> May, 2011
Time	:	10:30 A. M.
Venue	:	"SRS Banquet" Near SRS Multiplex, City Centre, Sector – 12, Faridabad - 121007

to transact the following business: -

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account for the year ended on that date, together with Report of the Auditors and Directors thereon.
2. To appoint a Director in place of Sh. Praveen Kumar Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sh. Jitender Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh. Shiv Mohan Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors.

**By order of the Board  
For SRS Limited**



(Navneet Kwatra)  
COO & Company Secretary

Place: Faridabad  
Date: 28<sup>th</sup> April, 2011



## NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself and the proxy need not be a member of the Company. The enclosed proxy form, if intended to be used, must reach at the Registered Office duly completed not later than 48 hours before the scheduled time of the Meeting.
2. Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting in terms of Section 187 of the Companies Act, 1956.
3. The relevant information as required under Clause 49 of the Listing Agreement regarding reappointment of Directors under Item Nos. 2-4 is annexed hereto separately and forms part of this Notice
4. Members desiring to get their shares transferred/transmitted/dematerialized; for change of address or any other matter may send the Transfer deed(s)/Letters/Requests to our Registrar and Share Transfer Agents (RTA's) at the following address: -  
  
 BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD.  
 BEETAL HOUSE, 3<sup>rd</sup> Floor,  
 99, Madangir, Behind Local Shopping Centre,  
 New Delhi – 110062
5. Members who hold shares in dematerialized form are requested to write their DP ID and Client ID and those holding shares in physical form are requested to write their Folio No. in the attendance slip for attending the meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Members desirous of appointing their nominee for the shares held by them may apply by submitting prescribed Statutory Form 2-B to RTA's at the above mentioned address.
8. Members desiring any information/clarification on the accounts are requested to write to the Company at least 10 days in advance, so as to enable the management to keep the information ready at the Annual General Meeting.
9. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
10. As a measure of economy, copies of the Annual Report will not be distributed at the meeting. Members are requested to bring their copies along with them to the Meeting.
11. Should any assistance be desired/clarification be sought, you may write to the Compliance Officer at "SRS Multiplex", Top Floor, City Centre, Sector – 12, Faridabad - 121007

By order of the Board  
For SRS Limited



(Navneet Kwatra)  
COO & Company Secretary

Place: Faridabad  
Date: 28<sup>th</sup> April, 2011

**INFORMATION OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT PURSUANT TO CLAUSE 49 (IV) (G) (i) OF THE LISTING AGREEMENT**

Name of Director	Date of Birth	Qualification	Experience	Directorship in other Indian Public Ltd. Companies	Chairmanship/Membership of Committees of the Board of Public Ltd. Companies including SRS Limited
Sh. Praveen Kumar Kapoor	15-10-1963	B. Com, L. Ib.	21 years as an advocate of Sales Tax	1. Horizon Rubber Products Ltd. 2. SRS Professional Services Ltd. 3. SRS Meditech Limited	<b>Chairman</b> - Investors' Service Committee- SRS Limited
Sh. Jitender Kumar	22-01-1964	M. Com, L. Ib., M. Phil	21 years as an advocate of Income Tax  Also having vast knowledge & experience in real estate sector	1. SRS Real Infrastructure Ltd. 2. SRS Real Estate Ltd. 3. JMA Buildcon Ltd. 4. SRS Professional Services Ltd.	<b>Chairman</b> – Audit Committee - SRS Real Estate Limited <b>Member of</b> 1. Audit Committee – SRS Limited 2. Investors' Service Committee – SRS Limited 3. IPO Committee – SRS Limited Investors' Grievance and 4. Share Transfer Committee – SRS Real Infrastructure Limited
Sh. Shiv Mohan Gupta	02-07-1961	B. Com (Hons.)	26 years	1. SRS Real Infrastructure Ltd.	<b>Chairman</b> – Audit Committee – SRS Limited <b>Member</b> 1. IPO Committee – SRS Limited 2. Audit Committee – SRS Real Infrastructure Limited



## DIRECTORS' REPORT

### To the Members,

Your Directors are delighted to present the Eleventh Annual Report of your Company together with the audited statement of accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS

During the year under review, your Company registered a Net Profit after Tax of **Rs.3,713.21 Lac**. The Summary of the results is as under: -

(Rs. in Lac)

Particulars	31.03.2011	31.03.2010
Revenue from Operations	2,04,080.08	1,30,774.99
Other Income	1,84.17	35.69
Total	2,04,264.25	1,30,810.68
Profit/(Loss) before Financial Expenses, Depreciation and Tax	9,329.95	6,715.10
Financial Expenses	2,452.70	1,671.25
Profit before Depreciation & Tax	6,877.25	5,043.85
Depreciation	1,199.69	8,49.09
<b>Profit before Tax</b>	<b>5,677.56</b>	<b>4,194.76</b>
Provision for Tax		
- Current	1,704.29	1,308.03
- Deferred Tax	223.55	290.52
- Earlier Years	36.51	2.15
<b>Profit after Tax</b>	<b>3,713.21</b>	<b>2,594.06</b>
Appropriations: -		
Balance carried to Balance Sheet	10,023.89	6,310.68
Face Value per Equity Share (in Rs.)	10.00	10.00
Earning Per Share (in Rs.)		
- Basic	3.56	2.53
- Diluted	3.56	2.53

### OVERALL PERFORMANCE AND OUTLOOK

The Revenue from Operations and other Income for the financial year under review were Rs.2,04,264.25 Lac as against Rs.1,30,810.68 Lac for the previous year registering a tremendous growth of 56.15%. Net Profit before Tax (PBT) stood at Rs.5,677.56 Lac and Net Profit after Tax (PAT) was Rs.3,713.21 Lac as against the figures of Rs.4,194.76 Lac for PBT and Rs.2,594.06 Lac for PAT, displaying a remarkable escalation of 35.35% and 43.14%, respectively.

### DIVIDEND

The operations of the Company being in a growth phase; your Directors consider it prudent to conserve resources for being appropriately re-invested into the Company's operations and therefore, do not recommend any dividend on equity shares for the financial year under review.

### BOARD OF DIRECTORS

In view of the provisions of Section 255 and 256 of the Companies Act 1956 (the "Act") and Articles of Association of the Company, Sh. Praveen Kumar Kapoor, Sh. Jitender Kumar and Sh. Shiv Mohan Gupta retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for reappointment as Directors of the company.

A brief resume of these Directors retiring by rotation at the ensuing Annual General Meeting, nature of expertise in specific functional areas and names of companies in which they hold directorship and/or membership/ chairmanships of Committees of the Board, as stipulated under Clause 49 of the listing agreement, is given elsewhere in this Annual Report.

### SUBSIDIARY COMPANY

As required under Section 212 of the Act, the audited annual accounts along with the Auditors' Report, Directors' Report thereon and the statement pursuant to Section 212 (1) (e) of the Act, for the year ended March 31, 2011 of SRS Jewells Limited, Company's wholly-owned subsidiary, are attached hereto forming part of this Annual Report.

### PROPOSED PUBLIC OFFERING OF THE COMPANY

Your Company has received '*in-principle*' approval from the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") through their respective letters dated September 16, 2010 and January 14, 2011 for its proposed public issue of 35,000,000 equity shares.

Further, your Company has also received "**Observation Letter**" for the same from Securities and Exchange Board of India ("SEBI") vide their letter dated 8<sup>th</sup> April, 2011.

### CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the Accounting Standard – 21 on Consolidated Financial Statements, this Annual Report also includes Consolidated Financial Statements for the year 2010-11.

### FIXED DEPOSITS

Your Company has not accepted any deposits from the public and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet for the year ended 31<sup>st</sup> March, 2011.

### AUDITORS

#### *Internal Auditors*

M/s. Charitra Gupta & Associates have resigned from the office of Internal Auditor of the Company w. e. f. 1<sup>st</sup> August, 2010.

#### *Statutory Auditors*

M/s. S. S. Kothari Mehta & Co., Chartered Accountants, Statutory Auditors of the Company are due to retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a letter from M/s. S. S. Kothari Mehta & Co. to the effect that their re-appointment, if made, would be within the limits prescribed u/s 224(1 B) of the Act and they are not disqualified for such re-appointment within the meaning of Section 226 of the Act.

### AUDITORS' REPORT

Auditors of the Company has not expressed any qualification in their report and notes to accounts where ever given are self-explanatory.



## PERSONNEL

Information required under the provisions of Section 217 (2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 is as follows: -

Name	Dr. Anil Jindal
Designation	Chairman
Gross Remuneration	Rs. 1,74.34 Lac (As approved by Central Govt.)
Nature of Duties & Employment	General Management & Strategic Planning
Qualification	M. Com, CCA, MBA, Ph. D., D. Litt.
Experience	25 Years
Date of Commencement of employment	01.11.2008
Age	47 Years
Previous Employment	CMD-SRS Real Infrastructure Ltd.
Equity Shares held in the Company	6.43%

- Note: 1. Gross Remuneration comprises of Salary, Allowances and Company's contribution to Provident Fund and Perquisites.  
2. Other Terms & Conditions – NIL.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as follows: -

### I) Conservation of energy

- Installed capacitor to maintain the power factor above 0.9. our average PF is .98
- Separated the line circuits in the areas where sun light remains facilitating keeping the sun exposed areas in off mode thereby reducing the daily load.
- Replaced the high consumption fitting like GLS, CDMTs, and Halogens etc with low consuming CFL & LEDs at our Value bazaar stores and SRS Jewells outlets.
- Minimization of consumption of fuel by adopting energy efficient methods like running HVAC plant on maximum load in case of direct supply and minimum load while the system run on D.G.
- Recycling of dump & used material
- Timely switching off/on of lights procedure is being followed to ensure proper utilization of electricity.
- Preponed interlocking system in DG sets to optimize the use of DG sets.
- Carried out the retro commissioning of electrical power distribution system and replaced underrated cables, lugs, thimbles etc to increase the distribution efficiency and to minimize the line loss.
- Frequently carried out energy awareness program as education for facility staff on conservation opportunities to increase the energy as well as demand savings.
- Prepared & implemented a daily / weekly / monthly & yearly maintenance plan for all value bazaars so as to reduce the breakdowns and increase efficiency of appliances.
- To make the inverter and UPS use at its optimum level so that DG start time can be delayed.
- By implementing semi auto start stop system in DG sets at smaller units of Value Bazaar to stop the misuse, in case electricity board supply is on DG will stop automatically but in case supply is not there DG will start manually, resulting no misuse at night and inverter power is being used at its optimum level in day time.
- We have installed auto pressure pump and overflow signal system on entire plumbing system.
- Replaced one of old DG set (1010 KVA) and installed new one with advanced technology which consume 25% less fuel in comparison to old one.

**ii) Foreign Exchange Earning & Outgo**

Earning in foreign currency

Nature of Income	Amount (Rs. in Lac)
Export Sale	1.84

**Outgo : Nil**
**iii) Technology Absorption : Nil**
**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA), the Directors of the Company confirm the following: -

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
2. that Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review and of the profit of the Company for the year;
3. that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE REPORT**

The report on Corporate Governance together with the certificate from Ms. Savita Trehan, Practicing Company Secretary [FCS 4374], confirming the compliance of the Corporate Governance is attached to this report for information of the Members.

**MANAGEMENT'S DISCUSSION & ANALYSIS**

The Management Discussion and Analysis Report of financial condition and results of operations of the Company is given as a separate statement forming part of this Annual Report.

**ACKNOWLEDGEMENT**

No matter how strong a strategy is, how grand the vision is or how clear the path to execution is, nothing can be achieved without the support of people. A special set of people who believe in the Company, who are passionate about its success, and those who believe that they can make a difference with their efforts. Your Company is fortunate to have had the support of exactly this kind of persons in various capacities, and they are the real architects of your Company's success.

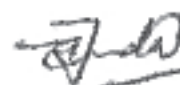


The Board is grateful to the shareowners of the Company who wholeheartedly supported the Company and extended constructive support. It also places its deep appreciation to all the employees who worked passionately and enthusiastically to deliver another year of operational excellence while laying the foundation of success in the coming years as well. The Directors also warmly thank the bankers who extended their unstinted support and confidence in the Company's management and plans. This special vote of thanks also goes out very specially to the various governmental and regulatory authorities who played a very enabling role, as well as the auditors, financial institutions, business associates and vendors of the Company. And above all, the Board expresses its deep gratitude to all its valued customers and clients who believed in us and chose us over others. We are thankful to the support of these multiple forces, and assure every one of even better performance and innovation in the days to come.

For and on behalf of the Board



(Anil Jindal)  
Chairman  
DIN-00005585



(Sunil Jindal)  
Managing Director  
DIN-00013791

Place: Faridabad

Dated: 28<sup>th</sup> April 2011

**STATEMENT PURSUANT TO SECTION 212 (3) OF THE  
COMPANIES ACT, 1956 RELATED TO SUBSIDIARY COMPANY**

SI No	PARTICULARS	DETAILS OF SUBSIDIARY COMPANY
1	Name of Subsidiary Company	SRS Jewells Limited (formerly SRS Bullions & Jewellers Ltd.)
2	Date from which it become Subsidiary	March 31, 2010
3	Financial Year of the Subsidiary ended on	March 31, 2011
4	Holding Company's Interest	Rs. 38,75,000
5	Extent of Holding (%)	100%
6	<b>Net aggregate amount of profits / (losses) of the Subsidiary for the above financial year of the Subsidiary so far as they concern Members of the Company:</b> a) dealt with in the account of the Company for the year ended March 31, 2011 b) not dealt with in the accounts of the Company for the year ended March 31, 2011	NIL  Rs. 12,35,867
7	<b>Net aggregate amount of profits / (losses) for previous financial years of the Subsidiary Since it become Subsidiary so far as they concern Members of the Company:</b> a) dealt with in the account of the Company for the year ended March 31, 2010 b) not dealt with in the accounts of the Company for the year ended March 31, 2010	NIL  Rs.449



## CORPORATE GOVERNANCE REPORT

### I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company adheres to the highest codes of Corporate Governance with a commitment to safeguard the interest of everyone it serves, employs, deals with or represents. This includes fair & transparent practices and complete accountability towards the shareholders, employees, consumers, business associates and vendors and the entire society at large with a view to create long-term wealth in an ethical and responsible manner.

For the company, adherence to good corporate governance is not a result of the regulatory requirements alone, instead, it traces its roots to the Chairman's and the entire Board's strong focus on integrity and honesty in business operations. Our outlook towards business is that it is not just for profits, but also for the prosperity of the stakeholders, caring for the environment and richly giving back to the society. Behind the success on this front is the fact that this philosophy is internalized across our entire organization, at an individual as well as collective level – in fact it is well integrated into our DNA itself.

This strong foundation enables us to work with transparency and accountability, in the process employing best management practices for informed decision making in line with our values and principles. Our Board of Directors is entrusted with the overall responsibility of corporate governance and our business systems and processes are aligned to deliver a complete picture to them on the workings of the company which helps them to ensure that all decisions taken in the company are in line with the overall, broader objectives of the company.

### 2. BOARD OF DIRECTORS

The Board of the Company is an appropriate mix of Executive, Non-Executive and Independent Directors that is in conformity with Clause 49 of the Listing Agreement.

As on 31<sup>st</sup> March, 2011, the Board of the Company comprised of Twelve (12) Directors, out of which Eight (8) are Non-Executive Directors. Further, out of the Eight (8) Non-Executive Directors, Six (6) are Independent Directors.

Dr. Anil Jindal, an Executive Director is the Chairman of the Board.

During the year under review, the Board of Directors of the Company met Thirteen (13) times, These meetings were held on 27<sup>th</sup> April, 2010; 29<sup>th</sup> April, 2010; 3<sup>rd</sup> May, 2010; 24<sup>th</sup> May, 2010; 11<sup>th</sup> June, 2010; 14<sup>th</sup> June, 2010; 9<sup>th</sup> July, 2010; 31<sup>st</sup> July, 2010; 7<sup>th</sup> September, 2010; 6<sup>th</sup> October, 2010; 17<sup>th</sup> December, 2010; 7<sup>th</sup> February, 2011 and 22<sup>nd</sup> March, 2011.

The composition of Directors, their attendance at the Board Meetings during the financial year 2010-11 & the last AGM and their other Directorships/Committee memberships in other Companies are as follows: -

Name of Director	Category	No. of Board Meetings attended during the year	Attendance at last AGM held on 31 <sup>st</sup> May, 2010	Directorships in other Companies \$\$	Memberships of committees of other Companies including SRS Limited	Chairmanship of committees of other Companies including SRS Limited
Dr. Anil Jindal	Executive Director	13	Yes	6	1	1
Sh. Sunil Jindal	Executive Director	13	Yes	7	-	-
Sh. Raju Bansal	Executive Director	13	Yes	4	1	-
Sh. Vinod Kumar	Executive Director	13	Yes	-	-	-
Sh. Praveen Kumar Kapoor	Non-Executive Director	9	Yes	3	-	1
Sh. Jitender Kumar	Non-Executive Director	9	Yes	4	4	1
Sh. Praveen Gupta	Independent Director	7	Yes	1	2	-
Sh. Shiv Mohan Gupta	Independent Director	6	Yes	1	2	1
Sh. Nishant Goel	Independent Director	7	Yes	-	-	-
Sh. Joginder Lal Chhabra	Independent Director	6	Yes	-	1	-
Sh. Kailash Kumar	Independent Director	7	Yes	1	2	-
Sh. Lalit Kumar	Independent Director	5	Yes	2	1	2

\$\$ Excluding Private Limited Companies, Foreign Companies, Section 25 Companies and Alternate Directorships.

- ✓ None of the Directors is disqualified u/s 274(1) (g) of the Companies Act, 1956.
- ✓ None of the Directors are related inter-se except Dr. Anil Jindal and Sh. Sunil Jindal, being brothers.
- ✓ None of the Directors hold the office of Director in more than the permissible number of Companies under the Companies Act, 1956.

### 3. AUDIT COMMITTEE

As on 31<sup>st</sup> March, 2011, the Audit Committee comprised of: -

Sh. Shiv Mohan Gupta (Chairman)  
 Sh. Jitender Kumar  
 Sh. Kailash Kumar

During the year under review, Five (5) Audit Committee Meetings were held on 3<sup>rd</sup> May, 2010; 14<sup>th</sup> June, 2010; 31<sup>st</sup> July, 2010; 28<sup>th</sup> October, 2010 and 31<sup>st</sup> January, 2011

Attendance at the meetings were as follows: -

Name	Designation	Category of Director	No. of meetings attended
Sh. Shiv Mohan Gupta	Chairman	Independent Director	5
Sh. Jitender Kumar	Member	Non-Executive Director	5
Sh. Kailash Kumar	Member	Independent Director	5

In addition to the members of the Audit Committee, these meetings are attended by the heads of accounts & finance, Chief Financial Officer, Internal Auditors, Statutory Auditors and other executives of the Company who are considered necessary for providing inputs to the Committee as invitees.

Dr. (Ms.) Navneet Kwatra, COO & Company Secretary acts as Secretary of the Committee.

While the Audit Committee was constituted at the Board Meeting held on 12<sup>th</sup> June, 2003, its role was further enlarged at the Board Meeting held on 14<sup>th</sup> June, 2010, so as to bring it in sync with the requirements of the clause 49 of the equity listing agreement and section 292A of the Companies Act, 1956. The current role of the Audit Committee includes the following: -

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment, re-appointment, replacement and removal of the statutory auditor, fixation of audit fees.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing with the management the annual financial statements before submission to the Board for approval, focusing primarily on the following:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - Any changes in the accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by the management
  - Qualifications in the draft audit report
  - Significant adjustments made in the financial statements arising out of audit findings
  - The going concern assumption



- Compliance with accounting standards
  - Compliance with listing and other legal requirements relating to financial statements
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- e. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
  - f. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or right issue (if applicable) and making appropriate recommendations to the Board to take up steps in this matter.
  - g. Reviewing with the management, performance of statutory and internal auditors, and adequacy of internal control systems
  - h. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.
  - i. Discussion with the internal auditors on any significant findings and follow-up thereon.
  - j. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - k. Discussion with the statutory auditors before the audit commences, nature and scope of audit as well as post audit discussions to ascertain any area of concern.
  - l. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - m. To review the functioning of the Whistle Blower mechanism, as and when the same will be adopted.
  - n. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background etc. of the candidate.
  - o. Reviewing the Company's financial and risk management policies.

#### 4. INVESTORS' SERVICE COMMITTEE

During the year, in the Board meeting held on 14<sup>th</sup> June, 2010, Shareholders'/Investors' Transfer/Grievance Committee has been renamed as "Investors' Service Committee".

As on 31<sup>st</sup> March, 2011, Investors' Service Committee comprised of: -

Sh. Praveen Kumar Kapoor (Chairman)  
 Sh. Jitender Kumar  
 Sh. Raju Bansal

Dr. (Ms.) Navneet Kwatra, COO & Company Secretary acts as Secretary of the Committee.

Ms. Mamta Rastogi, Deputy Company Secretary has been designated as Compliance Officer.

During the financial year ending on 31<sup>st</sup> March, 2011, Investors' Service Committee meetings were held on 3<sup>rd</sup> May, 2010 and on 19<sup>th</sup> June, 2010 and were attended by all the members of the Committee.

The Committee has been formed with a view to undertake the following: -

- a. To consider and approve requests for transfers, transmissions, dematerialization/ rematerialisation and issue of fresh share certificates on replacement/sub-division/ consolidation, issue of duplicate share certificates on loss whether by theft, misplacement or otherwise;
- b. To review the status of dematerialization of Company's shares and matters incidental thereto;
- c. To review and monitor the approval to the transfers and transmission made by any Director under executive authority delegated to him from time to time;
- d. To monitor the matters of litigation related to shareholders and take decisions relating thereto;
- e. To consider, review and monitor the matters related to the shareholders grievances, and to look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend, etc;
- f. To consider and finalize the report on Corporate Governance to be annexed with the Annual Report of the company;
- g. To deal with any other matters related and/or incidental to the shareholders.

During the financial year 2010-11, no complaint was received from shareholders/investors and no complaint was pending at the beginning or end of the year.

## 5. REMUNERATION COMMITTEE

The Remuneration Committee as on 31<sup>st</sup> March, 2011 comprises of following Non-Executive independent Directors: -

Sh. Lalit Kumar (Chairman)  
 Sh. Joginder Lal Chhabra  
 Sh. Praveen Gupta

During the financial year, One (1) Remuneration Committee Meeting was held on 3<sup>rd</sup> May, 2010 and was attended by all the members.

Dr. (Ms.) Navneet Kwatra, COO & Company Secretary acts as Secretary of the Committee.

The remuneration committee has been entrusted with the following responsibilities: -

- a) To determine and recommend to the Board of Directors the remuneration package of Managing Director/Whole-Time Directors; and
- b) To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director/Whole Time Directors within limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956.

The Company pays remuneration to Executive Directors by way of Salary, Perquisites & Retirement Benefits, based on recommendation of the and Committee requisite approvals, including approvals from the Board, Shareholders and the Central Government, if necessary.



The Non-Executive Directors are paid remuneration by way of sitting fees. The Company pays sitting fees of Rs.6000/- and Rs.2,500/- for attending each meeting of the Board of Directors and the Committees thereof, respectively to the Non Executive Directors of the Company. The said fees is inclusive of all expenses of traveling/conveyance etc. for the meetings held/to be held in NCR Delhi and excluding the Boarding/lodging charges etc. for the meetings held/to be held outside NCR Delhi.

The details of remuneration paid/payable to Directors for the Financial Year 2010-11 is as follows:

### EXECUTIVE DIRECTORS

Details of remuneration paid to Executive Directors is as follows: -

(Rs. in Lac)

Name of Director	Salary	Contribution to PF	Total Remuneration
Dr. Anil Jindal*	17,434,224	498,852	17,933,076
Sh. Sunil Jindal	2,160,000	-	2,160,000
Sh. Raju Bansal	1,785,600	-	1,785,600
Sh. Vinod Kumar	1,785,600	-	1,785,600

\*Remuneration paid/payable to Dr. Anil Jindal is approved by Central Government vide its letter dated 12<sup>th</sup> March, 2010.

### NON-EXECUTIVE DIRECTORS

Details of sitting fees paid to Non-Executive Directors is as follows: -

Name of Director	Sitting Fees for attending Board Meetings	Sitting Fees for attending Committee Meetings	Total
Sh. Jitender Kumar	54,000	17,500	71,500
Sh. Praveen Kumar Kapoor	54,000	7,500	61,500
Sh. Praveen Gupta	42,000	2,500	44,500
Sh. Shiv Mohan Gupta	36,000	15,000	51,000
Sh. Nishant Goel	42,000	-	42,000
Sh. Joginder Lal Chhabra	36,000	2,500	38,500
Sh. Kailash Kumar	42,000	12,500	54,500
Sh. Lalit Kumar	30,000	2,500	32,500
<b>Total</b>	<b>3,36,000</b>	<b>60,000</b>	<b>3,96,000</b>

No compensation/remuneration is payable to the directors on severance of their directorship with the Company.

During the financial year, there was no pecuniary relationship or transaction between the Company and its Non-Executive Directors.

Number of Shares held by Non-Executive Directors as on 31<sup>st</sup> March, 2011 is as follows: -

Sh. Praveen Kumar Kapoor	46000 Shares	0.04%
Sh. Jitender Kumar	45000 Shares	0.04%

## 6. IPO COMMITTEE

During the year 2010-11, the IPO Committee has been reconstituted in the Board meeting held on 24<sup>th</sup> May, 2010, comprising of the following Directors: -

Dr. Anil Jindal (Chairman)  
 Sh. Jitender Kumar  
 Sh. Shiv Mohan Gupta

The Committee met Once during the year on 27<sup>th</sup> April, 2010. The attendance of members at the meeting is as follows: -

Name	Category	No. of meetings held	No. of meetings attended
Dr. Anil Jindal	Chairman (Executive)	1	1
Sh. Jitender Kumar	Non-Executive	1	1
Sh. Praveen Kumar Kapoor*	Non-Executive	1	1
Sh. Shiv Mohan Gupta	Independent	1	0

\* Ceased to be a member w. e. f. 24<sup>th</sup> May, 2010.

The Committee reviews and take decisions on all matters in connection with the issue of shares to the public including signing any documents, deeds & declarations to be filed before any authorities including SEBI, NSE, BSE etc.

## 7. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as under

Year	Venue	Day/Date	Time
2009-10	"SRS Banquet" Near SRS Multiplex, City Centre, Sector - 12, Faridabad - 121007	Monday/31.05.2010	10.30 A.M.
2008-09	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Wednesday/29.07.2009	11.00 A.M
2007-08	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Thursday/11.09.2008	11.30 A.M



All resolutions moved at the Last Annual General Meetings were passed unanimously by show of hands. No special resolution was passed at the previous Annual General Meetings held in past 3 years except one that was passed in the previous (10<sup>th</sup>) Annual General Meeting for re-appointment of Dr. Anil Jindal as Chairman & Whole-Time Director.

The following Extraordinary General Meetings were held during the last three years: -

Year	Venue	Day/Date	Time
2010-11	"SRS Multiplex" Top Floor, City Centre, Sector – 12, Faridabad - 121007	Friday/18.06.2010	10.30 A.M.
2010-11	"SRS Multiplex" Top Floor, City Centre, Sector – 12, Faridabad - 121007	Monday/24.05.2010	10.30 A.M.
2010-11	"SRS Banquet" Near SRS Multiplex, City Centre, Sector – 12, Faridabad - 121007	Tuesday/27.04.2010	10.30 A.M.
2009-10	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Monday/01.02.2010	11.30 A.M.
2009-10	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Friday/11.12.2009	10.30 A.M.
2009-10	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Friday/27.11.2009	10.30 A.M.
2009-10	202, 27 New Delhi House Barakhamba Road, Connaught Place, New Delhi-110001	Thursday/15.10.2009	11.30 A.M.
2009-10	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Monday/03.08.2009	11.00 A.M.
2009-10	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Thursday/30.07.2009	10.30 A.M.

2009-10	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Friday/10.07.2009	10.30 A.M.
2009-10	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Tuesday/07.07.2009	10.30 A.M.
2009-10	202, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Thursday/04.06.2009	10.30 A.M.
2008-09	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Friday/27.03.2009	10.30 A.M.
2008-09	202, 27 New Delhi House Barakhamba Road, Connaught Place, New Delhi-110001	Monday/16.03.2009	10.30 A.M.
2008-09	202, 27 New Delhi House Barakhamba Road, Connaught Place, New Delhi-110001	Friday/26.12.2008	10.30 A.M.
2008-09	202, 27 New Delhi House Barakhamba Road, Connaught Place, New Delhi-110001	Monday/08.12.2008	10.00 A.M.
2008-09	202, 27 New Delhi House Barakhamba Road, Connaught Place, New Delhi-110001	Monday/01.12.2008	11.00 A.M.
2008-09	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Friday/28.11.2008	11.30 A.M.
2008-09	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Thursday/20.11.2008	11.00 A.M.

2008-09	202, 27 New Delhi House Barakhamba Road, Connaught Place, New Delhi-110001	Monday/18.08.2008	11.30 A.M.
2008-09	202, 27 New Delhi House Barakhamba Road, Connaught Place, New Delhi-110001	Monday/30.06.2008	11.00 A.M.
2008-09	202, 2 <sup>nd</sup> Floor, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Monday/05.05.2008	10.30 A.M.
2008-09	202, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Saturday/26.04.2008	11.00 A.M.
2008-09	202, 27 New Delhi House, Barakhamba Road, Connaught Place, New Delhi-110001	Friday/11.04.2008	11.00 A.M.

## 8. DISCLOSURES

- a) There have been no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors for the year ended 31<sup>st</sup> March, 2011 that may have a potential conflict with the interest of the Company at large. The Register of Contracts containing transactions, in which Directors are interested, is placed before the Board regularly.

Related Parties and transactions with them as required under Accounting Standard (AS-18) are furnished in Note No.16 of Schedule 23 of the Notes to the Accounts attached with the Financial Statements for the year ended 31<sup>st</sup> March, 2011.

- b) For the year under review, all Directors & Senior Management Personnel of the Company have confirmed their adherence to the provisions of the Code of Conduct applicable to them.
- c) The Company follows the mandatory Accounting Standards prescribed by the Institute of Chartered Accountants of India and, to the best of its knowledge; there are no deviations in the accounting treatments which require specific disclosure.
- d) The Company has complied with the all mandatory requirements of Clause 49 of Listing Agreement.
- e) Besides constituting the Remuneration Committee and having an unqualified financial statement for the year under review, the Company has so far not implemented other non-mandatory requirements of clause 49 of the listing agreement.

## 9. MEANS OF COMMUNICATION

The Primary source of information regarding the operations of the Company is its website- [www.srsparivar.com](http://www.srsparivar.com).

The advertisements for all verticals of the Company are given in English in *Hindustan Times* and the local daily such as *Dainik Jagran*.



## 10. GENERAL SHAREHOLDER INFORMATION

- a) **11<sup>th</sup> Annual General Meeting**  
 - Day/Date Thursday, 26<sup>th</sup> May, 2011  
 - Time 10.30 A.M.  
 - Venue "SRS Banquet"  
 Near SRS Multiplex,  
 City Centre, Sector – 12,  
 Faridabad - 121007
- b) **Financial Year** 1<sup>st</sup> April to 31<sup>st</sup> March
- c) **ISIN for NSDL & CDSL** INE219H01039
- d) **Registrar and Transfer Agents** Beetal Financial & Computer Services Pvt. Ltd.  
 BEETAL HOUSE, 3<sup>rd</sup> Floor,  
 99, Madangir, Behind Local Shopping Centre,  
 New Delhi – 110062  
 Ph. # 011-29961281 (6 lines)  
 Fax # 011-29961284
- e) **Share Transfer System** To expedite the share transfer, Investor's Service Committee is constituted to authorize all the transfers; transmission etc. and all shares transfer/transmission/transposition/ dematerialization is handled by our RTA's.
- f) **Dematerialization of Shares**  
 As on 31<sup>st</sup> March, 2011 103,959,409 shares equivalent to 99.68%
- g) **Distribution of shareholding**
- | Shareholding of Nominal Value (Rs.) | No. of Shareholders | % to Total    | No. of Shares      | Amount in Rs.        | % to Total      |
|-------------------------------------|---------------------|---------------|--------------------|----------------------|-----------------|
| Up to 5000                          | 3                   | 4.92          | 400                | 4,000                | 0.0004          |
| 5001 to 10000                       | 1                   | 1.64          | 1,000              | 10,000               | 0.0010          |
| 10001 to 20000                      | -                   | -             | -                  | -                    | -               |
| 20001 to 30000                      | -                   | -             | -                  | -                    | -               |
| 30001 to 40000                      | -                   | -             | -                  | -                    | -               |
| 40001 to 50000                      | 2                   | 3.28          | 9,000              | 90,000               | 0.0086          |
| 50001 to 100000                     | 8                   | 13.11         | 54,600             | 5,46,000             | 0.0524          |
| 100001 and above                    | 47                  | 77.05         | 104,226,009        | 1,042,260,090        | 99.9376         |
| <b>TOTAL</b>                        | <b>61</b>           | <b>100.00</b> | <b>104,291,009</b> | <b>1,042,910,090</b> | <b>100.0000</b> |
- h) **Request to Investors**
- Investors are requested to communicate change of address, if any, directly to the Registrar and Share Transfer Agent of the Company.
  - Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address, nomination facility, bank account number etc.

- iii) All requests and other communications/correspondence should be sent at the Company's Regd Office at: -

Ms. Mamta Rastogi  
 Compliance Officer  
 SRS Limited  
 SRS Multiplex, Top Floor,  
 City Centre, Sector-12  
 Faridabad – 121007  
 Ph. # 0129-4282811-12  
 Fax # 0129-4036560  
 Email: mamtarastogi@srsparivar.com

## II. CODE OF CONDUCTS

### a) Code of Conduct for Prevention of Insider Trading & Corporate Disclosure Practice

The Company has implemented Code of Conduct for Prevention of Insider Trading & Corporate Disclosure Practices to prohibit the purchase/sale of shares of the Company by employees in possession of unpublished price sensitive information pertaining to the Company. The Policy and the procedures are periodically communicated to the employees who are considered as insiders. Further, they have been well intimated in advance about the closure of trading window, whenever required.

### b) Code of Business Conduct & Ethics

The Code of Business Conduct & Ethics is applicable to all the Directors and Senior Management Personnel of the Company.

The Company has obtained declarations from all its Directors and Senior Management Personnel affirming their compliance with the applicable code of conduct for the financial year ended 31<sup>st</sup> March, 2011. The declaration to this effect signed by the Chairman (Executive) and Managing Director of the Company forms part of this report as Annexure - A.

For and on behalf of the Board



(Anil Jindal)  
 Chairman  
 DIN-00005585



(Sunil Jindal)  
 Managing Director  
 DIN-00013791

Place: Faridabad  
 Dated: 28<sup>th</sup> April 2011

**DECLARATION AFFIRMING COMPLIANCE OF PROVISIONS  
OF THE CODE OF CONDUCT**

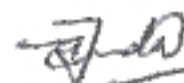
ANNEXURE - 'A'

This is to certify that pursuant to Clause 49(I)(D) of the Listing Agreement, the Board of Directors has adopted a Code of Conduct for its members and Senior Management personnel and that they have affirmed having complied with the said Code of Conduct for the financial year ended 31<sup>st</sup> March, 2011.

Place: Faridabad  
Dated: 28<sup>th</sup> April 2011



**(Anil Jindal)**  
Chairman



**(Sunil Jindal)**  
Managing Director



**CERTIFICATION BY CHAIRMAN, MD & CFO OF THE COMPANY**

We, Anil Jindal, Chairman, Sunil Jindal, Managing Director and Bhagwan Dass, CFO, of 'SRS Limited', to the best of our Knowledge and belief, certify that:

1. We, have reviewed the Financial Statements and Cash Flow Statements for the year and to the best of the our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
3. We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, wherever applicable:
  - a) Deficiencies in the design or operation of internal controls, if any, which come to our notice and steps have been taken/proposed to be taken to rectify these deficiencies;
  - b) Significant changes in internal control over financial reporting during the year;
  - c) Significant changes in accounting policy during the year and that the same have been disclosed in the notes to the financial statements.
  - d) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Faridabad  
Date: 28<sup>th</sup> April, 2011



(Anil Jindal)  
Chairman



(Sunil Jindal)  
Managing Director



(Bhagwan Dass)  
Chief Financial Officer

**CERTIFICATE FROM PRACTICING COMPANY SECRETARY REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of  
**SRS Limited**

I have examined the Compliance of conditions of Corporate Governance by '**SRS Limited**' (the Company) for the year ended **31<sup>st</sup> March, 2011** as stipulated in Clause 49 of the Listing Agreement.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause.

In my opinion and to best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the Listing Agreement.

Place: Faridabad  
Date: 28th April, 2011



(Savita Trehan)  
Company Secretary  
C.P. No. 2569

## MANAGEMENT DISCUSSION & ANALYSIS

### The Indian Economy and Outlook

India is shining, and wonderfully, the future too looks very good as well. With almost all the macro economic factors being positive, long term growth and prosperity for the country is almost assured, and this in turn makes India to be an exciting place for businesses for now, and tomorrow.

We as an economy fared quite well in 2010-11. Our GDP grew to 8.6% during the year, compared to 8% the previous fiscal. Behind this continued success, there are several things that are working to our advantage. With almost 70% of the population under the age of 35 years, we are assured of not only a vast domestic market but also a period where we have an increasing number of people getting added into the productive workforce, which in turn will give impetus to our GDP growth. This is in sharp contrast to the western world, which is now beginning to grapple with the scenario of an ageing population and workforce, which will not only be more expensive but will require addressing issues such as healthcare and pension benefits. Compared to this, India is thumping with a population all set to contribute in solid terms, in the process bringing higher growth and spending power.

This confidence is not our own wishful thinking. India is today rated as one of the most attractive investment destinations across the globe. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012. This is amply reflected in the fact that in 2009, we were ranked 9<sup>th</sup> in the world on FDI inflows, compared to 32<sup>nd</sup> in 2001. We attracted FDI worth USD 190 billion in the period April 2000 to January 2011, and this is a resounding proof of the confidence and hopes that foreign investors place in the Indian market.

According to a McKinsey Global Institute (MGI) study titled 'Bird of Gold: The Rise of India's Consumer Market', the total consumption in India is likely to quadruple making India the fifth largest consumer market by 2025. Further, India ranks first in the Nielsen Global Consumer Confidence survey released in January 2011. On the forex reserves, the story is equally comforting, with a foreign exchange reserve of USD 303.51 billion as on March 11, 2011. All these point towards the strong foundation on which we stand, and the fact that the world is recognizing as the place that will grow like no other.

What's also aiding the development is the increasing education levels in our country— this is creating a better quality of workforce that can bring in period of higher growth and value addition to the entire economy. Educated people get better jobs and business opportunities – as a result, disposable incomes of the people are rising, as is their mindset to reward themselves with indulgent entertainment and shopping options.

In the middle of such a promising scenario, your Company has made steady progress. Your company has a strong presence in lifestyle related sectors, and in the year gone by, it consolidated its operations extremely well while making fresh inroads across its varied verticals to reach new customers and markets. The greatest leverage came from its unique business model with diverse verticals such as cinemas, retail, jewellery and F&B— this amazing mix ensured that your Company was able to maximize the growth opportunities and benefit from the synergies. As a result of this, we opened up 2 new cinemas, 3 new F&B outlets, 1 new retail store and 1 new jewellery showroom. The combined growth that these new operations bring in, along with the growth of existing set-ups, is far in excess of what would have been achieved had we been in a single vertical.

However, in the midst of this optimism, we need to be conscious of the challenges as well. While the future looks exciting, we need to be conscious of the factors that could threaten the economy and the business. The fiscal deficit of the government needs to go down to more manageable levels to carry on the pace of growth. Inflation is a serious threat, and so far, even RBI's strong interventions have failed to tame it. With overall inflation at about 8.5% and food inflation going up to 17% at times, we have reasons to be extremely worried. It is rightly felt universally that inflation is the biggest threat that can topple the bright future India is looking forward to. The increasing interest rates in the country, high commodity prices, recent political developments in Egypt and Libya, the disaster in Japan and the upward journey of crude too are reasons to be cautious.

The company well realizes the ramifications of the opportunities as well as the threats, and factors this well into its plans so as to maximize the growth opportunities and mitigate the risks. As a result, we look at the future with optimism and eager anticipation.



## THE FILM EXHIBITION BUSINESS

India is a land of movies and small wonder that it is the world's largest producer of films. Each year, over 1000 films are produced in the country that are exhibited across the 11500 odd screens that we have here. Like any other industry, this one too has its share of challenges and opportunities. But the good part is that the opportunities outnumber the challenges and with the rough patch behind us, one can look forward to a phase of renewed growth.

### Industry Overview

The Indian Media and Entertainment industry grew healthily at a rate of 11% in 2010 to touch USD 14.5 billion. While all sectors such as TV and print grew well, the film industry in contrast witnessed a slump in 2008 and 2009, and in fact declined by 14% in 2009-10 to Rs 89.3 billion compared to Rs 104.4 billion in 2008. (Source: FICCI KPMG Indian Media and Entertainment Report, 2010, FICCI Frames conclave)

Much of this decline was on account of the overall economic slowdown, lack of strong content, rise of alternative means of entertainment and stand-off between the exhibitors and producers-distributors. Apart from this, new challenges surfaced from the rising prominence of sale of TV rights for movies, new delivery platforms such as mobiles and tablets, development of new enabling technologies such as 3G GSM in mobile telephony.

However, all this pales when you look at the big picture. India as the world's largest producer of films churns out 1000 movies a year, and sells over 3 billion tickets annually – this is double the number of moviegoers in the USA! In spite of this, India's share of the global film revenues is just about 1%. This low share, on the brighter side, is actually a pointer of the potential to grow that the industry holds. It is because of this very potential that the industry is expected to touch USD 2.9 billion mark by 2015.

Industry growth will be triggered by better content, increase in the number of multiplexes and cost control. Equally important will be the role of new technologies. Digitization for one has been a key growth driver as we have seen. Apart from lowering the cost of film prints and checking piracy, it allows for a wider release of movies – earlier while a film was released at about 250 centres can now be released at 800 centres, all thanks to digitization. The industry shall also record growth from going global. As of March 2011, Fox Studios had distributed 'My Name is Khan' in over 64 countries. New technologies are expanding the overall market and also increasing their share of the pie. In about four years' time, revenue from cable & satellite and ancillary streams is likely to touch 20% - almost double of what we saw in 2009. The TV rights for Robot were sold for USD 5.5 mn and those of the yet to be released Ra. One went for USD 8.8 million is a pointer of the changing dynamics.

Much of this growth will be fuelled by the multiplexes, which are in fact credited with the revival of the entire film industry by bringing the audiences back to the theatres. Today we have approximately 850 multiplex screens in the country, and considering that multiplexes are the preferred form of out-of-home entertainment, this screen count is likely to go up to 1400 by 2013. This is well in line with the aggressive expansion plans chalked out by the various players. The future potential of multiplexes is reinforced by the fact that though they account for just 8% of the screens, the revenue contribution towards box office collections stands at a whopping 60% for Hollywood and Bollywood movies.

Deeper consumer understanding, superior deliveries, increase in screen density and PE/VC investments in the multiplex segment promise to make things very rewarding and exciting in the days to come.

### Business Overview

Multiplexes have become an integral part of the entertainment aspect of things, and this is what SRS Cinemas leveraged by offering a superior experience and ambience to its patrons to draw an increasing number of people into its fold across markets and territories.

Overall, your Company closed the year on a reasonably strong note. The year gone by saw some big budget films such as Guzaarish, Action Replay, Kites etc hit the box office. While most of such films did not turn out to be super-hits, the opening collections were quite decent.

To expand its footprint and build scale, your company commissioned two new properties in Patiala and Faridabad. The Patiala multiplex is a 4 screen property and is located in one of the most premium malls in the city. The second property came up in Faridabad, and adds another 3 new screens. As a result, your Company closed the year with 11 properties in 6 cities with a combined strength of 30 screens and 7608 seats.

Your company also created lot of excitement and consumer engagement by activities such as star cast visits. Stars of Patiala House and Saat Khoon Maaf including Akshay Kumar, Anushka Sharma, Rishi Kapoor, Priyanka Chopra among others visited the Company's multiplexes and entertained and interacted with the crowds. Apart from this, the premiere of Patiala House was conducted at your Company's new multiplex at Patiala and was attended by top luminaries including the film's stars and the Chief Minister of Punjab. Jimmy Sheirgill and Surveen Chawla also visited our multiplex at Patiala for the movie 'Dharti'.

Your company focused on delivering top of the line experience to consumers on the back of superior services, programming, pricing and augmented offerings. Costs were kept tightly under control to add to the profitability of the business. In fact, as the number of its multiplexes increase, your Company is able to amortize its fixed costs across a larger number of screens, adding to its financial well-being. In keeping with the emerging technologies, your company chose digital screens in its expansions. The cinemas also leveraged regional content to broad-base its appeal and attract a higher number of patrons.

As a result of its well thought out strategic operations, your Company is attracting a very rewarding profile of patrons, both in terms of demographics as well as spending power. The Company is confident of accelerating its expansions in the coming times.

### Opportunities

The Multiplex business offers a long term potential for profitability and growth. This is so on the back of several opportunities that characterize the business.

1. **Favourable Economic Scenario:** A GDP growing at 8.6% plus is resulting into prosperity getting widespread. As the per capita income and disposable income on the upswing, the consumer spending on discretionary things such as multiplexes will be on the rise for a considerable period of time.
2. **Changing Demographics and Lifestyles:** India boasts of a youthful population with almost 70% of the people being under the age of 35. This is a very promising segment for the businesses and assures years of growth. Further, the rise in education levels is leading to not only higher incomes but also to double income households who have unprecedented spending power. Add to this the fact that people's share of expenditure on lifestyle related aspects is on the rise, and the potential of this industry becomes all the more attractive.
3. **New Technologies:** Digital screens are playing a vital role in ensuring a widespread release of the films, removing the barriers of piracy and high print costs. This will ensure that the footprint of new releases can be enhanced significantly by reaching out to a wider set of audience across geographies, which will result into more people watching the films. Similarly 3D technology has heightened the interest of people in movies, leading to greater enthusiasm and willingness to pay a premium for this superior experience. As more and more screens offer 3D, this will be a big revenue stream. New technology also fortifies the position of multiplexes, allowing them to take a lead role in the overall content delivery value chain.
4. **Niche and Regional Content:** As the cinema-going audience matures in terms of their tastes & preferences, and moves up in terms of income levels, the demand for regional content and non-mass content will increase. Multiplexes, with their physical and technological flexibility, are perfectly poised to meet these new demands of its consumers, and thus stand to gain from this new, emerging segment. Similarly, small to medium budget films with fresh storylines, focused appeal and strong treatment suddenly find that they are now, for the first time, a viable venture.
5. **Growing Corporatization:** Increasing corporatization across the entire value chain is making the film industry move towards a new level of maturity, as distinct from an early period of growth. This is seeing business entities get into various aspects of film making, with new avenues in financing, business alliances and content experimentation getting generated. Many players are going in for vertical integration by participating in the entire cycle of production, distribution, exhibition, broadcasting and music, bringing forth the immense synergies that come up in the process. This corporatization, with its many benefits, is leading to more transparency, speed, diversity of content, quality control, process refinement and new levels of consumer marketing. These developments are bound to benefit the entire industry and lead to faster growth and development.



6. *Improving quality of content:* With the advent of corporatization, the diversity of content has gone up significantly. The entry barriers for new professionals have been lowered on account of professional management and availability of finance for good storylines created by them, as compared to the earlier times when it was important to have access to financing if one hoped to make a film. This de-coupling has changed the face of the industry and encouraged different storylines, treatments and experimentation. With improved content, a higher number of patrons, higher occupancy and spending naturally follows.
7. *Wider Spread:* While till a few years back, Multiplexes were seen as a metro phenomenon, the story is true no more now. With the increase in economic prosperity and changing lifestyles in tier 2 & 3 cities, coupled with a scenario of pent-up demand, multiplexes are finding new growth avenues in these cities. The move into these so far un-served markets promises not only rapid expansion but a very profitable one as well.
8. *Tax Exemptions:* The Tax exemptions offered by several states are helping multiplexes to expand and garner scale at lower costs. This encouraged venturing into smaller cities which were earlier off the radar on account of business unfamiliarity and doubts on their viability under normal operating conditions.
9. *Availability of Organised Retail Space:* Today, going out for the movies is a wholesome experience that bundles in food, games, shopping etc. With the coming up of a sizeable number of malls in almost every city now, the avenues to open up multiplexes in these kind of atmosphere and ambience have multiplied, eliciting an enthusiastic response from the consumers.
10. *Low Density of Screens:* India has about 12 screens per million of population, compared to over 100 screens in the USA. With our country on the economic upswing, this is a pointer to the immense potential that lies with the industry in terms of expansions, growth and profitability.

### Threats

1. *Good Quality Content:* this is one of the biggest challenges the industry is facing as content forms the core offering of the multiplexes. Absence of engaging, original and relevant content has a direct impact on the number of patrons that visit the multiplexes, thus affecting revenues in the most direct manner. Often one sees a string of movies which are low on the above factors, resulting into thinning attendance at the multiplexes. Movies that find mass appeal such as 3 Idiots and Dabangg come in at wide intervals, thus bringing in uncertainty and seasonality into the business. However, with the advent of professionalism, new talent, easy financing and experimentation, the quality of content is expected to be on the rise.
2. *Crowding of multiplexes:* Buoyed by the overall prospects of the industry, several players have opened up multiplexes without due diligence, relying more on euphoria and most-optimistic case scenario calculations. What this has resulted into is the mushrooming of similar multiplexes in several regions, often a capacity that is much beyond what the market demand can match. This is resulting into unhealthy competition, lower profitability and compromised consumer services in such markets. This trend, if continues, will harm the overall prospects of the industry. The good thing is that the results of such ill-thought out expansions are now out in the open, and the lessons have been learnt early on. It is expected that in future, financial prudence and proper market-sizing will lead to the coming up of an optimal number of multiplexes.
3. *Piracy:* Piracy is harming the industry on account of the lost revenue leakages. This problem becomes all the more pertinent when we consider that the average life of a movie is now limited to just the first or the second weekend. However, digitization of screens and a strong legal framework is likely to reduce its impact.
4. *Enlarged competitive framework:* The competition for the overall industry has increased on account of the new shopping avenues, gaming zones, adventure activities as they all go after the same consumer's share of time and wallet. Specifically for multiplexes, competition also comes in from sale of cable & TV rights and alternate delivery channels such as mobiles, internet, tablets and DTH – all of which is witnessing a sharp growth. The fact, however, still remains that the overall industry is expanding healthily, and multiplexes still have the largest share. This trend is likely to continue as well, though it opens up a case for multiplexes to diversify and differentiate.



### Operational Overview

Your Company's film exhibition performed very well in the year gone by, recording an increase in all the key business parameters. Following is a brief snapshot:

Cinema	2009-10	2010-11	% Growth
No of Admits - mn	1.64	2.52	53.66%
Income from Sale of Tickets - mn	147.94	265.34	79.36%
Income from Sale of Food & Beverages- mn	42.24	70.28	66.38%
Income from Advertising - mn	27.68	31.30	13.08%
Net Operating Income - mn	32.13	66.13	105.82%
Average Ticket Price (ATP) - Gross	107.4	119.2	10.99%
Spends per Head (SPH) - Gross	29.00	31.60	8.97%
Occupancy Levels	26.20%	20.40%	-

The slide in occupancy levels in the table above is an anomaly and one-time occurrence. It is explained by the fact that most of the new screens were commissioned towards the end of the financial year, and the year ended before they reached their optimal level of operations. The situation was compounded by the fact that this period was also the off-season and the cricket season as well. It is pertinent to observe that the business recorded good growth across all other performance parameters.

Your Company is strongly focused on its strategic expansion & operational roadmap and is confident of reporting even better numbers in the times to come.

### Future Outlook

After a phase of de-growth, the entire industry is now witnessing a promising growth phase, with all the macro environmental factors such as demographics, income levels and lifestyle trends on its side for a period of sustained growth and profitability. The low penetration of multiplexes, with a share of just 8%, with 1% share in global revenues and a screen density of 12 per million is in fact points towards a huge growth potential available to the entire industry.

With a strong financial position, keen consumer understanding and an excellent team, your Company is confident of realizing its plans to touch upon new markets and new consumers, with new levels of profitability.

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### FOOD & BEVERAGE

India is the world's second largest producer of food in the world and the food processing industry is one of the largest industries in India. India is ranked fifth in the world in terms of production, consumption, export and expected growth. India's food industry is valued at US\$ 180 billion of which the food processing industry is estimated at US\$ 67 billion, according to a report 'Food Processing and Agri Business', done by KPMG.

This is a pointer to the limitless scope that F&B holds in the country. So much so, that in this land of food-lovers, it is common to hear that one can never lose money in the food business.

One of the most promising segments in this scenario is the fast food or food on the go segment which includes food courts, quick service restaurants and the like. According to a National Restaurant Association of India (NRAI) 2010 report, the fast food industry in India is currently estimated at Rs 6,750 Crore to Rs 8,000 Crore, growing at a CAGR of 35-40 per cent annually.

Small wonder that the market is dotted with multiple domestic and international brands. The domestic brands are successful on account of their unsurpassed understanding of the Indian consumers' needs and preferences, as well as their adoption of the best practices of the trade. Global brands on the other hand can attribute their success to their expertise in product development, sourcing abilities, quality standards, service levels and standardized operating procedures in their restaurants, a strength they have developed out of their years of experience around the world.

But behind the real success are the Indian consumers. The changing lifestyle and income levels have made them gravitate towards an increasing culture of eating out, as compared to the generation before. They have greater international exposure and love westernized lifestyle. The great Indian consumer is experimentative and has warmly adopted international cuisines. Apart from this, other factors such as scarcity of time etc. are also working out to create additional consumption occasions for food courts and restaurants. All this has put the entire industry into an overdrive.

Additionally, the malls and multiplex culture has played the role of catalyst in the entire scheme of things, and smart players latched on to this opportunity early on. In fact some studies suggest that as high as 85% of the visitors to a mall reach out to the food court - a tremendous gift of assured footfalls to both the mall and the F&B outlets.

### Business Overview

The F&B operations of your company led by SRS 7dayz did very well in the last financial year. It opened up a new outlets as well as tried different formats. This included a café version of the food court with quick-serve menu that were opened up at places as diverse as a university campus in Moradabad and a leading specialist hospital at Faridabad. This flexibility will help your company serve its consumers in different scenarios instead of just malls, as well as in places with a comparatively lower footfall.

While food courts remained the most visible part of the business, the fine dining restaurants of the Company also did very well during this period, attracting a premium profile of patrons, with a high level of repeat visits. The banquets operations too showed an admirable increase in the business.

During the year, key event such as Valentine's Day, Raksha Bandhan, Diwali etc were leveraged to bring in added excitement and increased footfalls, while making most of the opportunity by ramping up sales of seasonal products such as sweets and gift packs.

To bring in greater standardization and uniformity of preparations, initiatives such as menu re-engineering were also undertaken. Innovations in food preparations were put in place to make the consumer dining experience exciting, and also build a higher level of preference for the brand.

The results of these combined efforts have been highly encouraging as reflected in the snapshot below.

	2009-10	2010-11	% Growth
Operating Margins	12.4%	16.4%	32.26%
Net Operating Income-mn	21.1	35.8	65%

### Opportunities

There cannot be a dearth of opportunities in a food-loving nation like ours. Following are the reasons why the Company and the entire industry look towards the coming times with optimism:

- *Favorable Consumer Dynamics:* The consumer profile today is highly conducive for the growth of the industry, and a simple look at the trends confirms this. This includes rising income levels, increase in the nuclear families, abundance of double income families, working women, scarcity of time and focus on self-indulgence. All this is leading to more and more people to eat out.

- *Increased Exposure:* With increased exposure through direct travel outside or through media such as television, people are ready to try out newer cuisines from abroad which may include Chinese, Continental, Lebanese, Thai, Arabian and more. As a result, people are willing to try out much more than earlier.
- *Increasing share of wallet:* Eating out has ceased to be a rarity it used to be earlier, and now it is common to eat out 4-6 times a month. This means increased visits for outdoor eating as well as an overall higher share of the consumers' wallet for this purpose.
- *Huge Middle class:* Out of a total of 300 million, almost 100 million people from this class are said to be the core target segment for this industry.
- *Increased Occasions of Consumption:* The industry is benefitting from increased occasions of eating out. This includes eating out while travelling in rail, planes or by road; while working late in offices such as BPOs; celebrations and so on – occasions which are not the classical eating-out instances but rather a new segment as a result of changing lifestyles.
- *Increase in the number of malls and other organized retail real estate:* With this, the number of areas where consumer footfalls concentrate is on the rise, giving new opportunities for the outlets to expand profitably.

### Threats

A few factors pose challenges to the industry and this include:

- *Health related concerns:* Out of home food, particularly fast food is considered as unhealthy and fattening leading to negative advice from influencer groups like parents, doctors etc. This stigma may not always be true and justified but still exists. To counter this, outlets need to and are introducing healthier menu items such as salads as well as reducing trans-fats and other such ingredients from the preparations.
- High cost of raw material
- Lack of proper infrastructure and cold-storage supply chains
- Manpower and Taxation issues

### Future Outlook

The future looks good for the F&B industry with long term consumer trends being highly supportive. Players who can give good value and service, introduce innovations, localize preparations and have a good understanding of their consumers are virtually assured of a bright future. Your company, with its strong knowledge base and operational experience is well set to report still greater progress on this front by touching new markets, new consumers and new product lines.

### RETAIL

Retail is a key pillar of the country's economy and accounts for 13% of the GDP and employs over 7.2% of the total workers. With the advent of organized retail, it promises to be a sunrise industry for many years to come. According to Price Waterhouse Coopers, India's retail sector, which is currently estimated at about US\$ 500 billion, is expected to grow to about US\$ 900 billion by 2014.

The structuring of the Indian retail market is unusually balanced in favour of the unorganized market, with the organized modern retail accounting for just about 6% of the total market size. Most of the country's 12 million retail outlets belong to the kirana and mom & pop variety. While India has the highest density of retail outlets per person (7 per thousand), the retail space per capita is 2 sq. ft. or 0.19 sq mts. the lowest in the world. Of all the existing retail outlets, only 4% are larger than 500 sq mts.



But it is these peculiarities that make the future of organized retailing very promising. In fact, while the unorganized segment is growing at about 6-7% per annum, the organized retail is growing at a pace of 20% per annum. That is a big reason to cheer for all the retail players. In a recent report, McKinsey and Co states that Organized retail in India is expected to increase from 5 per cent of the total market in 2008 to 14-18 per cent and reach US\$ 450 billion by 2015.

The factors triggering this high growth levels include a strong underlying economy, increase in the overall wealth of people, and rapid construction of organized retail infrastructure. The changing lifestyle of the people is creating demand for superior products, convenience of shopping and desire for stores with a premium ambience.

The writing on the wall is clear. Global giants want to come and start operations in India. India has also been ranked as one of the top most attractive nation for retail investment among 30 emerging markets by the US-based global management consulting firm, A T Kearney in its 9th annual Global Retail Development Index (GRDI) 2010. Within Asia, India is expected to account for the third largest share at US\$ 2.7 billion in 2015, according to a report released by research firm Ovum on January 12, 2011.

### Business Overview

Your Company carries a matured understanding of the dynamics of the retail business thanks to its spread and approx 6 years of domestic operations. Today, the retail operations include 25 stores spread across Delhi, Gurgaon, Faridabad, Jind, Palwal, Amritsar and Noida.

The Company's core competency lies in FMCG retail wherein its brand SRS Value Bazaar offers a diverse range across food & groceries, fruits & vegetables, personal care, home care, bakery, cosmetics, appliances and confectionery among others. At select stores, multi-brand apparels are also retailed. In fact, apparels hold strategic importance in the company's retail portfolio, and SRS Fashion Wear is a dedicated multi-brand apparel store for the entire family. Apart from this, the company is also a player in the retail cash & carry space. Overall, the company operates about approx. 135,714 Sq. Ft. of retail space.

The company retails manufactured brands as well as its own private labels to offer greater value to the customers. These include S Touch and La Viva in the apparel space and Sure Shine in the home care categories.

The company's retail operations did very well over the last 12 months, and that is attributed to its understanding of the nitty-gritty of retail. Strong adoption of IT in retail by way of Automatic Replenishment System ensures top fill rates in every store, as well as automated re-ordering of goods from the warehouse. Measures such as these have helped reduce inventory levels as well as bringing the best products and deals to consumers.

Your company focused strongly to attract a higher number of consumers in the face of rising competition. It continued offering special deals for the month as well as for its Thursday Best Value Day program. Importantly, it took upon proximity marketing wherein it strongly focused around the captive audience in the vicinity areas. This is important as people in the catchment area are the ones who can be converted into loyal and repeat consumers. These efforts have met with good results. Apart from this, the regular focus on brand building, advertising campaigns and below-the-line activities continued to work well. To reward its customers and keep them aligned with the brand, the company has a loyalty program in place, and is working on introducing a still more powerful version in the near future.

In the year gone by, one prominent launch was the launch of a new, premium store at Gurgaon. Spread across approx. 13,866 sq. ft., this store is positioned at the middle to upper middle segment and stocks top of the line Indian and Imported product categories. Though new, the store is already reporting good revenues.

Overall, the retail operations gained firm ground, and the success is attributed to good services, sensible location, good brand & product mix and good brand building. All this is translating into higher level of customer footfalls and average basket size.

### Operational Overview

Retail operations closed the year on a strong note. It opened up new stores and rationalized existing ones. A strong focus on purchases resulted in effective buys of products from manufacturers that helped the Company to offer best prices to consumers while safeguarding its margins. Strong back-office systems resulted in impressive inventory management and equally good shelf-fill rates. The Company also undertook aggressive consumer promotion programs to build loyalty and attract new consumers. Planning for new stores also maintained its tempo, with the focus being on opening new stores at promising locations at attractive terms.

### Opportunities

- *Low share of Organised Retail:* According to the report 'Strong and Steady 2011' released by Pricewaterhouse Coopers, while the overall industry is pegged to touch USD 900 bn by 2014, the share of organized retail stands at just about 6% as on date. Further, it is expected to grow at the rate of 20%. This signals at the huge opportunity that lies in front of the various players, which assures years of continued growth and expansions.
- *Conducive Consumer Trends:* Today, consumers are looking at convenience above anything else. They prefer to go to stores which can meet most or all their needs at a single location. Shopping also has become an entertainment avenue – even food & groceries for that matter, and therefore, consumers want to go to a store with a pleasing ambience, wide product range and safe environment. Along with this, it is pertinent to note that along with the population, income levels too are rising, coupled with increase in the number of nuclear families and double income households. All these are factors which can directly contribute to the growth of retail.
- *Rationalization of Real Estate:* Compared to a few years earlier, real estate prices as well as rentals have come down to more sustainable levels. Since this is one key cost head of retail operations, it is having a very positive effect on the retail mechanics. Additionally, there is also an increase in the availability of good real estate for retail operations. Both these factors are ensuring that retail expansions can be financially prudent and fast.
- *Sizeable Middle Class:* India boasts of a 300 million strong middle class that is growing at about 2% - this huge market size is in itself a reason for the entire industry to cheer about.
- *Potential in Tier 2 cities:* With rapid urbanization and increase in incomes in the tier 2 & 3 cities as well as the prosperous rural belts, the canvass for retail becomes much larger. This developments throws open several new markets and consumer segments that will enable the retail sector to grow significantly.

### Challenges

Quite a few challenges face the Indian retail industry today, and the future course would depend how well these challenges are addressed.

- *Tax Structure:* The existing tax structures in India favour the small retail business and are not geared towards addressing the nuances of organized modern retail.
- *Infrastructure facilities:* Infrastructure forms the backbone of retail operations, and the current state is below the desirable levels. Issues in the area of supply chains, cold storage, electricity etc are some of the roadblocks. These are all the more critical when it comes to perishable products compared to FMCG products as the former are not only delicate but have a much shorter shelf life as well.
- *Market Diversity:* The Indian market landscape is diverse with varying consumer segments, needs and price-value perceptions. To succeed, it is imperative for the retail operations to be customized as per local needs and desires. This means that the roll-out cannot happen on an automated, standardized format, and instead needs fine-tuning for every region. This demands greater time, detailing and people with specific market knowledge.
- *Manpower:* There is a dearth of skilled manpower in retail. This can be explained on account of the comparatively early lifecycle stage of the retail industry in India, and in part to the lack of vocational institutes and study programs for the retail industry. Therefore, hiring of skilled manpower for operations and expansions becomes a key challenge.



- *Low Management Skills:* For the reasons elucidated above, the knowledge pool of retail industry is limited at times. The domestic industry does not allow 100% FDI in multi-brand retail, and that is one reason why the best practices from the western markets has not flown freely. On account of this, domestic knowledge set is evolving at a slower pace, and is at a significant gap with evolved markets in areas such as retail supply chains, logistics, purchasing, IT systems and so on. Access to these best practices is not easy and very often, quite expensive. The industry is seeing improvements on this front, and this barrier should get dissolved soon in the times to come.
- *Financials:* The financial aspects of the business are challenging as it entails high level of investments. While operational requirements demand premium ambience, high service levels, attractive pricing and skilled manpower, the challenges include low margins and hence a dependency on high volumes to break even. This makes the retailing not an easy business to set up and run.

### Future Outlook

In spite of the challenges, there is no denying that retail offers a fabulous long term potential for diligent players. Your Company is in close alignment with the trends and is confident of bringing higher profitability and growth into this vertical. After all, organized retail is a market that is set to grow three times in the five year period starting 2010 to touch USD 80 bn by 2015, and your Company is likely to gain from this expanding market.

Your company is looking at a combination of different store formats to capitalize on the needs and prospect of different markets. It also intends to fortify its position as a value-added brand for the middle and upper middle income strata with a view to differentiate itself and bring in a fine focus to its operations. Your Company believes that this strategic focus will bring in long term profitable growth in the times to come.

### JEWELLERY

India is almost synonymous with gold and jewellery, and it would be precise to say that it is very much a part and parcel of the country's culture and tradition. Think of significant milestones such as a child's birth, marriage, new job, gifting or pure indulgence, and one will see that gold and jewellery is a part of the overall scheme of things. With this, a presence in this industry is prudent on account of its current and future potential. The recent dynamics of the domestic market as well as the call of the exports market has made this a lucrative segment.

#### Industry Overview

The fact that jewellery is an intrinsic part of the lives of Indians is well amplified by the fact that India owns over 18,000 tonnes of above-ground gold stocks (all physical and gold holdings, including private, Reserve Bank of India and institutional) worth around US\$ 800 billion, as reported by the World Gold Council (WGC).

The love for the yellow metal and diamonds is likely to assure a CAGR of 13% for the Indian gems and jewellery sector during 2011 – 2013. According to CRISIL, the diamond industry in India is likely to remain stable during 2010-11 due to improved prices and steady demand. India's share of global demand, which stood at 16 per cent in 2009, rose to 25 per cent in 2010. The country is also the biggest buyer of gold jewellery with a 20 per cent share of the market.

Apart from the positive trends for the domestic industry, things on the export front are looking equally promising. Gems and Jewellery Export Promotion Council (GJEPC) is optimistic about the jewellery exports to surpass the target of US\$ 30 billion in 2010-11, and this is reinforced with the exports of US\$ 2.86 bn in January 2011.

It is a healthy market for both gold and diamond jewellery. As per WGC data, for the quarter ended December 31 2010, India's gold jewellery demand rose 47 per cent to 210.5 tonne from a year ago. The diamond jewellery industry grew 30 per cent in calendar year 2010 and is likely to carry on the momentum with a 20% growth in 2011.

Overall, the current scenario and long term trends could not have been more promising.



### Business Overview

The Company's operations did extremely well, and are all set to achieve greater scale and prominence in the retail and wholesale businesses.

The highpoint on the retail front was the opening up a new, premium store at the upmarket Rajouri Garden in New Delhi. With this, SRS Jewells has gained wider visibility and recognition, drawing a new, rewarding set of consumers into its fold. With this, the brand now operates three stores at New Delhi, Faridabad and Palwal.

During the year, SRS Jewells introduced exciting schemes to increase footfalls by delivering a higher value to customers. This saw many first-time customers visit us and make purchases. A slew of seasoned professionals were added to the strategy team for better management, and some of the finest front line professionals were brought in to deliver a superior experience to the customers. Wise procurement and price hedging also went a long way to build health for the business.

As a result of all these efforts, the brand is on its way to building a strong reputation for its fine design range, delightful customer service, pricing and transparency. With this, the brand is fast earning the trust of people, a key factor for success in this industry.

Your Company aspires to become a key player in the jewellery segment. Apart from front-end retail stores, it has also set up a unit in Special Economic Zone (SEZ), Noida for manufacturing of jewellery to participate in the international markets. Moreover, it has also set up a jewellery manufacturing unit at Patparganj, New Delhi through its wholly-owned subsidiary, SRS Jewells Limited. With this planning in place, the Company is confident of establishing a strong presence in the marketplace.

### Opportunities

The industry is thriving with opportunities for wise players such as your company, and can be effectively utilized for expansions and scale-ups across markets. Gems and jewellery is a fast growing market in India and offers significant growth opportunities.

- *Promising outlook for Branded Jewellery:* Branded jewellery truly has a bright future as people migrate to dependable brands for fine designs, value and peace of mind. On account of this, branded jewellery is expected to record a growth rate of over 40% in the years to come.
- *Continued Government Support:* The Government is aiding the industry with strong measures such as setting up of SEZs, formulated new rules for faster clearance of import and export consignments as well as interest subvention of two percent to labour intensive export sectors and duty drawback facilities, in order to promote gems and jewellery export. This is directly encouraging the overall industry by smoothening operations, reducing costs and enhancing profitability.
- *Labour Advantage:* The Indian industry can boast of a highly skilled and low cost labour. While the higher order skills lead to better designing and manufacturing, low labour costs mean fairly priced products, more so relevant for the diamond and export market. For example, the cost per carat for cutting and polishing diamond in India is USD 10 compared with USD 17 in China and USD 150 in Belgium, giving us a definitive edge.
- *Favourable Consumer Trends:* The economic prosperity is on the rise, leading to globally higher per capita income levels. Consumer lifestyle is changing towards a more status driven society that is willing to spend, not just to save, but also flaunt their wealth. Consumers also are falling in love with different kinds of jewellery designs, increasing the overall share of spends on this segment.
- *Strong Exports Potential:* On account of well developed jewellery manufacturing industry, low labour costs, high level of diamond cutting industry and enabling regulatory framework, the export opportunity is indeed very large for the Indian gems and jewellery industry. Gems and jewellery exports from India, the largest supplier, rose by 39 per cent in the April 2010-January 2011 period, according to the Gem & Jewellery Export Promotion Council – a pointer to the increasing importance and potential of exports.

### Challenges

In spite of the optimism, there are some challenges the industry needs to be aware of. The good part is that they can be managed well, without letting them turn into major barriers in the path of growth.

- *Fragmented and unorganized market:* The market is dominated by the unorganized sector with a multitude of fragmented operations, which often compromise transparency and fair dealing. However, this is fast changing with the advent of branded jewellery, which is now said to be growing at a 40% annual rate.

- *Rising Gold Prices:* Gold prices have de factor doubled over the last three years, which is making customer a little wary, even though the long term potential for appreciation remains high. The high end user jewellery prices are playing sort of spoil sport, though this is mitigated to some extent with the intrinsic attraction for gold as well as rising prosperity.
- *Threat from China:* The Chinese industry is getting active in terms of sourcing of raw material as well as in the international exports markets. Their government is also making significant alliances with the African countries which supply rough diamonds. This may dent the Indian industry to an extent, though this risk can be managed on the strength of our skills, cost advantage and reputation in the global arena.

### Future Scenario

Things look extremely promising for the Indian gems and jewellery industry on account of the domestic and international market dynamics. Your company intends to maximize the opportunities to record greater sales & customer acquisition while expanding its reach through opening of its stores in new markets and locations. Though it will offer something good for all consumer classes, it will focus specially on the high net worth buyers for its range of premium jewellery that comes in different varieties, styles and finishes. It is also setting up an EoU to reap the rewards of the export markets. With this, your company is confident of touching new heights in this business.

### SRS Limited: The Road Ahead

Your Company has firm expansion plans to leverage the growth opportunities and proposes to add fresh numbers to its outlets for profitable growth, while also adding strength to its current operations. While internal accruals will be channelised for this, the Company is also planning an IPO for which it has already received SEBI's Observation Letter on its DRHP - the bulk of the IPO proceeds are earmarked towards engineering this expansion. Your Company intends to stay with its focus on tier 2 & 3 cities to set up most of its new properties across its four verticals to benefit from the first mover advantage, pent-up demand, lower operating costs and enabling market scenario offered by these markets.

### HUMAN RESOURCES

It is rightly said that today, no company sells any products or services, instead they merely are in the business of delivering great consumer experiences. It is the belief of your company that to deliver such memorable experiences to consumers, it is critical to have a happy, motivated and empowered team.

This underscores the importance your company lays on good human resource management. In the year 2010-11, your company focused on recruitment, health prospective, training and annual appraisal evaluation. During 2010-11, professionals with multi domain experience were recruited in all divisions Jewells, Retail, Food & Beverage and Cinemas. The sharp and consistent focus on HR is a direct result of the fact that your Company's Chairman is himself a D Litt in International Human Relations.

Throughout the year gone by, your Company focused on attracting top quality talent across the industry by offering challenging profiles across functions and matching benefits. This inflow of fresh talent is a regular feature that aims to bring in new perspectives and creativity into the system and have a dynamic team in place. The company's strong induction program ensures that they get aligned to the company's business and vision and contribute accordingly.

Along with this, your company laid focus on developing its managers for leadership positions to ensure that they can handle larger responsibilities and enjoy a satisfying career graph. Promoting people from within has been a key strategy as it not only rewards loyal employees but also creates a leadership line that has strong foundations by virtue of a hands-on experience across all aspects of business operations. The company's unique ability to offer its employees a wide exposure, thanks to its presence in cinemas, F&B, retail and jewellery, is a key factor in their enrichment and growth.

Besides bringing in fresh talent and grooming the existing talent pool, your company reviewed the entire personnel structure and toned it pruning profiles and positions that were not relevant any longer. All put together, your company's innovative management and professional excellence enables its employees to develop themselves as leaders to meet the challenges of a fast changing and dynamic economy.



Besides bringing in fresh talent and grooming the existing talent pool, your company reviewed the entire personnel structure and toned it pruning profiles and positions that were not relevant any longer. All put together, your company's innovative management and professional excellence enables its employees to develop themselves as leaders to meet the challenges of a fast changing and dynamic economy.

Currently your company employs 1318 committed employees across its various verticals. 2010-11 was a good year for your company and because of the business expansions, manpower recruitment, training, performance appraisal and other HR initiatives attained greater importance.

The company regularly undertakes measures to make life enjoyable, simpler and meaningful for its team. It is the belief of the management that a stimulating work culture and empowered environment is a key factor in realizing higher output from the team, which in turn leads to higher profits and benefits all stakeholders of the Company.

### Health Prospective

Staying with its focus on employee welfare, 197 employees and 272 dependents were covered under the Group Medical Insurance through United India Insurance Company Limited, benefited through Group Personal Accidental Insurance Policy. Your Company has corporate tie-up with 4 reputed private hospitals to facilitate the medical treatment of its employees and their dependents under a broader health service. Further, a preventive health checkup camp was also organised at SRS Banquets, Faridabad in June 2010. It is the endeavour of the company to have a healthy and secure pool of workforce who can continue to contribute and grow with complete peace of mind.

As a result of all these efforts, your company has a formidable advantage of having a motivated team that is passionate about taking the business to a higher level of growth. This is the company's most precious asset base.

### INFORMATION TECHNOLOGY

IT is the highway on which successful businesses zip ahead. Your company has consistently realized the importance IT holds in a fast growing enterprise, and thus continued its momentum of having an efficient and intelligent IT backbone in place that would enable it to work faster and smarter, across businesses, departments and geographies. Your company has successfully been able to implement the latest technology and solutions.

The master set-up includes hardware equipments with 40 business servers, 12 Radio Frequency Towers (RFT), over 1200 users. In addition to this, 8 business applications spanning 40 locations run effectively under a secure VPN (Virtual Private Network).

One of the key objectives behind such an expansive IT layout is to ensure that managers of your company can take sound business decisions based upon an efficient MIS. With this in view, special servers are configured to gather the data from various locations at a fixed frequency and merge the data into one for an all-inclusive MIS for the management on regular periodicity.

A Share point portal was also introduced that helps in maintaining the vital data files, drawings etc. at a common location in an absolute updated format and sharing with a large group from various scattered sites. The company also installed Cloud Computing for better business management. Cloud Computing, a general term for anything that involves delivering hosted services over the Internet, has enabled the Company to provide access to its network and software applications to personnel operating out of small remote sites or roaming across the country.

Needless to say, with the running of mission-critical applications and matters of business confidentiality and safety, security is a top concern of your company. For the security of the data and the servers, firewalls - sonic wall have been installed to prevent any unauthorized access and usage. Going a step forward, it has been refined to create a VLAN, which creates various virtual networks under one physical network to prevent any unauthorized access of one department into another.

All offices across cities are connected under VOIP (Voice Over Internet Protocol) to aid effective communication. Since the properties of your company are spread across cities, remote surveillance by way of CCTV has been implemented for a real-time monitoring and control.



Your Company is committed towards investing in IT to help create a nimbler, empowered and efficient organization that is able to take good business decisions based upon strong informatics and reporting.

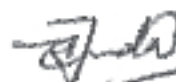
**CAUTIONARY STATEMENT**

Certain statements in the 'Management's Discussion and Analysis' Report describing the Company's view about the industry, expectations/predictions, objectives etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied in this report. Important factors that could make a difference include change in supply & demand conditions, change in Government Regulations, tax regimes, economic developments within the country and factors such as litigation, industrial relations and the like.

For and on behalf of the Board



**(Anil Jindal)**  
Chairman  
DIN-00005585



**(Sunil Jindal)**  
Managing Director  
DIN-00013791

Place: Faridabad

Dated: 28<sup>th</sup> April 2011


## AUDITORS' REPORT

To,  
The Members of  
**SRS LIMITED,**  
Faridabad.

1. We have audited the attached Balance Sheet of **SRS LIMITED** ('the Company') as at 31<sup>st</sup> March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies (Auditor's Report) (Amendment) Order, 2004] [hereinafter referred to as 'Order'] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.S. KOTHARI MEHTA & CO.**

Chartered Accountants  
Firm Reg. No. 000756N

  
Naveen Aggarwal  
Partner  
Membership No. 94380



Place: New Delhi  
Date: 28<sup>th</sup> April, 2011

## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- i.
  - (a) The records showing full particulars including quantitative details and situation of fixed assets are in the process of updation.
  - (b) As explained to us, major fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancy as such has been noticed on such verification, however the same would be adjusted, if any, on the updation of records.
  - (c) Fixed assets disposed off during the year were not substantial and therefore, do not affect the going concern assumption.
- ii.
  - (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. As far as we could ascertain and according to the information and explanations given to us, no material discrepancies were noticed between the physical stock and the book records.
- iii.
  - (a) During the year the company has granted interest free loan to its subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 93 Lacs and closing balance is Rs. Nil.
  - (b) In our opinion, the rate of interest wherever stipulated, and other terms and conditions for such loans are not prima facie prejudicial to the interest of the company.
  - (c) The loan was fully received during the year by the company. Hence the provisions of clause 4 (iii) (c) & (d) of the order are not applicable to the company.
  - (d) As informed the Company had not taken any loan, secured or unsecured from companies, firms or any other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) (f) to (g) of the order are not applicable to the company.
- iv. In our opinion and according to the information and explanation given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system of the Company.
- v.
  - (a) According to information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable to the Company.



- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business and activities.
- viii. According to information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of business carried out by the Company. Therefore, provisions of Clause 4(viii) of the Order are not applicable to the Company.
- ix. (a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty and Cess and any other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrear as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they become payable.
- (c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.
- x. The company has no accumulated losses as at 31<sup>st</sup> March 2011 and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its Bankers and debentures. The Company did not have any outstanding loans from any financial institution during the year.
- xii. In our opinion and according to the information & explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. As per the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. To the best of our information and knowledge and as per records verified by us, the Company has applied its term loans for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties, firms and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us, the Company has not issued any debentures. Therefore, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by means of public issue during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable to the Company.

xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S.S. KOTHARI MEHTA & CO.**  
Chartered Accountants  
Firm Reg. No. 000756N


Naveen Aggarwal  
Partner  
Membership No. 94380

Place: New Delhi  
Date: 28<sup>th</sup> April, 2011

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011

Particulars	Sch No.	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	10,429.10	10,429.10
Reserves and Surplus	2	21,002.43	17,289.22
		<u>31,431.53</u>	<u>27,718.32</u>
<b>Loan Funds</b>			
Secured Loans	3	27,352.18	16,104.60
Unsecured Loans	4	25.00	124.00
		<u>27,377.18</u>	<u>16,228.60</u>
Deferred Tax Liability (net)		1,375.56	1,152.01
<b>Total</b>		<u>60,184.27</u>	<u>45,098.93</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block (at cost)	5	26,110.92	20,689.92
Less: Depreciation		3,124.81	1,988.71
Net Block		22,986.11	18,701.21
Capital Work in Progress		188.94	2,795.15
		<u>23,175.05</u>	<u>21,496.36</u>
<b>Investments</b>			
	6	38.75	5.00
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	10,235.52	12,340.28
Sundry Debtors	8	27,094.62	9,997.78
Cash & Bank Balances	9	3,039.02	1,840.16
Other Current Assets	10	35.53	12.83
Loans & Advances	11	2,392.84	2,577.37
		<u>42,797.53</u>	<u>26,768.42</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	12	4,997.23	2,770.50
Provisions	13	956.06	419.45
<b>Net Current Assets</b>		<u>36,844.24</u>	<u>23,578.47</u>
<b>Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	14	126.23	19.10
<b>Total</b>		<u>60,184.27</u>	<u>45,098.93</u>
Significant Accounting Policies and Notes to Accounts	23		

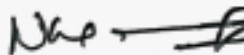
The schedules referred to above and notes to accounts form an integral part of the Financial Statements.

As per our report of even date attached.

**For S.S. Kothari Mehta & Co.**

(Chartered Accountants)

Firm Reg. No.000756N



**(Naveen Aggarwal)**

Partner

M. No. 094380

Place: Faridabad

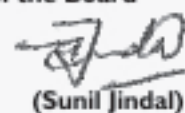
Dated: 28<sup>th</sup> April, 2011



**For and on behalf of the Board**

  
(Anil Jindal)

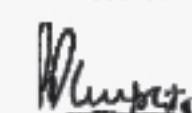
Chairman  
DIN-00005585

  
(Sunil Jindal)

Managing Director  
DIN-00013791

  
(Navneet Kwatra)

COO & Company Secretary  
M. No.16672

  
(Bhagwan Dass)

Chief Financial Officer



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

Particulars	Sch No.	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Income</b>			
Revenue from Operations	15	2,04,080.08	1,30,774.99
Other Income	16	184.17	35.69
Change in Inventories	17	3,489.16	2,173.96
<b>Total</b>		<b>2,07,753.41</b>	<b>1,32,984.64</b>
<b>Expenditure</b>			
Operational Expenses	18	1,92,324.85	1,21,287.22
Personnel Expenses	19	1,783.79	1,315.24
Administrative and Other Expenses	20	3,778.39	3,291.64
Financial Expenses	21	2,452.70	1,671.25
Marketing Expenses	22	536.43	375.44
Depreciation	5	1,199.69	849.09
<b>Total</b>		<b>2,02,075.85</b>	<b>1,28,789.88</b>
<b>Profit before Tax</b>		<b>5,677.56</b>	<b>4,194.76</b>
<b>Less: Provision for Taxation:</b>			
-Current		1,704.29	1,308.03
-Deferred		223.55	290.52
-Earlier year (s)		36.51	2.15
<b>Total Tax Expenses</b>		<b>1,964.35</b>	<b>1,600.70</b>
<b>Profit after Tax</b>		<b>3,713.21</b>	<b>2,594.06</b>
Profit brought forward from previous year		6,310.68	3,716.62
<b>Amount carried to Balance Sheet</b>		<b>10,023.89</b>	<b>6,310.68</b>
<b>Earning per share :</b>			
(Refer Note No.B-17 of Schedule No.23)			
Face Value per Equity Share (in Rs.)		10.00	10.00
-Basic & Diluted (in Rs.)		3.56	2.53

Significant Accounting Policies and Notes to Accounts 23

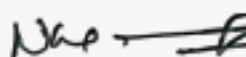
The schedules referred to above and notes to accounts form an integral part of the Financial Statements.

As per our report of even date attached.

**For S.S. Kothari Mehta & Co.**

(Chartered Accountants)

Firm Reg. No.000756N



**(Naveen Aggarwal)**

Partner

M. No. 094380

Place: Faridabad

Dated: 28<sup>th</sup> April, 2011




**For and on behalf of the Board**



(Anil Jindal)

Chairman

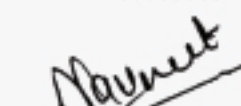
DIN-00005585



(Sunil Jindal)

Managing Director

DIN-00013791



(Navneet Kwatra)

COO & Company Secretary

M. No.16672



(Bhagwan Dass)

Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

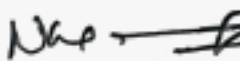

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>A Cash Flow from Operating Activities</b>		
Net Profit before Tax (as per Profit & Loss Account)	5,677.56	4,194.76
Adjustment for:		
Depreciation	1,199.69	849.09
Amount w/off (net)	9.45	176.39
Interest Expenses	2,452.70	1,671.25
Loss/(Profit) on Capital Assets	1.71	136.72
Fixed Assets & CWIP written off	25.80	169.62
Interest Income	(141.95)	(16.47)
Operating Profit before Working Capital Change	<u>9,224.96</u>	<u>7,181.36</u>
Adjustment for:		
Trade and Other Receivable	(17,023.80)	(7,082.24)
Inventories	2,104.77	(9,702.49)
Trade Payable and Other Liabilities	2,197.02	974.22
Cash Generated from Operations	<u>(3,497.05)</u>	<u>(8,629.15)</u>
Direct Taxes Paid	(1,221.04)	(929.37)
Net Cash from Operating Activities (A)	<u>(4,718.09)</u>	<u>(9,558.52)</u>
<b>B Cash Flow From Investment Activities</b>		
Purchases of Fixed Assets [including Advances for projects]	(3,609.65)	(1,582.33)
Refund of Advances for Projects	0.00	8,116.42
Proceeds from Sale of Fixed Assets & CWIP	805.80	2,663.68
Purchase of Shares of Subsidiary	(33.75)	(5.00)
Interest Received	119.25	5.15
Net Cash used in Investing Activities (B)	<u>(2,718.35)</u>	<u>9,197.92</u>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	138.40	1,508.94
Repayments of Long Term Borrowings	(2,662.90)	(4,994.82)
Net Proceed from Short Term Borrowing	13,673.08	5,041.80
Proceeds from Issue of Shares	0.00	2,207.98
Share Issue Expenses	(107.13)	(19.10)
Interest Paid	(2,406.16)	(1,802.12)
Net Cash used in Financing Activities (C)	<u>8,635.29</u>	<u>1,942.68</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>1,198.85</u>	<u>1,582.08</u>
Cash and Cash Equivalent at the beginning of the year	1,840.17	258.09
Cash and Cash Equivalent at the end of the year	<u>3,039.02</u>	<u>1,840.17</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,198.85</b>	<b>1,582.08</b>

As per our report of even date attached.

For S.S. Kothari Mehta &amp; Co.

(Chartered Accountants)

Firm Reg. No.000756N

(Naveen Aggarwal)

Partner

M. No. 094380

Place: Faridabad

Dated: 28<sup>th</sup> April, 2011

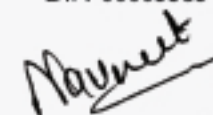
For and on behalf of the Board



(Anil Jindal)

Chairman

DIN-00005585



(Navneet Kwatra)

COO &amp; Company Secretary

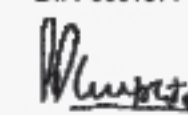
M. No.16672



(Sunil Jindal)

Managing Director

DIN-00013791



(Bhagwan Dass)

Chief Financial Officer

**SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 1: Share Capital</b>		
<b>Authorised</b>		
15,00,00,000 (PY 12,50,00,000) Equity Shares of Rs. 10/- (PY Rs. 10/-) each	15,000.00	12,500.00
<b>Issued, Subscribed &amp; Paid-up</b>		
10,42,91,009 (PY 10,42,91,009) Equity Shares of Rs. 10/- (PY Rs. 10/-) each fully paid up	10,429.10	10,429.10
<b>Schedule 2: Reserves and Surplus</b>		
<b>Securities Premium Account</b>		
Add: Addition during the year	10,978.54	7,694.85
Balance at the end of the year	0.00	3,283.69
Profit and Loss Account	10,978.54	10,978.54
	10,023.89	6,310.68
	<b>21,002.43</b>	<b>17,289.22</b>
<b>Schedule 3: Secured Loans</b>		
<b>Term Loan-Rupee</b>		
-From Bank	14,097.45	8,909.88
-From Others	5.90	18.25
<b>Total (A)</b>	<b>14,103.35</b>	<b>8,928.13</b>
<i>(includes Rs. 10,545.42 lacs (PY Rs. 2,503.38 lacs) falling due for payment within one year).</i>		
<p>-Rupee Term Loan from Bank (on consortium basis) amounting to Rs. 3,902.32 lacs (PY Rs. 6,189.31 lacs) is secured against first pari passu charge on all the fixed assets of the Company, including Equitable Mortgage of land and building at site no 4, City Center, Sector-12 and Multiplex-cum Shopping Mall constructed thereon in the name of the Company and further secured by first pari passu charge on (a) 8 acres of land at Prithla in the name of SPS Buildcon Ltd. (b) 6.84 acres of land at Prithla in the name of SRS Retreat Services Ltd. (c) Extension of charge on current assets. The Facility is further secured by personal guarantee by Directors and corporate guarantee of SPS Buildcon Ltd., SRS Retreat Services Ltd., BTL Industries Ltd., BTL Portfolio Ltd., SRS International Ltd., SRS Professional Services Ltd., and SRS IT Solutions Pvt. Ltd.</p> <p>-Rupee Term Loan from Bank for Jasola Property amounting to Rs. 126.76 lacs (PY Rs. 134.62 lacs) is secured against Equitable mortgage on Jasola Property of the Company and Personal guarantee of relative of Directors and corporate guarantee of SRS Finance Ltd.</p> <p>- Rupee Term Loan (Corporate Loan) amounting to Rs. 1,200 Lacs (PY Rs. 1,487.30 Lacs) is secured against Equitable mortgage of Land measuring 66 Kanal situated on Sector-8, Palwal in the name of SRS Real Estate Limited and Personal guarantee of Director and Corporate guarantee of SRS Real Estate Limited.</p> <p>-Rupee Term Loan from Bank amounting to Rs. 108.50 Lacs (PY Rs. 49.40 lacs) and from Others amounting to Rs. 5.90 Lacs (PY Rs. 18.25 lacs) against Equipments/Vehicles is secured against hypothecation of specified equipments/vehicles of the Company.</p> <p>-Gold Loan (Metal) from Bank amounting to Rs. 8,759.87 lacs (PY Rs. 1,049.25 lacs) is secured against Letter of Credit and FDR.</p>		
<b>Working Capital from Bank</b>		
-Cash Credit	13,248.83	5,145.17
-Demand Loan (in foreign currency)	0.00	2,031.30
<b>Total (B)</b>	<b>13,248.83</b>	<b>7,176.47</b>
<i>(includes Rs. Nil (PY Rs. 2,031.30 Lacs) falling due for payment within one year).</i>		
<p>-secured against hypothecation of stocks &amp; book debts and equitable mortgage of specific properties and Personal guarantee of directors and Corporate guarantee of SPS Buildcon Ltd., SRS Retreat Services Ltd., BTL Industries Ltd., BTL Portfolio Ltd., SRS International Ltd., SRS Professional Services Ltd., and SRS IT Solutions Pvt. Ltd.</p>		
<b>Total (A+B)</b>	<b>27,352.18</b>	<b>16,104.60</b>
<b>Schedule 4: Unsecured Loans</b>		
<b>Short Term Loans</b>		
-Inter Corporate Deposits	25.00	124.00
	<b>25.00</b>	<b>124.00</b>



### SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2011

Schedule 5 : Fixed Assets

(Rs. in Lacs)

Description	Gross Block			Depreciation			Net Block			
	As At 01.04.10	Additions	Sale /Adjustment	As At 31.03.11	Upto 01.04.10	for the year	on Sale / Adjustment	Upto 31.03.11	As At 31.03.10	As At 31.03.11
Land #	410.03	1,787.97	-	2,198.00	-	-	-	-	2,198.00	410.03
Buildings #	3,421.54	13.62	-	3,435.16	255.09	55.80	-	310.89	3,124.27	3,166.45
Leasehold Improvements	9,436.29	2,574.98	52.07	11,959.20	555.26	577.38	6.81	1,125.83	10,833.37	8,881.03
Temporary Structure	2.79	-	-	2.79	2.79	-	-	2.79	-	-
Plant & Machinery	5,243.86	745.01	33.84	5,955.03	683.08	303.93	2.33	984.68	4,970.35	4,560.78
Furniture & Fittings	1,289.41	235.97	67.38	1,458.00	207.76	114.79	19.41	303.14	1,154.86	1,081.65
Computers	494.17	56.74	35.72	515.19	184.00	83.05	34.85	232.20	282.99	310.17
Vehicles	196.47	169.59	-	366.06	51.86	31.29	-	83.15	282.91	144.61
Intangible Assets	195.36	26.32	0.19	221.49	48.87	33.45	0.19	82.13	139.36	146.49
<b>Total</b>	<b>20,689.92</b>	<b>5,610.20</b>	<b>189.20</b>	<b>26,110.92</b>	<b>1,988.71</b>	<b>1,199.69</b>	<b>63.59</b>	<b>3,124.81</b>	<b>22,986.11</b>	<b>18,701.21</b>
Previous Year	16,086.37	6,827.87	2,224.32	20,689.92	1,237.81	849.09	98.19	1,988.71	18,701.21	-
<b>CWIP</b>	-	-	-	-	-	-	-	-	188.94	2,795.15

# Addition includes Land of Rs. 1,787.97 Lacs and Building of Rs. 7.13 Lacs being allotted in open auction scheme by HUDA (Refer Note No. B-8 of Schedule 23)

**SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 6: Investments</b> (Fully paid up unless otherwise specified)		
Long Term, Unquoted & Trade	-	-
<b>Equity Shares in Subsidiary</b>		
SRS Jewells Limited	38.75	5.00
83,750 (PY 50,000) Equity Shares of Rs.10/- each		
	<u>38.75</u>	<u>5.00</u>
Aggregate Value of Unquoted Investments	38.75	5.00
<b>Schedule 7: Inventories</b> (As Verified, Valued and Certified by the Management)		
Raw Material	1,934.61	7,528.53
Finished Goods	6,504.67	3,547.09
Goods held for Resale	1,796.24	1,264.66
	<u>10,235.52</u>	<u>12,340.28</u>
<b>Schedule 8: Sundry Debtors</b>		
<b>Secured, considered Good</b>		
Debts outstanding for a period exceeding six months	0.42	-
Other Debts	9.66	9.73
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months	280.89	13.05
Other Debts	26,803.65	9,975.00
	<u>27,094.62</u>	<u>9,997.78</u>
<b>Schedule 9: Cash and Bank Balances</b>		
Cash on Hand	292.70	432.59
Balances with schedule banks		
-in Current Account	490.32	778.86
-in Deposit Account *	2,256.00	628.71
*Pledged with Sales Tax Authorities and Banks		
	<u>3,039.02</u>	<u>1,840.16</u>
<b>Schedule 10: Other Current Assets</b>		
Interest Accrued but not Due	35.53	12.83
	<u>35.53</u>	<u>12.83</u>

**SCHEDULES TO THE FINANCIAL STATEMENTS AS AT 31<sup>ST</sup> MARCH, 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 11: Loans and Advances</b>		
(Unsecured, considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for which value to be received	675.72	701.02
Advances to Suppliers	193.67	72.58
Advances for Projects / Fixed Assets	1.66	103.69
Security Deposits	1,466.39	1,637.53
Prepaid Expenses	55.40	62.55
	<b>2,392.84</b>	<b>2,577.37</b>
<b>Schedule 12: Current Liabilities</b>		
Sundry Creditors:		
-Micro Enterprises and Small Enterprises	0.08	0.07
-Others*	2,876.65	2,159.12
Advances Received from Customers	11.47	17.93
Security Deposits (interest free)	131.22	181.63
Interest Accrued but not due	53.97	7.43
Deferred Credit Payment	1,346.10	-
Book Overdraft	432.00	274.48
Other Liabilities	145.74	129.84
* (Includes amount due to Subsidiary Company Rs. 16.08 Lacs (PY Rs. Nil))		
	<b>4,997.23</b>	<b>2,770.50</b>
<b>Schedule 13: Provisions</b>		
Provision for Retirement Benefits	57.30	40.45
Provision for Income Tax	898.76	379.00
{(net of advance tax and TDS of Rs.2,328.98 Lacs (PY Rs.1,411.89 Lacs)}		
	<b>956.06</b>	<b>419.45</b>
<b>Schedule 14: Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Share Issue Expenses	126.23	19.10
	<b>126.23</b>	<b>19.10</b>



**SCHEDULES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 15: Income from Operations</b>		
Sales	2,03,210.43	1,29,991.19
{(net of entertainment and show tax of Rs.362.61 Lacs (PY Rs.284.36 Lacs)}		
Other Operating Income	869.65	783.80
	<b>2,04,080.08</b>	<b>1,30,774.99</b>
<b>Schedule 16: Other Income</b>		
Interest Income	141.95	16.47
{(Tax Deducted at Source -Rs.8.71 Lacs, (PY Rs.1.09 Lacs)}		
Foreign Exchange Fluctuation	0.03	-
Profit on Gold Forward Commodity Settlement	2.42	-
Miscellaneous Income	39.77	19.22
	<b>184.17</b>	<b>35.69</b>
<b>Schedule 17: Increase in Inventories</b>		
<b>Closing Stock</b>		
Finished Goods	6,504.67	3,547.09
Goods held for Resale	1,796.24	1,264.66
<b>Opening Stock</b>		
Finished Goods	3,547.09	263.51
Goods held for Resale	1,264.66	2,374.28
	<b>3,489.16</b>	<b>2,173.96</b>
<b>Schedule 18: Operational Expenses</b>		
Raw Material Consumed	84,715.46	64,220.50
Purchases of Goods for resale	1,05,411.77	55,673.50
Jobwork Charges	53.38	0.00
Security & House Keeping	762.52	525.76
Packaging Expenses	139.29	94.88
Other Operational Expenses	1,242.43	772.58
	<b>1,92,324.85</b>	<b>1,21,287.22</b>
<b>Schedule 19: Personnel Expenses</b>		
Salaries, Wages and Bonus	1,300.02	951.75
Directors' Remuneration	231.65	177.12
Directors' Sitting Fee	3.96	-
Contribution to Provident Fund & Other Fund	143.22	102.92
Staff Welfare Expenses	86.72	59.12
Provision for Employees Benefits	18.22	24.33
	<b>1,783.79</b>	<b>1,315.24</b>

**SCHEDULES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 20: Office &amp; Administrative Expenses</b>		
Lease Rent	2,238.19	1,673.91
Electricity & Water	698.29	518.87
Insurance	54.62	35.55
Repair and Maintenance:		
-Plant & Machinery	149.72	103.19
-Building	50.34	28.57
-Others	110.57	80.64
Rates & Taxes	75.35	62.91
Auditors' Remuneration	16.66	14.46
Legal & Professional	35.22	32.57
Miscellaneous Expenses	166.76	141.41
Fixed Assets & CWIP written off	25.80	169.62
Loss/(Profit) on Capital Assets	1.71	136.72
Donation	0.23	0.46
Premium on Forward Contract	30.69	34.83
Travelling & Conveyance	114.79	81.54
Bad Debts & balance w/off (net)	9.45	176.39
	<b>3,778.39</b>	<b>3,291.64</b>
<b>Schedule 21: Financial Expenses</b>		
Interest on:		
-Term Loans	1,045.02	996.19
-Cash Credit/Overdraft	984.08	468.03
Interest on Unsecured Loans and Others	40.02	44.96
Bank Charges and Other Financial Expenses	383.58	162.07
	<b>2,452.70</b>	<b>1,671.25</b>
<b>Schedule 22: Marketing Expenses</b>		
Selling & Distribution Expenses	205.76	178.87
Commission Paid	11.22	14.50
Advertisement	319.45	182.07
	<b>536.43</b>	<b>375.44</b>

**SCHEDULE 23:****Significant Accounting Policies and Notes to Accounts for the year ended March 31, 2011****A. Significant Accounting Policies****1. Basis of Accounting**

The financial statements are prepared under historical cost convention on accrual basis and in accordance with the requirement of the Companies Act, 1956 and in compliance with the applicable Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the said Act. The accounting policies, except otherwise stated, have been consistently applied by the Company.

**2. Use of Estimates**

The preparation of financial statements is in conformity with the generally accepted accounting principles, which requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statements and the reportable amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

**3. Revenue Recognition**

- 3.1 Revenue from sale is recognized when the significant risk and rewards in respect of ownership of the goods are transferred to customer.
- 3.2 Revenue from theatre business is recognized on the basis of tickets sold for the period under accounting.
- 3.3 Entertainment tax collection in respect of its multiplex put up in Uttar Pradesh (U.P.) has been recognised as revenue on the sale of tickets, considering the exemption from payment of entertainment tax upto a specified period in terms of the scheme of UP state government. Since the collection is dependent on sale of tickets being uncertain and collection of aforesaid tax is normal trading transaction, it has not been recognised as grant in terms of Accounting Standard-12 "Accounting for Government Grants".
- 3.4 Revenue from Lease Rent, Common Area Maintenance (CAM) Charges and Interest is recognized on a time proportion basis.
- 3.5 Advertisement revenue is recognized as and when advertisement is displayed.
- 3.6 Sale of land, plots and other properties is recognised in the financial year in which the transfer is made by agreement to sell / registration of sale deed or otherwise in favour of parties.

**4. Fixed Assets, Capital Work in Progress and Intangible Assets**

Fixed Assets are stated at Cost less Accumulated Depreciation and Impairment Losses, if any. Cost comprises the cost of acquisition / purchase price inclusive of duties, taxes, incidental expenses, erection / commissioning expenses, interest etc. up to the date the asset is ready for its intended use. Credit of duty, if availed, is adjusted in the acquisition cost of the respective fixed assets.

Capital Works-in-Progress is carried at cost, comprising direct cost, related incidental expenses and interest on borrowings to the extent attributed to them.

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS)-26 "Intangible Assets" and recorded at the consideration paid for acquisition.



## 5. Depreciation on Fixed Assets and Amortization

Depreciation on fixed assets is applied on straight-line basis as per the rates and manner specified in the Schedule XIV of the Companies Act, 1956 on pro rata basis.

Depreciation on fixed assets costing upto Rs. 5,000/- is provided @ 100% over a period of one (1) year.

Intangible Assets are amortized over the useful life of the assets or ten (10) years, whichever is earlier.

Depreciation on leasehold improvements is charged over the period of lease.

## 6. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of Assets. Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which it was incurred.

## 7. Impairment of Assets

An asset is impaired if there is sufficient indication that the carrying cost would exceed the recoverable amount of cash generating asset. In that event an impairment loss so computed would be recognized in the accounts in the relevant year.

## 8. Investments

Current investments are stated at lower of cost and fair market value. Long-term investments are valued at their acquisition cost. The provision for any diminution in the value of long-term investments is made only if such a decline is other than temporary.

## 9. Inventories

Raw materials are valued at lower of Cost and Net Realizable Value.

Finished goods are valued at lower of Cost (raw material and appropriate proportion of overheads) and Net Realizable Value.

Goods held for Resale are valued at lower of cost and net realizable value.

Costs of inventories are determined on First in First out ('FIFO') basis in the ordinary course of business.

Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 10. Foreign Exchange Transaction

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognized as income or as expenses for the year.

Non-monetary items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized and is reflected separately in the Profit & Loss Account.

## 11. Taxations

### **Current Tax:**

Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961.

### **Minimum Alternate Tax (MAT) Credit:**

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement under Loans & Advances. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### **Deferred Tax:**

Deferred Tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income & accounting income computed for the current accounting year and reversal of earlier years' timing difference.

Deferred Tax Assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses, which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## 12. Employee benefits

### **Defined Benefit Plan**

Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each year. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.

### **Defined Contribution Plan**

The Company's contribution to Employees Provident Fund and Family Pension Fund are deposited with the Regional Provident Fund Commissioner and is charged to Profit & Loss Account every year on due basis.

## 13. Leases

Assets taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Operating lease payments are recognized as expenses in the profit and loss account on a straight-line basis over the lease term.

## 14. Cash Flow Statement

Cash flows are reported using the indirect method, whereby a profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

## 15. Earning Per Share

Earning Per Share (EPS) is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the Weighted Average Number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earning Per share, the Net Profit or Loss for the period attributable to equity shareholders is divided by the Weighted Average Number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

#### **16. Miscellaneous Expenditure**

Share issue expenses will be adjusted from Securities Premium Account at the time of issue of respective Shares.

#### **17. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.



## B. NOTES TO ACCOUNTS

### 1. Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.8.27 lacs (PY Rs.923.19 lacs).

### 2. Contingent Liabilities not provided for in respect of:

Claims against Company not acknowledged as debt (excluding interest & penalty, if any) are as follows:

- Legal Matters -Rs.51.60 lacs (PY Rs.16.95 lacs)

3. In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities has been made.

4. Sales includes Entertainment Tax of Rs.585.95 lacs (PY Rs.220.06 lacs) for which the company is exempted for deposition in terms of the scheme of U.P. State Government.

5. a) Amount due to Micro Enterprises and Small Enterprises by the Company, comprises of the following:

Particulars	As at 31.03.2011	As at 31.03.2010
a) Principal amount unpaid	0.08	0.07
b) Interest due on above	-	-

b) No interest has been paid during the year and payable as on March 31, 2011.

c) The above information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and is given in "Current Liabilities".

6. Raw Material of Rs.1934.61 lacs (PY Rs.1850.94 lacs) as on March 31, 2011 is lying with third parties.

7. Prior period expenses of Rs. Nil (PY Rs.61.79 lacs) have been charged to Profit & Loss Account.

8. During the year company has purchased commercial sites aggregating Rs.1795.10 lacs from HUDA in open auction scheme announced by HUDA for Commercial Site/School Site at Faridabad and Palwal for which Rs.449.40 lacs has been paid during the year and amount of Rs.1346.10 lacs payable shown as "Deferred Credit Payment" under the head "Current Liabilities" which will be paid in half / yearly installments over specified period.

Company has got the allotment letters alongwith possession of the above sites, the legal title of which will be transferred in the name of the Company after making the payment of full consideration.

**9. The amount of Exchange Difference (Net):**

- The Foreign Exchange Income of Rs. 0.03 lacs (PY Rs. Nil) resulting from settlement and realignment of foreign exchange transaction has been adjusted in the Profit & Loss Account.
- Premium paid on Forward Contract is Rs. 65.52 lacs out of which Rs 30.69 lacs (PY Rs. 34.83 lacs) is recognized as expense to Profit & Loss Account on time proportion basis.
- Forward contracts entered into for hedging purpose and outstanding as on March 31, 2011:

Forward Contracts for payment to be made against payables	As At			
	31.03.2011		31.03.2010	
	Amount in Foreign Currency	Equivalent Indian Rupees	Amount in Foreign Currency	Equivalent Indian Rupees
Loan	Nil	Nil	US\$45,00,000	Rs. 2,031.30 lacs

**10. Assets taken on operating lease:**

- The Company has taken certain shops/offices/other Fixed Assets on non-cancellable operating lease. Minimum lease payments of Rs. 2,093.07 lacs (PY Rs. 1,624.75 lacs) are charged to Profit & Loss Account during the year.
- Total contingent rents (Calculated on Revenue Sharing Basis) recognized as expense in the statement of profit and loss for the year is Rs. 85.12 lacs (PY Rs. 15.64 lacs).
- Future commitments in respect of minimum lease payments payable in respect of aforesaid lease entered by the Company are as follows:

(Rs. in Lacs)

	Particulars	As at 31.03.2011	As at 31.03.2010
a.	Not later than one year	2,143.07	1,804.61
b.	Later than one year and not later than five years	7,220.43	6,661.60
c.	Later than five years	3,206.78	3,756.02

- Sub-lease payments received (on accrual basis) of Rs. 138.22 lacs (PY Rs. 132.22 lacs) are recognized in the Profit and Loss Account.
- The total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date are Rs. 320.90 lacs (PY Rs. 481.11 lacs).

### 11. Assets given on operating lease:

- a. Future minimum lease payments receivable by the Company in respect of non-cancellable operating lease for shops / kiosks entered by the Company are as follows:

(Rs. in Lac)			
	Particulars	As at 31.03.2011	As at 31.03.2010
a.	Not later than one year	328.50	334.67
b.	Later than one year and not later than five years	1,014.05	1,289.28
c.	Later than five years	67.24	99.95

- b. Total contingent rents (Calculated on Revenue Sharing Basis) recognized as income in the statement of profit and loss for the year is Rs. 38.55 lacs (PY Rs. 30.73 lacs).

### 12. Deferred Tax Assets and Liabilities

In view of the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Deferred Tax Assets/Liabilities as at March 31, 2011 comprise of the following major components:

(Rs. in Lac)		
Particulars	As At 31.03.2011	As At 31.03.2010
Fixed Assets	1,394.15	1,165.45
<b>Deferred Tax Liability (A)</b>	<b>1,394.15</b>	<b>1,165.45</b>
Provision for Retirement Benefits	18.59	13.44
<b>Deferred Tax Assets (B)</b>	<b>18.59</b>	<b>13.44</b>
<b>NET DEFERRED TAX LIABILITY (A-B)</b>	<b>1,375.56</b>	<b>1,152.01</b>

### 13. Employee Benefits

a) **Defined Contribution Plans :-**

The Company has recognised Rs. 143.22 lacs (PY Rs. 102.92 lacs) as expense in Profit & Loss Account.

b) **Defined Benefit Plans :-**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded. The Company has also provided for Leave Encashment which is unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account, the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2011).



The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	8.00%	7.50%	8.00%	7.50%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	5.50%	5.00%	5.50%	5.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%	9.15%	8.65%
Average Outstanding Service of Employees upto retirement (years)	31.65	31.88	31.65	31.88

Changes in the present value of Defined Benefit Obligation are as follows:

(Rs. in Lacs)

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Present Value of Defined Benefit Obligation at the beginning of the year	26.35	18.96	42.42	25.25
Interest Cost	2.10	1.42	3.39	1.89
Past Service Cost	-	-	0.48	-
Current Service Cost	10.07	13.19	21.18	17.29
Benefits Paid	(1.36)	(1.83)	-	(0.19)
Actuarial (gain) / loss on obligation	(11.33)	(5.38)	(5.08)	(1.82)
Present Value of Defined Benefit Obligation at the end of the year	25.83	26.36	62.39	42.42

Changes in the fair value of Plan Assets are as follows:

(Rs. in Lacs)

Particulars	Gratuity	
	2010-11	2009-10
Fair value of the plan assets at the beginning of the year	28.33	26.07
Expected return on Plan Assets	2.59	2.26
Contribution by employer	-	Nil
Benefits Paid	Nil	Nil
Actuarial (gain) / loss on Plan Assets	-	Nil
Fair value of the plan assets at the end of the year	30.92	28.33

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2011:

(Rs. in Lacs)

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Present Value of Defined Benefit Obligation at the end of the year	25.83	26.36	62.39	42.42
Fair Value of Plan Assets	Nil	Nil	30.92	28.33
Net Asset / (Liability) recognized in the Balance Sheet	(25.83)	(26.36)	(31.47)	(14.09)

Net Employees Benefit Expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2011):

(Rs. in Lacs)

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Current Service Cost	10.07	13.19	21.18	17.29
Past Service Cost	Nil	Nil	0.48	Nil
Interest Cost	2.10	1.42	3.39	1.89
Expected return on plan assets	Nil	Nil	(2.59)	(2.26)
Net actuarial (gain) / loss recognized in the year	(11.33)	(5.38)	(5.08)	(1.82)
Expenses recognized in the statement of Profit & Loss	0.84	9.23	17.38	15.10

#### 14. Capital work in progress (CWIP):

- includes Preoperative Expenses which are as follows:

(Rs. in Lac)

Particulars	2010-11	2009-10
Traveling and Conveyance	4.49	3.22
Salary and Related Expenses	39.95	33.90
Security and House Keeping	0.25	1.88
Insurance	-	1.47
Legal and Professional	16.45	-
Electricity and Water Expenses	0.91	7.03
Lease Rent (including CAM)	-	0.57
Interest	79.45	259.41
Other Expenses	0.41	4.09
<b>Total for the Year</b>	<b>141.91</b>	<b>311.56</b>
Add: Brought forward from Previous Year	<b>390.30</b>	<b>1,109.75</b>
<b>Grand Total</b>	<b>532.21</b>	<b>1,421.32</b>
Less: Allocated to Fixed Assets	432.95	931.60
Less: sold / written off	99.26	99.42
<b>Balance Carried Forward</b>	<b>-</b>	<b>390.30</b>

## 15. Segment Reporting

Segment information as required by Accounting Standard (AS)-17 "Segment Reporting". The Company is operating in the same geographical segment and reportable business segment are given hereunder:

(Rs. in Lac)

Particulars	Cinemas	Food & Beverages	Cash & Carry	Jewellery	Corporate (Unallocable)	Total
<b>Revenue</b>						
Net Sales/Income (There is no inter-segment revenue)	3,688.10 (2,187.92)	2,124.99 (1,702.88)	52,125.26 (44,391.01)	1,45,799.15 (82,134.52)	342.58 (358.66)	<b>2,04,080.08</b> <b>(1,30,774.99)</b>
<b>Result</b>						
Before interest, other income, depreciation, non-cash expenses and taxes	661.27 (321.25)	347.53 (210.66)	1,035.90 (911.17)	8,588.24 (6,613.38)	-1,419.51 (-859.49)	<b>9,213.43</b> <b>(7,196.97)</b>
<b>Add: Other Income</b>	2.56 (1.83)	3.84 (7.74)	20.46 (9.46)	2.74 (-)	154.57 (16.66)	<b>184.17</b> <b>(35.69)</b>
<b>Less: Depreciation</b>	495.98 (262.87)	233.72 (198.34)	174.49 (177.85)	6.39 (4.31)	289.11 (205.72)	<b>1,199.69</b> <b>(849.09)</b>
<b>Less: Non-cash items</b>	0.39 (6.80)	9.92 (-7.18)	6.84 (-)	- (-)	50.50 (517.94)	<b>67.65</b> <b>(517.56)</b>
Profit / (-) Loss before interest and taxes	167.46 (53.41)	107.73 (27.24)	875.03 (742.78)	8,584.59 (6,609.07)	-1,604.55 (-1,566.49)	<b>8,130.26</b> <b>(5,866.01)</b>
Interest					2,452.70 (1,671.25)	<b>2,452.70</b> <b>(1,671.25)</b>
<b>Profit before taxes</b>						<b>5,677.56</b> <b>(4,194.76)</b>
Taxes					1,964.35 (1,600.70)	<b>1,964.35</b> <b>(1,600.70)</b>
<b>Net Profit</b>						<b>3,713.21</b> <b>(2,594.06)</b>

Other Informations:

Segment Assets	10,107.01 (8,392.63)	3,902.08 (3,680.25)	12,094.60 (6,678.21)	27,835.11 (17,968.59)	12,072.53 (11,550.10)	<b>66,011.33</b> <b>(48,269.78)</b>
Segment Liabilities	532.02 (369.17)	128.75 (147.58)	4,110.93 (1,392.81)	10,439.98 (86.10)	19,494.35 (18,574.90)	<b>34,706.03</b> <b>(20,570.56)</b>

**Note:** Figures in brackets are for previous year.



## 16. Related Party Transactions

As per Accounting Standard (AS)-18 "Related Party Disclosures", the Company's related parties and transactions are disclosed below:

### a. List of related parties & relationships, where control exists:

#### i. Subsidiary Company

SRS Jewells Limited (formerly SRS Bullions & Jewellers Limited) (w.e.f. 31/03/10)

### b. Related parties & relationships with whom transactions have taken place during the year:

#### i. Key Management Personnel (KMP)

Dr. Anil Jindal	-	Chairman
Mr. Sunil Jindal	-	Managing Director
Mr. Raju Bansal	-	Whole Time Director
Mr. Vinod Gupta	-	Whole Time Director

#### ii. Enterprises owned or significantly influenced by KMP and/or their Relatives

SRS Finance Ltd. (w.e.f. 26.03.2010)

BTL Industries Ltd.

SRS Global Securities Limited (Formerly SRS Housing Finance Ltd.)

BTL Portfolio Ltd.

SRS Real Infrastructure Ltd.

SRS Real Estate Ltd.

BTL Investments & Securities Ltd.

SRS Buildcon Pvt. Ltd. (w.e.f. 01.02.2010)

SRS Portfolio Ltd

Vinod Gas Agencies

### c. Transactions with related Parties:

(Rs. in Lacs)

S. No.	Name of the Party	Nature of Transaction	2010-11	2009-10
1	SRS Finance Ltd.	Share Application Money (Refunded)	-	311.40
		Issue of Equity Shares	-	623.40
		Sale of Fixed Assets	52.53	-
		Electricity charges (Income)	-	6.18
		Purchases of Fixed Assets	44.34	-
		Sale of Materials	1.08	10.37
		Purchases of Materials	5.45	-
		Rent paid	3.65	9.72
		Reimbursement of Exp	1.61	12.79
		Advance Received and Paid (Net)	6.81	-
		Transfer of Party Account	3.75	1.02

		<b>Closing Balance:</b>		
		Sundry Debtors	-	6.89
		Sundry Creditors	-	3.63
		Security Receivable	-	4.86
2	SRS Global Securities Limited (Formerly SRS Housing Finance Ltd.)	Issue of Equity Shares	-	48.00
3	BTL Industries Ltd.	Issue of Equity Shares	-	89.00
		Advance to Supplier	-	13.00
		Share Application Money	-	2.00
4	BTL Portfolio Ltd.	Issue of Equity Shares	-	12.00
5	SRS Real Infrastructure Ltd.	Reimbursement of Exp (net)	6.58	13.96
		Rent Paid	60.00	30.00
		Sale of Goods	11.44	-
		Purchase of Space	188.78	-
		Security Given	-	690.00
		<b>Closing Balance:</b>		
		Sundry Creditor	-	2.00
		Security Receivable	690.00	690.00
6	SRS Real Estate Ltd.	Office Rent and Other Income received	42.00	42.00
		Reimbursement of Exp (Net)	16.74	33.46
		Sale of Goods / Material	0.31	1.12
		Display Charges received (including Service Tax)	275.75	275.75
		<b>Closing Balance</b>		
		Sundry Debtors	278.47	275.96
7	BTL Investments & Securities Ltd.	Issue of Equity Shares	-	5.66
8	SRS Buildcon Pvt. Ltd.	Issue of Equity Shares	-	25.05
		Loans & Advances given	-	25.05
9	SRS Portfolio Ltd.	Issue of Equity Shares	-	185.50
		Advance given	0.01	-
		<b>Closing Balance</b>		
		Advance Receivable	0.01	-

10	SRS Jewells Ltd.	Job Work Charges	53.38	-
		Investment in Shares	33.75	-
		Loan Given and Received Back	93.00	-
		<b>Closing Balance</b>		
		Sundry Creditors	16.08	-
		Investment in Subsidiary	38.75	5.00
11	Vinod Gas Agencies	Purchase of Material	6.93	33.36
12	Dr. Anil Jindal	Director's Remuneration	179.33	149.42
13	Mr. Sunil Jindal	Director's Remuneration	21.60	13.20
14	Mr. Raju Bansal	Director's Remuneration	17.86	7.18
15	Mr. Vinod Gupta	Director's Remuneration	17.86	11.64

17. "Earning per Share" computed in accordance with Accounting Standard (AS)-20 "Earning Per Share":

(Rs. in Lacs)

Particulars	2010-11	2009-10
<b>a) Numerator:</b>		
Net Profit after taxation as per Profit & Loss Account	3,713.21	2,594.06
<b>b) Denominator:</b>		
Weighted average no. of equity shares outstanding for:		
-Basic	10,42,91,009	10,24,44,714
-Diluted	10,42,91,009	10,24,44,714
<b>c) Face Value per share (in Rs.)</b>	10.00	10.00
<b>d) Earning per Share (EPS):</b>		
-Basic (in Rs.)	3.56	2.53
-Diluted (in Rs.)	3.56	2.53

18. Directors Remuneration:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Directors' Remuneration	231.65	177.12
Employer's Share to PF etc.	5.00	4.32



**Note:**

Above remuneration is inclusive of allowances and perquisites but excluding the value of non-monetary perquisites, if any, & gratuity. As the provision for gratuity is determined for the Company as a whole and no separate amount for the Directors is available. No leave encashment benefit is available to the Director(s).

Computation of net profit in accordance with the relevant provisions of the Companies Act, 1956 has not been disclosed as no Commission is payable to the Director(s).

**19. Auditors Remuneration (excluding service tax)****(Rs. in Lacs )**

Particulars	2010-11	2009-10
Statutory Audit Fee	13.50	12.00
Tax Audit Fee	2.50	2.00
Out of Pocket Expenses	0.66	0.46
<b>Total</b>	<b>16.66</b>	<b>14.46</b>

\* Excluding Rs. 6.14 Lacs (excluding service tax) paid to auditors for other services, presently been shown under 'Share Issue Expense' under the head "Miscellaneous Expenditure (to the extent not written off or adjusted)".

**20. Additional Informations pursuant to the Provisions of Para 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956, as certified by the management (to the extent applicable):****a. Details of Goods Purchased for Resale:**

Particular	Units	Opening Stock		Purchases		Sale/Consumption		Closing Stock	
		Qty.	Amt. in Lacs	Qty.	Amt. in Lacs	Qty.	Amt. in Lacs	Qty.	Amt. in Lacs
FMCG	NOS./ KG	14,88,778 (38,06,701)	746.61 (1,801.00)	8,77,97,609 (8,39,43,554)	47,908.05 (38,431.40)	8,68,35,667 (8,62,61,477)	50,255.85 (41,895.64)	24,50,720 (14,88,778)	1,120.84 (746.61)
GARMENTS	NOS.	1,09,893 (92,904)	447.90 (312.30)	3,06,223 (2,12,393)	1,419.17 (866.19)	2,84,261 (1,95,404)	1,618.88 (904.36)	1,31,855 (1,09,893)	588.72 (447.90)
APPLIANCES ETC.	NOS.	12,743 (15,936)	20.56 (22.60)	29,155 (45,954)	105.56 (1,454.70)	29,637 (49,147)	108.33 (1,514.08)	12,261 (12,743)	25.16 (20.56)
GOLD	GRAM	- (7,000)	- (106.80)	2,78,917 (5,23,935)	5,293.92 (8,126.12)	2,78,917 (5,30,935)	5,331.40 (7,882.26)	- (-)	- (-)
SILVER	GRAM	5,79,079@ (-)	150.02@ (-)	7,44,898 (2,62,312)	252.27 (68.56)	13,23,977 (2,62,312)	475.52 (70.77)	- (-)	- (-)
OTHERS #		- (-)	49.59 (131.58)	- (-)	1,093.00 (814.27)	- (-)	2,774.84 (2,063.17)	- (-)	61.52 (49.59)

**Note:** Figures in brackets are for previous year.

**b. Particulars of installed Capacity and Actual Production**

Particulars	Units of Measurement	2010-11		2009-10	
		Installed Capacity	Actual Production	Installed Capacity	Actual Production
GOLD JEWELLERY	GRAM	N.A.	42,27,104	N.A.	41,00,761
GOLD COINS	GRAM	N.A.	4,81,645	N.A.	86,000
SILVER COINS	GRAM	N.A.	21,100	N.A.	-
SILVER JEWELLERY	GRAM	N.A.	97,341	N.A.	36,835
SILVER JEWELLERY \$	PCS	N.A.	1,423	N.A.	-

**Note:** Installed capacity has not been given as the Company is getting the goods manufactured on work contract basis from the job workers.

**c. Stock and Sales of Finished Goods**

Particulars	Unit of Measurement	Sales		Opening Stock		Closing Stock	
		Qty.	Amt. in Lacs	Qty.	Amt. in Lacs	Qty.	Amt. in Lacs
GOLD JEWELLERY	GRAM	64,39,762 (42,18,608)	1,29,395.80 (72,027.88)	1,66,192 (18,462)	2,696.30 (263.51)	3,37,636 (1,66,192)	6,483.34 (2,696.30)
GOLD COINS	GRAM	5,33,377 (1,27,230)	10,536.78 (2,104.25)	49,270 (-)	833.47 (-)	- (49,270)	- (833.47)
SILVER JEWELLERY	GRAM	1,09,514 (1,55,010)	46.37 (49.33)	64,640 (-)	17.32 (-)	44,611 (64,640)	13.28 (17.32)
SILVER COINS	GRAM	21,100 (-)	8.86 (-)	- (-)	- (-)	- (-)	- (-)
SILVER JEWELLERY	PCS	526 (-)	4.41 (-)	- (-)	- (-)	897 (-)	8.05 (-)

**Note:** Figures in brackets are for previous year.

**d. Purchase of Finished Goods for Resale**

Particulars	Units of Measurement	2010-11		2009-10	
		Qty.	Amt. in Lacs	Qty.	Amt. in Lacs
GOLD JEWELLERY	GRAM	23,84,102	49,288.03	2,65,577	4,297.15
GOLD COINS	GRAM	2,462	51.77	90,500	1,561.60
SILVER JEWELLERY	GRAM	-	-	1,82,815	53.51

## e. Consumption of Indigenous Raw Materials

Particulars	Units of Measurement	2010-11		2009-10	
		Qty.	Amt. in Lacs	Qty.	Amt. in Lacs
GOLD	GRAM	44,46,363	84,505.82	40,59,332	64,209.53
SILVER *	GRAM	7,70,701	209.21	34,257	10.97
SEMI PRECIOUS STONE	Ct	9,380	0.43	-	-

@ Transfer from stock of raw material.

# Quantitative information is not possible due to dealing in numerous different units of measurement.

\* Includes cost of Raw material sold from opening stock.

\$ Silver Jewellery of 7,856 Gram converted into 1,423 Pcs.

## 21. Earning in foreign Currency:

Nature of Income	Amount (Rs. in Lacs)
Export Sale	1.84

22. Previous year's figures have been regrouped / rearranged wherever necessary to confirm to this year's classification.
23. All amounts in the financial statements are rounded off to nearest Rupee in lacs, except as otherwise stated.
24. Schedules 1 to 23 are annexed to and form an integral part of the Balance Sheet as at March 31, 2011 and Profit & Loss Account for the year ended as on that date.

Signatures to Schedules 1 to 23.

As per our report of even date attached.

## For S.S. Kothari Mehta &amp; Co.

(Chartered Accountants)

Firm Reg. No.000756N



(Naveen Aggarwal)

Partner

M. No. 094380



Place: Faridabad

Dated: 28<sup>th</sup> April 2011

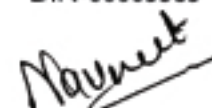
## For and on behalf of the Board



(Anil Jindal)

Chairman

DIN-00005585



(Navneet Kwatra)

COO & Company Secretary

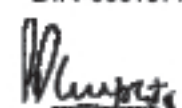
M. No.16672



(Sunil Jindal)

Managing Director

DIN-00013791



(Bhagwan Dass)

Chief Financial Officer



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

(Rupees in thousand)

Registration No.	U74999HR2000PLC040183	State code	05
Balance Sheet Date	31-Mar-11		

**II. Capital Raised during the year**

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	-

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	6,018,427	Total Assets	6,018,427
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**Sources of Funds**

Paid-up-Capital (including Application Money)	1,042,910	Reserves & Surplus	2,100,242
Secured Loans	2,735,219	Unsecured Loans	2,500
Deferred Tax Liability	137,556		

**Application of Funds**

Net Fixed Assets (including CWIP)	2,317,505	Investments	3,875
Net Current Assets	3,684,424	Misc. Expenditure	12,623

**IV. Performance of Company**

Turnover	20,408,008	Total Expenditure	19,858,670
Other Income	18,417	Profit before tax	567,755
Profit after Tax	371,320		

Earning Per Share in Rs.	<b>Basic</b> 3.560	Earning Per Share in Rs.	<b>Diluted</b> 3.560
Dividend Rate	-		

**V. Generic names of the Principal Products of Company**

Item Code No. (ITC Code)	NIL
Product Description	N.A.

For and on behalf of the Board

  
(Anil Jindal)  
Chairman  
DIN - 00005585

  
(Sunil Jindal)  
Managing Director  
Din - 00013791

  
(Navneet Kwatra)  
COO & Company Secretary  
M. No. 16672

  
(Bhagwan Dass)  
Chief Financial Officer

Place: Faridabad  
Date: 28<sup>th</sup> April, 2011

## DIRECTORS' REPORT

### INTRODUCTION

Your Directors are pleased to present the Third Annual Report of your Company along with the Audited Accounts of the Company for the period ended 31<sup>st</sup> March, 2011.

### OPERATING RESULTS

During the year under review your Company registered a Total Profit after Tax of **Rs.12,35,867.03**. The summary of the operating results is as under: -

	2010-2011 (Amount in Rs.)	2009-2010 (Amount in Rs.)
Total Profit/(Loss) Before Tax	18,19,115.20	16,283.00
Less: Provision for Taxation		
Current Year	5,36,670.17	14,070.00
Earlier Years	320.00	-
Deferred	46,258.00	1,764.00
Total Profit/ (Loss) After Tax	12,35,867.03	449.00
Balance b/f from Previous Year	631.00	182.00
Balance Carried to Balance Sheet	<u>12,36,498.03</u>	<u>631.00</u>

### ISSUE OF SHARES

During the year under review, 33750 Equity Shares of Rs.10/- each were issued at a premium of Rs.90/- each aggregating to Rs.33,75,000/- to its Holding Company, 'SRS Limited' in accordance with Unlisted Companies (Preferential Allotment) Rules, 2003 and as per the Provisions of Section 81 (1A) of the Companies Act, 1956.

### DIVIDEND

Since profits are required for expansion of the business of the Company, your Directors don't recommend any dividend for the year under review.

### PARTICULARS OF EMPLOYEES

There is no employee drawing remuneration attracting the provisions of Section 217(2A) of the Companies Act, 1956.

### BOARD OF DIRECTORS

In accordance with the Articles of Association of the Company and in view of the provisions of Section 255 of the Companies Act, 1956, Sh. Sushil Kumar, Sh. Bhagwan Dass and Sh. Rajesh Mangla retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Sh. Vinod Jindal was appointed as an Additional Director on 16.04.2010 to hold office upto the date of forthcoming Annual General Meeting. He is eligible for re-appointment. Notice under Section 257 of the Companies Act, 1956 has been received from a member intending to propose his appointment as Director of the Company at the Annual General Meeting.

Sh. Lalit Kumar was appointed as an Additional Director on 16.04.2010 to hold office upto the date of forthcoming Annual General Meeting. He is eligible for re-appointment. Notice under Section 257 of the Companies Act, 1956 has been received from a member intending to propose his appointment as Director of the Company at the Annual General Meeting.

Sh. Naresh Kumar was appointed as Whole-Time Director w. e. f. 16.04.2010 to participate in day to day activities of the Company.

Sh. Raju Gupta was appointed as an Additional Director on 16.04.2010 to hold office upto the date of forthcoming Annual General Meeting. But due to some unavoidable reasons he has resigned from the Directorship on 19.04.2010.

Sh. Sanjay Kumar has resigned as Whole-Time Director w. e. f. 01.06.2010 continuing as a Director of the Company.

### **CONSTITUTION OF REMUNERATION COMMITTEE**

Remuneration Committee of the Company comprises of the following Directors:-

Sh. Sushil Kumar (Chairman)  
Sh. Bhagwan Dass  
Sh. Rajesh Mangla

The Remuneration Committee has been constituted to review and approve the compensation package for senior management personnel including Managing Director and Whole-time Directors.

### **AUDITORS**

M/s. Naresh Jai & Associates, Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### **AUDITORS' REPORT**

Auditors of the Company has not expressed any qualification in their report and notes to accounts where ever given are self-explanatory.

### **FIXED DEPOSITS**

Your Company has not accepted any deposits from the Public and as such, no amount of principal or interest was outstanding as on the date of the Balance Sheet for the year ended 31<sup>st</sup> March, 2011.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO**

The Particulars in respect of energy conservation and technology absorption are not applicable to the Company.

Foreign Exchange earning and outgo: Nil

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA), the Directors of the Company confirm the following:

- (i) that in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with the proper explanation relating to material departures.
- (ii) that Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view.



- (iii) that they had taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENT**

The Directors of the Company wish to place on record their sincere appreciation for the efforts and cooperation extended by all those associated with the Company.

On behalf of the Board  
**SRS Jewells Limited**



(Naresh Kumar)  
Whole-Time Director  
DIN: 00122331



(Rajesh Mangla)  
Director  
DIN: 00005669

Place: Faridabad  
Date: 20.04.2011

## AUDITORS' REPORT

To  
The Members  
**SRS JEWELLS LIMITED**

1. We have audited the attached Balance Sheet of **SRS Jewells Limited** as at 31.03.2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 [as amended by the Companies (Auditor's Report) (Amendment) Order, 2004] [hereinafter referred to as 'Order'] issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b) In our opinion, proper books of accounts, as required by law have been kept by the Company so far as appears from our examination of such books;
  - c) The Balance sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standard referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representations received from the Directors as at 31<sup>st</sup> March 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011;
    - ii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## FOR NARESH JAI &amp; ASSOCIATES

(Chartered Accountants)  
Firm Regn. No. 019082N

**CA Naresh Goyal**  
(Partner)  
Membership No.501487



Place : Faridabad  
Date : 20.04.2011

## ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

As explained to us, major fixed assets have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No discrepancies were noticed on such verification as compared to book records.

There was no disposal of fixed assets during the year.

2. The company does not have any inventories. Therefore requirements of clause 4(ii) of the Order are not applicable to the company.
3. (a). The company has not granted any Loans & Advances to the companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (b). The Company has taken Loans & Advances from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 93 lacs and the year-end balance of loans taken from such parties was Rs. Nil.

The repayment of the principal amount of loan taken has been regular.

In our opinion, terms and conditions for such loan are not, prima facie prejudicial to the interest of the company.

4. In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. According to information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

6. The company has not accepted any deposits from the public and consequently the directives issued by the RBI, the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The company has adequate system of Internal Audit commensurate according to the size of company.
8. According to the information and explanations given to us, the central government has not prescribed the maintenance of Cost Records under clause (d) of Sub-section (1) of section 209 of the Companies Act, 1956 in respect of business carried out by the company.
9. According to the information and explanations given to us and on the basis of our examination of books of accounts, the company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Income tax, Cess, and other applicable statutory dues.

According to the information and explanations given to us, except advance tax dues of Rs. 1.84 lacs, no other undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess were in arrear as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they become payable.



There are no dues in respect of Income tax, Sales tax, Wealth Tax, Custom Duty, Excise Duty and Cess that has not been deposited with the appropriate authorities on account of any dispute.

10. The company has no accumulated losses as at 31<sup>st</sup> March 2011 and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. The company has not taken any loan from nor has any outstanding dues payable to a financial institution or bank or debenture holder. Accordingly, clause 4(xi) of the Order is not applicable to the Company.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable to the Company.
13. The company is not a chit fund, Nidhi or mutual benefit Society. Accordingly, clause 4(xiii) of the Order is not applicable to the company.
14. According to the information and explanations given to us, the Company is not dealing in shares, securities and other investments. Therefore requirements of clause 4(xiv) of the Order are not applicable to the company.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, clause 4(xv) of the Order is not applicable to the company.
16. The Company did not have any term loans outstanding during the year. Accordingly, clause 4(xvi) of the Order is not applicable to the company.
17. According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment. Similarly, no funds raised on long-term basis have been used for short-term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties or companies which are covered in the register maintained under section 301 of the Companies Act, 1956. However the company has issued 33,750 equity shares to its holding company during the year.
19. The company has not issued any debentures. Hence the requirements of clause 4(xix) of the Order are not applicable to the company.
20. The company has not raised any money by public issues during the year. Hence, the requirements of clause 4(xx) of the Order are not applicable to the company.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

#### FOR NARESH JAI & ASSOCIATES

(Chartered Accountants)

Firm Regn. No. 019082N

CA Naresh Goyal  
(Partner)

Membership No.501487



Place : Faridabad

Date : 20.04.2011

**BALANCE SHEET AS AT 31.03.2011**

(Amount in Rs.)

PARTICULARS	SCH.	AS AT	
		31.03.2011	31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share Capital	<b>A</b>	8,37,500.00	5,00,000.00
Reserves & Surplus	<b>B</b>	42,73,998.03	51,11,498.03
			6,31.00
			5,00,631.00
<b>Deferred Tax Liability (Net)</b>		40,964	(5,294.00)
		<b>51,52,462.03</b>	<b>4,95,337.00</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	<b>C</b>	29,57,615.00	-
Less:- Depreciation		2,18,744.00	
Net Block		27,38,871.00	
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	<b>D</b>	16,07,876.00	-
Cash & Bank Balances	<b>E</b>	15,26,702.20	5,45,932.00
Other Current Assets	<b>F</b>	6,278.00	-
Loans & Advances	<b>G</b>	1,17,000.00	-
		<b>32,57,856.20</b>	<b>5,45,932.00</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	<b>H</b>	3,67,697.00	36,525.00
Provisions	<b>I</b>	4,76,568.17	14,070.00
		<b>8,44,265.17</b>	<b>50,595.00</b>
<b>Net Current Assets</b>		24,13,591.03	4,95,337.00
		<b>51,52,462.03</b>	<b>4,95,337.00</b>
Significant Accounting Policies & Notes to Accounts	<b>O</b>		

The Schedules referred to above and notes to accounts form an integral part of the Balance Sheet

As per our report of even date annexed

**For Naresh Jai & Associates**

Chartered Accountants  
Firm Regn. No. 019082N

**CA Naresh Goyal**  
Partner  
Membership No.501487



Place: Faridabad  
Dated: 20.04.2011

**FOR AND ON BEHALF OF THE BOARD**





 

(Naresh Kumar)  
Whole-Time Director  
DIN: 00122331

(Rajesh Mangla)  
Director  
DIN: 00005669

## PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(Amount in Rs.)

PARTICULARS	SCH.	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>INCOME</b>			
Turnover	J	70,62,086.00	-
Misc. Income		6,278.00	57,810.00
		<b>70,68,364.00</b>	<b>57,810.00</b>
<b>EXPENDITURE</b>			
Operational Expenses	K	15,25,347.00	-
Personnel	L	27,49,484.00	-
Office & Administration	M	7,48,801.50	38,895.00
Financial	N	6,872.30	2,632.00
Depreciation	C	2,18,744.00	-
		<b>52,49,248.80</b>	<b>41,527.00</b>
<b>Profit Before Tax</b>		<b>18,19,115.20</b>	<b>16,283.00</b>
Provision for Tax			
- Current Year		5,36,670.17	14,070.00
- Earlier Years		320.00	-
- Deferred		46,258	1,764.00
<b>Profit After Tax</b>		<b>12,35,867.03</b>	<b>449.00</b>
<b>Balance Brought Forward from previous year</b>		631.00	182.00
<b>Balance carried to Balance Sheet</b>		<b>12,36,498.03</b>	<b>6,31.00</b>
<b>Earning per share :</b>			
(Refer Note No.B-9 of Schedule No. O)			
Face Value per Equity Share (in Rs.)		10.00	10.00
Basic & Diluted (in Rs.)		24.67	0.01
The Schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account			
As per our report of even date annexed			
<b>For Naresh Jai &amp; Associates</b>		<b>FOR AND ON BEHALF OF THE BOARD</b>	
Chartered Accountants Firm Regn. No. 019082N			
 		 	
<b>CA Naresh Goyal</b> Partner Membership No.501487		(Naresh Kumar) Whole-Time Director DIN: 00122331	
Place: Faridabad Dated: 20.04.2011		(Rajesh Mangla) Director DIN: 00005669	



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

(Amount in Rs.)

PARTICULARS	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>A</b>		
<b>Cash Flow From Operating Activities</b>		
Net Profit Before Tax (as per Profit & Loss Account)	18,19,115.20	16,283.00
<b>Adjustment For:</b>		
Depreciation	2,18,744.00	-
Interest Income	(6,278.00)	-
Interest Paid	6,872.30	1,992.00
<b>Operating Profit Before Working Capital Change</b>	<b>20,38,453.50</b>	<b>18,275.00</b>
<b>Adjustment For:</b>		
Trade and Other Receivables	(17,24,876.00)	-
Trade Payable and Other Liabilities	3,78,028.00	15,759.00
<b>Cash Generated From Operations</b>	<b>6,91,605.50</b>	<b>34,034.00</b>
Direct Taxes Paid	(1,21,348.00)	(7,560.00)
<b>Net Cash From Operating Activities (A)</b>	<b>5,70,257.50</b>	<b>26,474.00</b>
<b>B</b>		
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(29,57,615.00)	-
<b>Net Cash Used In Investing Activities (B)</b>	<b>29,57,615.00</b>	<b>-</b>
<b>C</b>		
<b>Cash Flow From Financing Activities</b>		
Interest Paid	(6,872.30)	(1,992.00)
Proceeds from Issue of Shares	33,75,000.00	0.00
<b>Net Cash Used In Financing Activities (C)</b>	<b>33,68,127.70</b>	<b>(1,992.00)</b>
<b>Net Increase In Cash And Cash Equivalent (A+B+C)</b>	<b>9,80,770.20</b>	<b>24,482.00</b>
Cash & Cash Equivalent at the beginning of the Year	5,45,932.00	5,21,450.00
Cash & Cash Equivalent at the end of the Year	15,26,702.20	5,45,932.00
<b>Net Increase In Cash And Cash Equivalents</b>	<b>9,80,770.20</b>	<b>24,482.00</b>

As per our report of even date annexed

For Naresh Jai & Associates  
Chartered Accountants  
Firm Regn. No. 019082N

CA Naresh Goyal  
Partner  
Membership No.501487



Place: Faridabad  
Dated: 20.04.2011

FOR AND ON BEHALF OF THE BOARD

(Naresh Kumar)  
Whole-Time Director  
DIN: 00122331

(Rajesh Mangla)  
Director  
DIN: 00005669

## SCHEDULES FORMING PART OF BALANCE SHEET

(Amount in Rs.)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<b>Schedule - A</b>		
<b>Authorised Capital</b>		
2,00,000 Equity shares @ Rs 10/- each (Previous Year 2,00,000 Equity shares @ Rs 10/- each)	20,00,000.00	20,00,000.00
	<b>20,00,000.00</b>	<b>20,00,000.00</b>
<b>Issued, Subscribed and Paid up capital</b>		
83,750 Equity shares of Rs 10/- each fully paid (Previous Year 50,000 Equity shares @ Rs 10/- each) (83,750 (Previous year 50,000) Equity shares held by the holding company - SRS Ltd.)	8,37,500.00	5,00,000.00
	<b>8,37,500.00</b>	<b>5,00,000.00</b>
<b>Schedule - B</b>		
<b>Reserves &amp; Surplus</b>		
<b>Securities Premium Account</b>		
Balance in the beginning of the year	-	-
Addition during the year	30,37,500.00	-
	30,37,500.00	0.00
Profit & Loss Account	12,36,498.03	6,31.00
	<b>42,73,998.03</b>	<b>6,31.00</b>
<b>Schedule - D</b>		
<b>Sundry Debtors</b>		
(Unsecured, Considered good)		
-Debts outstanding for a period exceeding six month	-	-
-Other Debts	16,07,876.00	-
	<b>16,07,876.00</b>	-
<b>Schedule - E</b>		
<b>Cash &amp; Bank Balances</b>		
Cash on Hand	11,23,386.00	3,61,560.00
Balance with Scheduled Bank		
-in Current Accounts	3,03,316.20	1,84,372.00
-in Deposit Accounts*	1,00,000.00	-
*Pledged with Sales Tax Authorities	<b>15,26,702.20</b>	<b>5,45,932.00</b>
<b>Schedule - F</b>		
<b>Other Current Assets</b>		
Interest accrued but not due	6,278	-
	<b>6,278</b>	-

### SCHEDULES FORMING PART OF BALANCE SHEET

#### SCHEDULE - C FIXED ASSETS

(Amount in Rs.)

NAME OF ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 01.04.2010	ADDITION DURING THE YEAR	SALE/TRF. DURING THE YEAR	AS AT 31.03.2011	UPTO 31.03.2010	FOR THE YEAR	ADJUSTMENT ON SALE/ TRANSFER	UP TO 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
PLANT & MACHINERY	-	24,21,056.00	-	24,21,056.00	-	90,645.00	-	90,645.00	23,30,411.00	-
FURNITURE & FIXTURES	-	27,562.00	-	27,562.00	-	1,309.00	-	1,309.00	26,253.00	-
LEASEHOLD IMPROVEMENTS	-	5,08,997.00	-	5,08,997.00	-	1,26,790.00	-	1,26,790.00	3,82,207.00	-
Current Year	-	29,57,615.00	-	29,57,615.00	-	2,18,744.00	-	2,18,744.00	27,38,871.00	-
Previous Year										



(Amount in Rs.)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
<b>Schedule - G</b>		
<b>Loans &amp; Advances</b>		
(Unsecured, considered good, unless otherwise stated)		
Security Deposits	1,17,000.00	-
		-
	<b>1,17,000.00</b>	<b>-</b>
<b>Schedule - H</b>		
<b>Current Liabilities</b>		
Sundry Creditors:		
-Micro Enterprises and Small Enterprises	-	-
-Others	3,29,377.00	36,525.00
Security Deposit	3,995.00	-
Other Liabilities	34,325.00	-
	<b>3,67,697.00</b>	<b>36,525.00</b>
<b>Schedule - I</b>		
<b>Provisions</b>		
Provision for Income Tax	4,29,712.17	14,070.00
{(net of advance tax and TDS of Rs. 1,06,958 (Previous year Rs. Nil))}		
Provision for retirement benefits	46,856.00	-
	<b>4,76,568.17</b>	<b>14,070.00</b>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT** (Amount in Rs.)

PARTICULARS	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
<b>Schedule - J</b>		
<b>Gross Turnover</b>		
Sale	17,24,054.00	-
Jobwork Received	53,38,032.00	-
	<b>70,62,086.00</b>	-
<b>Schedule - K</b>		
<b>Operational Expenses</b>		
Purchases of goods for resale	7,68,066.00	-
Consumable	2,21,024.00	-
Jobwork paid	27,800.00	-
Labour Charges	4,78,676.00	-
Licence Fees	29,781.00	-
	<b>15,25,347.00</b>	-
<b>Schedule - L</b>		
<b>Personnel Expenses</b>		
Salary	4,54,056.00	-
Director's remuneration	21,05,558.00	-
Employer contribution to PF	1,34,814.00	-
Provision for employees benefits	46,856	-
Staff Welfare	8,200.00	-
	<b>27,49,484</b>	-
<b>Schedule - M</b>		
<b>Office &amp; Administration</b>		
Audit Fee	16,545.00	2,100.00
Conveyance	73,271.00	-
Electricity	58,475.00	-
Printing & Stationery	3,355.00	-
Insurance	9,000.00	-
Rent	4,43,339.00	-
Repair & Maintenance-Plant & Machinery	45,701.00	-
Repair & Maintenance - Others	27,424.00	-
Security & Housekeeping	17,185.00	-
Rates & Taxes	6,255.00	36,795.00
Telephone Exp	34,205.00	-
Misc Exp	14,046.50	-
	<b>7,48,801.50</b>	<b>38,895.00</b>
<b>Schedule - N</b>		
<b>Financial</b>		
Bank & Other Financial Charges	6,872.30	2,632.00
	<b>6,872.30</b>	<b>2,632.00</b>

## SCHEDULE-O

### Significant Accounting Policies and Notes to Accounts for the period ended 31<sup>st</sup> March 2011

#### A. Significant Accounting Policies

##### 1. Basis of Accounting

The financial statements are prepared under historical cost convention on accrual basis and in accordance with the requirement of the Companies Act, 1956 and in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the said Act. The accounting policies, except otherwise stated, have been consistently applied by the company.

##### 2. Use of Estimates

The presentation of financial statements is in conformity with the generally accepted accounting principles, which requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statements and the reportable amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known /materialized.

##### 3. Revenue Recognition

- i. Revenue from sale is recognized when the significant risk and reward in respect of ownership of the goods are transferred to customers.
- ii. Revenue from Job work is recognized when the job is completed.

##### 4. Fixed Assets, Capital Work in Progress and Intangible Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the cost of acquisition / purchase price inclusive of duties, taxes, incidental expenses, erection / commissioning expenses, interest etc. up to the date the assets is ready for its intended use. Credit of duty, if available, is adjusted in the acquisition cost of the respective fixed assets.

Intangible assets are recognized as per the criteria specified in Accounting Standard-26 "Intangible Assets" and recorded at the consideration paid for acquisition.

##### 5. Depreciation on Fixed Assets and Amortization

Depreciation on fixed assets is applied on straight-line basis as per the rates and manner specified in the Schedule XIV of the Companies Act, 1956 on pro rata basis.

Depreciation on fixed assets costing upto Rs.5,000/- is provided @ 100% over a period of one (1) year.

Depreciation on leasehold improvements is charged over the period of lease.

##### 6. Investments

Long term investments are carried at their historical cost less any other than temporary diminution in the value of the investments. Current investments are marked down to their net realizable value, if less than the historical cost.

##### 7. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of Assets. Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which it was incurred.



## 8. Inventories

Inventories are valued at lower of cost and net realizable value.  
Cost of Inventories is determined on First in First out (FIFO) basis in the ordinary course of business.

## 9. Cash Flow Statement

Cash flows are reported using the indirect method, whereby a profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

## 10. Earning Per Share

Earning Per Share (EPS) is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the Weighted Average Number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earning Per share, the Net Profit or Loss for the period attributable to equity shareholders is divided by the Weighted Average Number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

## 11. Employee benefits

### **Defined Benefit Plan**

Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each year. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.

### **Defined Contribution Plan**

The Company's contribution to Employees Provident Fund and Family Pension Fund are deposited with the Regional Provident Fund Commissioner and is charged to Profit & Loss Account every year on due basis.

## 12. Taxation

Income tax expense is accounted for in accordance with AS-22 "Accounting for Taxes on Income" for both Current Tax and Deferred Tax as stated below:

### **Current Tax:**

Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961.

### **Minimum Alternate Tax (MAT) Credit:**

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement under Loans & Advances. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period

### **Deferred Tax:**

Deferred Tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income & accounting income computed for the current accounting year and reversal of earlier years' timing difference.

Deferred Tax Assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses, which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **13. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

### **14. Impairment of Assets**

An asset is impaired if there are sufficient indication that the carrying cost would exceed the recoverable amount of cash generating asset. In that event an impairment loss so computed would be recognized in the accounts in the relevant year.

## B. NOTES TO ACCOUNTS

- In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities has been made.
- There is no contingent liability of the company as at the balance sheet date.
- The information regarding Micro Enterprises and Small Enterprises as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and based on the information available with the company, the balance due to Micro, Small and Medium Enterprises is Rs. Nil. Further no interest during the year has been paid or payable under the terms of the Micro, Small and Medium Enterprises Development Act, 2006

### 4. Deferred Tax Assets

In view of the Accounting Standard -22 "Accounting for Taxes on Income" the deferred tax assets/liabilities as at 31<sup>st</sup> March 2011 comprise of the following major components:

(Amount in Rs.)

Particulars	As At 31.03.2011	As At 31.03.2010
Fixed Assets	58,972.00	-
<b>Deferred Tax Liability (A)</b>	<b>58,972.00</b>	-
Disallowance of Preliminary Expenses	3,529.00	5,294.00
Disallowance of Provision for Employees Benefits	14,479.00	-
<b>Deferred Tax Assets (B)</b>	<b>18,008.00</b>	<b>5,294.00</b>
<b>Net Deferred Tax Liability/(Assets) (A-B)</b>	<b>40,964.00</b>	<b>(5,294.00)</b>

### 5. Auditors remuneration

(Amount in Rs.)

Particulars	2010-11	2009-10
Statutory Audit Fees	11,030.00	2,100.00
Tax Audit Fees	5,515.00	-
<b>Total</b>	<b>16,545.00</b>	<b>2,100.00</b>

- There is no transaction in foreign currency during the year.

### 7. Directors remuneration

(Amount in Rs.)

Particulars	2010-11	2009-10
Director's Salary	21,05,558.00	-
Employer Share to PF Etc.	1,08,789.00	-
<b>Total</b>	<b>22,14,347.00</b>	-



## 8. Employee Benefits

### a) Defined Contribution Plans :-

The Company has recognised Rs. 1,34,814 (PY Rs. Nil) as expense in Profit & Loss Account.

### b) Defined Benefit Plans :-

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded. The Company has also provided for Leave Encashment which is also unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account, the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2011).

The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:

(Amount in Rs.)

Particulars	Earned Leave	Gratuity
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	8.00%	8.00%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	5.50%	5.50%
Rate of Return on Plan Assets	0.00%	0.00%
Average Outstanding Service of Employees upto Retirement (years)	22.71	22.71

Changes in the present value of Defined Benefit Obligation are as follows:

(Amount in Rs.)

Particulars	Earned Leave	Gratuity
Present Value of Defined Benefit Obligation at the beginning of the year	Nil	Nil
Interest Cost	Nil	Nil
Current Service Cost	17,476	29,380
Benefits Paid	Nil	Nil
Actuarial (gain)/loss on obligation	Nil	Nil
Present Value of Defined Benefit Obligation at the end of the year	17,476	29,380

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2011

(Amount in Rs.)

Particulars	Earned Leave	Gratuity
Present Value of Defined Benefit Obligation at the end of the year	17,476	29,380
Fair Value of Plan Assets	Nil	Nil
Net Asset / (Liability) recognized in the Balance Sheet	(17,476)	(29,380)

Net employee benefit expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2011)

(Amount in Rs.)

Particulars	Earned Leave	Gratuity
Current Service Cost	17,476	29,380
Interest Cost	Nil	Nil
Expected return on plan assets	Nil	Nil
Past Service Cost	Nil	Nil
Actuarial (gain) / loss recognized in the year	Nil	Nil
Expenses recognized in the Statement of Profit and Loss Account	17,476	29,380

Previous year's figures have not been given as there was no employee in the company during the previous financial year.

9. "Earning per Share" computed in accordance with Accounting Standard -20 "Earning per share"

(Amount in Rs.)

Particulars	2010-11	2009-10
<b>a) Numerator</b>		
Net profit after taxation as per profit and loss A/c	12,35,867.03	4,49.00
<b>b) Denominator:</b>		
Weighted average no. of equity shares outstanding for:		
-Basic & Diluted	50,092	50,000
<b>c) Earning per share (EPS) (Face value of Rs. 10 each):</b>		
-Basic & Diluted	24.67	0.01

10. Related Party Transactions

As per Accounting Standard-18, the Company's related parties and transactions are disclosed below:

a. List of related parties & relationships, where control exists:

**Holding Company:** SRS Limited

b. Related parties and relationship with whom transactions have been taken place during the year:

i. **Key Management Personnel**

Mr. Sandeep Kumar

Mr. Rahul Aggarwal

Mr. Sanjay Singla

Mr. Naresh Kumar

## c. Transactions with related Parties:

(Amount in Rs.)

S. No.	Name of the Party	Nature of Transaction	2010-11	2009-10
1	SRS Ltd.	Issue of Equity Shares	33,75,000	-
		Advance recd	93,00,000	-
		Job Work Recd.	53,38,032	-
		<b>Closing Balance:</b>		-
		Sundry Debtors	16,07,876	-
2	Mr. Sandeep Kumar	Director Remuneration	6,06,631	-
3	Mr. Rahul Aggarwal	Director Remuneration	6,06,631	-
4	Mr. Sanjay Singla	Director Remuneration	1,01,105	-
5	Mr. Naresh Kumar	Director Remuneration	8,89,981	-

11. Previous year's figures have been rearranged / regrouped wherever necessary.
12. All amounts in the financial statements are presented in Rupees.

SIGNATURES TO SCHEDULES A to O  
As per our report of even date attached.

**For Naresh Jai & Associates**

Chartered Accountants  
Firm Regn. No. 019082N



**CA Naresh Goyal**  
Partner  
Membership No.501487

Place: Faridabad  
Dated: 20.04.2011

**FOR AND ON BEHALF OF THE BOARD**


(Naresh Kumar)  
Whole-Time Director  
DIN: 00122331



(Rajesh Mangla)  
Director  
DIN: 00005669



## Abstract of business profile

**I. Registration Details**

Registration No.	U52390DL2009PLC188618
Balance Sheet Date	31.03.2011

**II. Capital Raised during the year (Amount in thousands)**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	337.50

**III. Position of Mobilisation and Deployment of Funds**

Total Liabilities	5,152.46	Total Assets	5,152.46
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**Sources of Funds**

Paid Up capital	837.50	Reserve & Surplus	4,274.00
Secured Loans	NIL	Unsecured Loans	NIL
Deferred Tax Liability	40.96		

**Application of Funds**

Net Fixed Assets	2,738.87	Investments	NIL
Net Current Assets	2,413.59	Deferred Tax Asset	NIL
Profit & Loss	NIL		

**IV. Performance of the Company**

Turn Over	7,068.36	Total Expenditure	5,249.24
Profit/Loss before Tax	1,819.11	Profit/Loss After Tax	1,235.86
Earning per Share in Rs.	24.67	Dividend Rate %	NIL

**V. Generic Names of Three Principal Products/Services of Company (as per monetary term)**

Item Code No. (ITC Code)	N.A.
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FOR AND ON BEHALF OF THE BOARD



(Naresh Kumar)  
Whole-Time Director  
DIN: 00122331



(Rajesh Mangla)  
Director  
DIN: 00005669

## **CONSOLIDATED FINANCIAL STATEMENTS**

## Auditors' Report on Consolidated Financial Statements

The Board of Directors  
**SRS Limited**  
 Faridabad.

1. We have audited the attached Consolidated Balance Sheet of **SRS Limited** ('the Company') and its Subsidiary SRS Jewells Limited, collectively referred to as the 'the Group', as at 31<sup>st</sup> March 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of SRS Jewells Limited, Subsidiary, whose financial statements reflect total assets of Rs.51.52 Lacs as at 31<sup>st</sup> March 2011 and the total revenues of Rs.70.68 Lacs and the net cash inflows amounting to Rs.9.81 Lacs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS)-21 on "Consolidated Financial Statements" referred to in sub-section (3C) of the section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true & fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March 2011;
  - (ii) in case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **S.S.KOTHARI MEHTA & CO.**  
 Chartered Accountants  
 Firm Reg. No.000756N



Naveen Aggarwal  
 Partner  
 Membership No.094380



Place: New Delhi  
 Date: 28<sup>th</sup> April, 2011



**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2011**

Particulars	Sch No.	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	10,429.10	10,429.10
Reserves and Surplus	2	21,014.80	17,289.23
		<u>31,443.90</u>	<u>27,718.33</u>
<b>Loan Funds</b>			
Secured Loans	3	27,352.18	16,104.60
Unsecured Loans	4	25.00	124.00
		<u>27,377.18</u>	<u>16,228.60</u>
Deferred Tax Liability (net)		1,375.97	1,151.96
<b>Total</b>		<u>60,197.05</u>	<u>45,098.89</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block (at cost)	5	26,140.50	20,689.92
Less: Depreciation		3,127.00	1,988.71
Net Block		<u>23,013.50</u>	<u>18,701.21</u>
Capital Work in Progress		188.94	2,795.15
		<u>23,202.44</u>	<u>21,496.36</u>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	10,235.52	12,340.28
Sundry Debtors	7	27,094.62	9,997.79
Cash & Bank Balances	8	3,054.29	1,845.62
Other Current Assets	9	35.59	12.83
Loans & Advances	10	2,394.01	2,577.37
		<u>42,814.03</u>	<u>26,773.89</u>
<b>Less: Current Liabilities &amp; Provisions</b>			
Liabilities	11	4,984.83	2,770.87
Provisions	12	960.82	419.59
<b>Net Current Assets</b>		<u>36,868.38</u>	<u>23,583.43</u>
<b>Miscellaneous Expenditure</b>	13	126.23	19.10
(To the extent not written off or adjusted)			
<b>Total</b>		<u>60,197.05</u>	<u>45,098.89</u>
Significant Accounting Policies and Notes to Accounts	22		

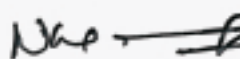
The schedules referred to above and notes to accounts form an integral part of the Consolidated Financial Statements.

As per our report of even date attached.

**For S.S. Kothari Mehta & Co.**

(Chartered Accountants)

Firm Reg. No.000756N



(Naveen Aggarwal)

Partner

M. No. 094380

Place: Faridabad

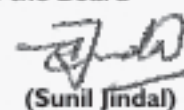
Dated: 28<sup>th</sup> April, 2011



**For and on behalf of the Board**



(Anil Jindal)  
Chairman  
DIN-00005585



(Sunil Jindal)  
Managing Director  
DIN-00013791

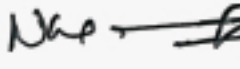







(Navneet Kwatra)  
COO & Company Secretary  
M. No.16672



(Bhagwan Dass)  
Chief Financial Officer

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

Particulars	Sch No.	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Income</b>			
Revenue from Operations	14	2,04,097.32	1,30,774.99
Other Income	15	184.23	36.26
Change in Inventories	16	3,489.16	2,173.96
<b>Total</b>		<b>2,07,770.71</b>	<b>1,32,985.21</b>
<b>Expenditure</b>			
Operational Expenses	17	1,92,286.89	1,21,287.22
Personnel Expenses	18	1,811.28	1,315.23
Administrative and Other Expenses	19	3,785.70	3,292.03
Financial Expenses	20	2,452.77	1,671.28
Marketing Expenses	21	536.43	375.43
Depreciation	5	1,201.88	849.09
<b>Total</b>		<b>2,02,074.95</b>	<b>1,28,790.28</b>
<b>Profit before Tax</b>		<b>5,695.76</b>	<b>4,194.93</b>
<b>Less: Provision for Taxation:</b>			
-Current		1,709.66	1,308.18
-Deferred		224.02	290.53
-Earlier year (s)		36.51	2.15
<b>Total Tax Expenses</b>		<b>1,970.19</b>	<b>1,600.86</b>
<b>Profit after Tax &amp; Minority Interest</b>		<b>3,725.57</b>	<b>2,594.07</b>
Less: Pre-acquisition profits of Subsidiary		0.00	0.01
		<b>3,725.57</b>	<b>2,594.06</b>
Profit brought forward from previous year		6,310.68	3,716.62
<b>Amount carried to Balance Sheet</b>		<b>10,036.25</b>	<b>6,310.68</b>
<b>Earning per share :</b>			
(Refer Note No.C-16 of Schedule No.22)			
Face Value per Equity Share (in Rs.)		10.00	10.00
-Basic & Diluted (in Rs.)		3.57	2.53
Significant Accounting Policies and Notes to Accounts	22		
The schedules referred to above and notes to accounts form an integral part of the Consolidated Financial Statements.			
As per our report of even date attached.			
<b>For S.S. Kothari Mehta &amp; Co.</b> (Chartered Accountants) Firm Reg. No.000756N		<b>For and on behalf of the Board</b>	
 <b>(Naveen Aggarwal)</b> Partner M. No. 094380		 <b>(Anil Jindal)</b> Chairman DIN-00005585	
		 <b>(Sunil Jindal)</b> Managing Director DIN-00013791	
Place: Faridabad Dated: 28 <sup>th</sup> April, 2011		 <b>(Navneet Kwatra)</b> COO & Company Secretary M. No.16672	
		 <b>(Bhagwan Dass)</b> Chief Financial Officer	

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>A</b>		
<b>Cash Flow from Operating Activities</b>		
Net Profit before Tax (as per Profit & Loss Account)	5,695.76	4,194.93
Adjustment for :		
Depreciation	1,201.88	849.09
Amount w/ off (net)	9.45	176.39
Interest Expenses	2,452.77	1,671.28
Loss/(Profit) on Capital Assets	1.71	136.72
Fixed Assets & CWIP written off	25.80	169.62
Interest Income	(142.01)	(16.47)
Pre-acquisition Profits before Interest & Tax of a Subsidiary	-	(0.19)
Operating Profit before Working Capital Change	9,245.36	7,181.37
Adjustment for :		
Trade and Other Receivable	(17,024.96)	(7,082.26)
Inventories	2,104.77	(9,702.49)
Trade payable and Other Liabilities	2,184.72	974.22
<b>Cash Generated from Operations</b>	(3,490.11)	(8,629.16)
Direct Taxes Paid	(1,222.26)	(929.37)
<b>Net Cash from Operating Activities (A)</b>	(4,712.37)	(9,558.53)
<b>B</b>		
<b>Cash Flow From Investment Activities</b>		
Purchases of Fixed Assets [including Advances for projects]	(3,639.23)	(1,582.33)
Refund of Advances for Projects	-	8,116.42
Proceeds from Sale of Fixed Assets & CWIP	805.80	2,663.68
Adjustment on acquisition of interest in Subsidiary	-	0.45
Capital Reserve on acquisition of interest in Subsidiary	-	0.01
Interest Received	119.25	5.15
<b>Net Cash used in Investing Activities (B)</b>	(2,714.18)	9,203.38
<b>C</b>		
<b>Cash Flow from Financing Activities</b>		
Proceeds from Long Term Borrowings	138.40	1,508.94
Repayments of Long Term Borrowings	(2,662.90)	(4,994.82)
Net Proceed from Short Term Borrowing	13,673.08	5,041.80
Proceeds from Issue of Shares	-	2,207.98
Share Issue Expenses	(107.13)	(19.10)
Interest Paid	(2,406.23)	(1,802.12)
<b>Net Cash used in Financing Activities (C)</b>	8,635.22	1,942.68
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	1,208.67	1,587.53
Cash and Cash Equivalent at the beginning of the year	1,845.62	258.09
Cash and Cash Equivalent at the end of the year	3,054.29	1,845.62
<b>Net Increase in Cash and Cash Equivalents</b>	1,208.67	1,587.53

As per our report of even date attached.

**For S.S. Kothari Mehta & Co.**

(Chartered Accountants)

Firm Reg. No.000756N


**(Naveen Aggarwal)**

Partner

M. No. 094380

Place: Faridabad

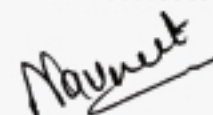
Dated: 28<sup>th</sup> April, 2011

For and on behalf of the Board


**(Anil Jindal)**

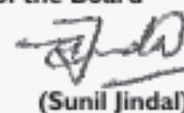
Chairman

DIN-00005585


**(Navneet Kwatra)**

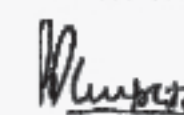
COO &amp; Company Secretary

M. No.16672


**(Sunil Jindal)**

Managing Director

DIN-00013791


**(Bhagwan Dass)**

Chief Financial Officer



## SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH 2011

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 1: Share Capital</b>		
<b>Authorised</b>		
15,00,00,000 (PY 12,50,00,000) Equity Shares of Rs. 10/- (PY Rs. 10/-) each	<u>15,000.00</u>	<u>12,500.00</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
10,42,91,009 (PY 10,42,91,009) Equity Shares of Rs. 10/- (PY Rs. 10/-) each fully paid up	<u>10,429.10</u>	<u>10,429.10</u>
<b>Schedule 2: Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Add: On acquisition of Subsidiary	0.01	-
Balance at the end of the year	<u>-</u>	<u>0.01</u>
<b>Securities Premium Account</b>		
Add: Addition during the year	10,978.54	7,694.85
Balance at the end of the year	<u>-</u>	<u>3,283.69</u>
Profit and Loss Account	<u>10,978.54</u>	<u>10,978.54</u>
	<u>10,036.25</u>	<u>6,310.68</u>
	<u>21,014.80</u>	<u>17,289.23</u>
<b>Schedule 3: Secured Loans</b>		
<b>Term Loan-Rupee</b>		
-From Bank	14,097.45	8,909.88
-From Others	5.90	18.25
<b>Total (A)</b>	<u>14,103.35</u>	<u>8,928.13</u>
(includes Rs. 10,545.42 lacs (PY Rs. 2,503.38 lacs) falling due for payment with in one year).		
-Rupee Term Loan from Bank (on consortium basis) amounting to Rs.3,902.32 lacs (PY Rs.6,189.31 lacs) is secured against first pari passu charge on all the fixed assets of the Company, including Equitable Mortgage of land and building at site no 4, City Center, Sector-12 and Multiplex-cum Shopping Mall constructed thereon in the name of the Company and further secured by first pari passu charge on (a) 8 acres of land at Prithla in the name of SPS Buildcon Ltd. (b) 6.84 acres of land at Prithla in the name of SRS Retreat Services Ltd. (c) Extension of charge on current assets. The Facility is further secured by personal guarantee by Directors and corporate guarantee of SPS Buildcon Ltd., SRS Retreat Services Ltd., BTL Industries Ltd., BTL Portfolio Ltd., SRS International Ltd., SRS Professional Services Ltd., and SRS IT Solutions Pvt. Ltd.		
-Rupee Term Loan from Bank for Jasola Property amounting to Rs. 126.76 lacs (PY Rs. 134.62 lacs) is secured against Equitable mortgage on Jasola Property of the Company and Personal guarantee of relative of Directors and corporate guarantee of SRS Finance Ltd.		
- Rupee Term Loan (Corporate Loan) amounting to Rs. 1,200 Lacs (PY Rs. 1,487.30 Lacs) is secured against Equitable mortgage of Land measuring 66 Kanal situated on Sector-8, Palwal in the name of SRS Real Estate Limited and Personal guarantee of Director and Corporate guarantee of SRS Real Estate Limited.		
-Rupee Term Loan from Bank amounting to Rs.108.50 Lacs (PY Rs.49.40 lacs) and from Others amounting to Rs.5.90 Lacs (PY Rs.18.25 lacs) against Equipments/Vehicles is secured against hypothecation of specified equipments/vehicles of the Company.		
-Gold Loan (Metal) from Bank amounting to Rs.8,759.87 lacs (PY Rs. 1,049.25 lacs) is secured against Letter of Credit and FDR.		
<b>Working Capital from Bank</b>		
-Cash Credit	13,248.83	5,145.17
-Demand Loan (in foreign currency)	-	2,031.30
<b>Total (B)</b>	<u>13,248.83</u>	<u>7,176.47</u>
(includes Rs. Nil (PY Rs. 2,031.30 Lacs) falling due for payment with in one year).		
-secured against hypothecation of stocks & book debts and equitable mortgage of specific properties and Personal guarantee of directors and Corporate guarantee of SPS Buildcon Ltd., SRS Retreat Services Ltd., BTL Industries Ltd., BTL Portfolio Ltd., SRS International Ltd., SRS Professional Services Ltd., and SRS IT Solutions Pvt. Ltd.		
<b>Total (A+B)</b>	<u>27,352.18</u>	<u>16,104.60</u>
<b>Schedule 4: Unsecured Loans</b>		
<b>Short Term Loans</b>		
-Inter Corporate Deposits	25.00	124.00
	<u>25.00</u>	<u>124.00</u>

**SCHEDULES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS AS AT 31ST MARCH, 2011**

**SCHEDULE - 5 FIXED ASSETS**

(Rs. in Lacs)

Description	Gross Block				Depreciation				Net Block	
	As At 01.04.10	Additions	Sale /Adjustment	As At 31.03.11	Up to 01.04.10	for the year	on Sale / Adjustment	Up to 31.03.11	As At 31.03.11	As At 31.03.10
Land #	410.03	1,787.97	-	2,198.00	-	-	-	-	2,198.00	410.03
Buildings #	3,421.54	13.62	-	3,435.16	255.09	55.80	-	310.89	3,124.27	3,166.45
Leasehold Improvements	9,436.29	2,580.07	52.07	11,964.29	555.26	578.65	6.81	1,127.10	10,837.19	8,881.03
Temporary Structure	2.79	-	-	2.79	2.79	-	-	2.79	-	-
Plant & Machinery	5,243.86	769.22	33.84	5,979.24	683.08	304.84	2.33	985.59	4,993.65	4,560.78
Furniture & Fittings	1,289.41	236.25	67.38	1,458.28	207.76	114.80	19.41	303.15	1,155.13	1,081.65
Computers	494.17	56.74	35.72	515.19	184.00	83.05	34.85	232.20	282.99	310.17
Vehicles	196.47	169.59	-	366.06	51.86	31.29	-	83.15	282.91	144.61
Intangible Assets	195.36	26.32	0.19	221.49	48.87	33.45	0.19	82.13	139.36	146.49
<b>Total</b>	<b>20,689.92</b>	<b>5,639.78</b>	<b>189.20</b>	<b>26,140.50</b>	<b>1,988.71</b>	<b>1,201.88</b>	<b>63.59</b>	<b>3,127.00</b>	<b>23,013.50</b>	<b>18,701.21</b>
Previous Year	16,086.37	6,827.87	2,224.32	20,689.92	1,237.81	849.09	98.19	1,988.71	18,701.21	-
<b>CWIP</b>	-	-	-	-	-	-	-	-	188.94	2,795.15

# Addition includes Land of Rs. 1,787.97 Lacs and Building of Rs. 7.13 Lacs being allotted in open auction scheme by HUDA (Refer Note No. C-7 Schedule 22)

## SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31ST MARCH 2011

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 6: Inventories</b>		
<i>(As Verified, Valued and Certified by the Management)</i>		
Raw Material	1,934.61	7,528.53
Finished Goods	6,504.67	3,547.09
Goods held for Resale	1,796.24	1,264.66
	<u>10,235.52</u>	<u>12,340.28</u>
<b>Schedule 7: Sundry Debtors</b>		
<b>Secured, considered Good</b>		
Debts outstanding for a period exceeding six months	0.42	-
Other Debts	9.66	9.73
<b>Unsecured</b>		
Debts outstanding for a period exceeding six months	280.89	13.05
Other Debts	26,803.65	9,975.01
	<u>27,094.62</u>	<u>9,997.79</u>
<b>Schedule 8: Cash and Bank Balances</b>		
Cash on Hand	303.94	436.20
Balances with schedule banks		
-in Current Account	493.35	780.71
-in Deposit Account *	2,257.00	628.71
*Pledged with Sales Tax Authorities and Banks	<u>3,054.29</u>	<u>1,845.62</u>
<b>Schedule 9: Other Current Assets</b>		
Interest Accrued but not Due	35.59	12.83
	<u>35.59</u>	<u>12.83</u>
<b>Schedule 10: Loans and Advances</b>		
<i>(Unsecured, considered good, unless otherwise stated)</i>		
Advances recoverable in cash or in kind or for which value to be received	675.72	701.02
Advances to Suppliers	193.67	72.58
Advances for Projects / Fixed Assets	1.66	103.69
Security Deposits	1,467.56	1,637.53
Prepaid Expenses	55.40	62.55
	<u>2,394.01</u>	<u>2,577.37</u>
<b>Schedule 11: Current Liabilities</b>		
Sundry Creditors:		
-Micro Enterprises and Small Enterprises	0.08	0.07
-Others	2,863.87	2,159.48
Advances Received from Customers	11.47	17.94
Security Deposits (interest free)	131.26	181.63
Interest Accrued but not due	53.97	7.43
Deferred Credit Payment	1,346.10	-
Bank Overdraft	432.00	274.48
Other Liabilities	146.08	129.84
	<u>4,984.83</u>	<u>2,770.87</u>



**SCHEDULES TO THE CONSOLIDATED FINANCIAL  
STATEMENTS AS AT 31ST MARCH 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 12: Provisions</b>		
Provision for Retirement Benefits	57.76	40.45
Provision for Income Tax	903.06	379.14
{(net of advance tax and TDS of Rs.2,330.05 Lacs (PY Rs.1,411.89 Lacs)}	<u>960.82</u>	<u>419.59</u>
<b>Schedule 13: Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Share Issue Expenses	126.23	19.10
	<u>126.23</u>	<u>19.10</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 14: Income from Operations</b>		
Sales	2,03,227.67	1,29,991.19
{(net of entertainment and show tax of Rs.362.61 Lacs (PY Rs.284.36 Lacs))}		
Other Operating Income	869.65	783.80
	<u>2,04,097.32</u>	<u>1,30,774.99</u>
<b>Schedule 15: Other Income</b>		
Interest Income	142.01	16.47
{(Tax Deducted at Source -Rs.8.71 Lacs, (PY Rs.1.09 Lacs))}		
Foreign Exchange Fluctuation	0.03	-
Profit on Gold Forward Commodity Settlement	2.42	-
Miscellaneous Income	39.77	19.79
	<u>184.23</u>	<u>36.26</u>
<b>Schedule 16: Increase in Inventories</b>		
<b>Closing Stock</b>		
Finished Goods	6,504.67	3,547.09
Goods held for Resale	1,796.24	1,264.66
<b>Opening Stock</b>		
Finished Goods	3,547.09	263.51
Goods held for Resale	1,264.66	2,374.28
	<u>3,489.16</u>	<u>2,173.96</u>
<b>Schedule 17: Operational Expenses</b>		
Raw Material Consumed	84,715.46	64,220.50
Purchases of Goods for resale	1,05,419.45	55,673.50
Jobwork Charges	-	0.00
Security & House Keeping	770.26	525.76
Packaging Expenses	139.29	94.88
Other Operational Expenses	1,242.43	772.58
	<u>1,92,286.89</u>	<u>1,21,287.22</u>
<b>Schedule 18: Personnel Expenses</b>		
Salaries, Wages and Bonus	1,325.62	951.74
Directors' Remuneration	231.65	177.12
Directors' Sitting Fee	3.96	-
Contribution to Provident Fund & Other Fund	144.57	102.92
Staff Welfare Expenses	86.80	59.12
Provision for Employees Benefits	18.68	24.33
	<u>1,811.28</u>	<u>1,315.23</u>

**SCHEDULES TO THE CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2011**

Particulars	31 <sup>st</sup> March 2011 Rs. in Lacs	31 <sup>st</sup> March 2010 Rs. in Lacs
<b>Schedule 19: Office &amp; Administrative Expenses</b>		
Lease Rent	2,242.62	1,673.91
Electricity & Water	698.87	518.87
Insurance	54.71	35.55
Repair and Maintenance:		
-Plant & Machinery	150.18	103.19
-Building	50.34	28.57
-Others	110.84	80.64
Rates & Taxes	75.41	63.28
Auditors' Remuneration	16.66	14.46
Legal & Professional	35.39	32.59
Miscellaneous Expenses	167.28	141.41
Fixed Assets & CWIP written off	25.80	169.62
Loss/(Profit) on Capital Assets	1.71	136.72
Donation	0.23	0.46
Premium on Forward Contract	30.69	34.83
Travelling & Conveyance	115.52	81.54
Bad Debts & balance w/off (net)	9.45	176.39
	<b>3,785.70</b>	<b>3,292.03</b>
<b>Schedule 20: Financial Expenses</b>		
Interest on:		
-Term Loans	1,045.02	996.19
-Cash Credit/Overdraft	984.08	468.03
Interest on Unsecured Loans and Others	40.02	44.96
Bank Charges and Other Financial Expenses	383.65	162.10
	<b>2,452.77</b>	<b>1,671.28</b>
<b>Schedule 21: Marketing Expenses</b>		
Selling & Distribution Expenses	205.76	178.87
Commission Paid	11.22	14.50
Advertisement	319.45	182.06
	<b>536.43</b>	<b>375.43</b>



## SCHEDULE-22

### Significant Accounting Policies and Notes to Consolidated Accounts for the year ended March 31, 2011

#### A. Principles of Consolidation

The Consolidated Financial Statements comprise the financial statements of SRS Limited (the Company) and its wholly owned Subsidiary as per details given below:

Name of Subsidiary Company	Country of Incorporation	% of Shareholding & Voting Power
SRS Jewells Limited	India	100%

The financial statements of the Parent Company and its wholly owned Subsidiary have been consolidated on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all intra-group balances / transactions and resulting unrealized gain / loss in accordance with Accounting Standard (AS)-21 on "Consolidated Financial Statements" referred to in sub-section (3C) of the section 211 of the Companies Act, 1956.

The Consolidated Financial Statements are prepared using uniform accounting policies, in accordance with the generally accepted accounting principles and are drawn upto the same reporting date as that of the parent company i.e. March 31, 2011.

#### B. Significant Accounting Policies

##### 1. Basis of Accounting

The financial statements are prepared under historical cost convention on accrual basis and in accordance with the requirement of the Companies Act, 1956 and in compliance with the applicable Accounting Standards (AS) referred to in sub-section (3C) of Section 211 of the said Act. The accounting policies, except otherwise stated, have been consistently applied by the Company.

##### 2. Use of Estimates

The preparation of financial statements is in conformity with the generally accepted accounting principles, which requires estimates and assumptions to be made that affect the reportable amount of assets and liabilities on the date of financial statements and the reportable amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results are known / materialized.

##### 3. Revenue Recognition

- 3.1 Revenue from sale is recognized when the significant risk and rewards in respect of ownership of the goods are transferred to customer.
- 3.2 Revenue from theatre business is recognized on the basis of tickets sold for the period under accounting.
- 3.3 Entertainment tax collection in respect of its multiplex put up in Uttar Pradesh (U.P) has been recognised as revenue on the sale of tickets, considering the exemption from payment of entertainment tax upto a specified period in terms of the scheme of UP state government. Since the collection is dependent on sale of tickets been uncertain and collection of aforesaid tax is normal trading transaction, it has not been recognised as grant in terms of Accounting Standard-12 "Accounting for Government Grants".
- 3.4 Revenue from Lease Rent, Common Area Maintenance (CAM) Charges and Interest is recognized on a time proportion basis.

- 3.5 Advertisement revenue is recognized as and when advertisement is displayed.
- 3.6 Sale of land, plots and other properties is recognised in the financial year in which the transfer is made by agreement to sell / registration of sale deed or otherwise in favour of parties.
- 3.7 Revenue from Job Work is recognised when the Job is Completed.

#### 4. Fixed Assets, Capital Work in Progress and Intangible Assets

Fixed Assets are stated at Cost less Accumulated Depreciation and Impairment Losses, if any. Cost comprises the cost of acquisition / purchase price inclusive of duties, taxes, incidental expenses, erection / commissioning expenses, interest etc. up to the date the asset is ready for its intended use. Credit of duty, if availed, is adjusted in the acquisition cost of the respective fixed assets.

Capital Works-in-Progress is carried at cost, comprising direct cost, related incidental expenses and interest on borrowings to the extent attributed to them.

Intangible assets are recognized as per the criteria specified in Accounting Standard (AS)-26 "Intangible Assets" and recorded at the consideration paid for acquisition.

#### 5. Depreciation on Fixed Assets and Amortization

Depreciation on fixed assets is applied on straight-line basis as per the rates and manner specified in the Schedule XIV of the Companies Act, 1956 on pro rata basis.

Depreciation on fixed assets costing upto Rs. 5,000/- is provided @ 100% over a period of one (1) year.

Intangible Assets are amortized over the useful life of the assets or ten (10) years, whichever is earlier.

Depreciation on leasehold improvements is charged over the period of lease.

#### 6. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of Assets. Qualifying Asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are treated as period cost and charged to the profit and loss account in the year in which it was incurred.

#### 7. Impairment of Assets

An asset is impaired if there is sufficient indication that the carrying cost would exceed the recoverable amount of cash generating asset. In that event an impairment loss so computed would be recognized in the accounts in the relevant year.

#### 8. Investments

Current investments are stated at lower of cost and fair market value. Long-term investments are valued at their acquisition cost. The provision for any diminution in the value of long- term investments is made only if such a decline is other than temporary.

#### 9. Inventories

Raw materials are valued at lower of Cost and Net Realizable Value.

Finished goods are valued at lower of Cost (raw material and appropriate proportion of overheads) and Net Realizable Value.

Goods held for Resale are valued at lower of cost and net realizable value.

Costs of inventories are determined on First in First out ('FIFO') basis in the ordinary course of business.

Net Realizable Value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 10. Foreign Exchange Transaction

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Any profit or loss arising on cancellation or renewal of forward exchange contracts are recognized as income or as expenses for the year.

Non-monetary items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognized and is reflected separately in the Profit & Loss Account.

## 11. Taxations

### **Current Tax:**

Provision for Taxation is ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1961.

### **Minimum Alternate Tax (MAT) Credit:**

Minimum Alternate Tax credit is recognized, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement under Loans & Advances. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### **Deferred Tax:**

Deferred Tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income & accounting income computed for the current accounting year and reversal of earlier years' timing difference.

Deferred Tax Assets are recognized and carried forward to the extent that there is a reasonable certainty, except arising from unabsorbed depreciation and carry forward losses, which are recognized to the extent that there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## 12. Employee benefits

### **Defined Benefit Plan**

Gratuity and long-term compensated absences are provided for based on actuarial valuation carried out at the close of each year. The actuarial valuation is done by an Independent Actuary as per projected unit credit method.



**Defined Contribution Plan**

The Company's contribution to Employees Provident Fund and Family Pension Fund are deposited with the Regional Provident Fund Commissioner and is charged to Profit & Loss Account every year on due basis.

**13. Leases**

Assets taken on lease under which, all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Operating lease payments are recognized as expenses in the profit and loss account on a straight-line basis over the lease term.

**14. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby a profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated.

**15. Earning Per Share**

Earning Per Share (EPS) is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the Weighted Average Number of equity shares outstanding during the period.

For the purpose of calculating Diluted Earning Per share, the Net Profit or Loss for the period attributable to equity shareholders is divided by the Weighted Average Number of shares outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

**16. Miscellaneous Expenditure**

Share issue expenses will be adjusted from Securities Premium Account at the time of issue of respective Shares.

**17. Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

## A. NOTES TO ACCOUNTS

### 1. Capital Commitment

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 8.27 lacs (PY Rs. 923.19 lacs).

### 2. Contingent Liabilities not provided for in respect of:

Claims against Company not acknowledged as debt (excluding interest & penalty, if any) are as follows:

- Legal Matters -Rs. 51.60 lacs (PY Rs. 16.95 lacs)

3. In the opinion of the management, the value on realization of current assets, loans & advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet and provisions for all known liabilities has been made.
4. Sales includes Entertainment Tax of Rs. 585.95 lacs (PY Rs. 220.06 lacs) for which the company is exempted for deposition in terms of the scheme of U.P. State Government.

5. a) Amount due to Micro Enterprises and Small Enterprises by the Company, comprises of the following:  
(Rs. in Lacs)

Particulars		As at 31.03.2011	As at 31.03.2010
a)	Principal amount unpaid	0.08	0.07
b)	Interest due on above	-	-

- b) No interest has been paid during the year and payable as on March 31, 2011.

- c) The above information as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and is given in "Current Liabilities".

6. Prior period expenses of Rs. Nil (PY Rs. 61.79 lacs) have been charged to Profit & Loss Account.

7. During the year company has purchased commercial sites aggregating Rs. 1795.10 lacs from HUDA in open auction scheme announced by HUDA for Commercial Site / School Site at Faridabad and Palwal for which Rs. 449.40 lacs has been paid during the year and amount of Rs. 1346.10 lacs payable shown as "Deferred Credit Payment" under the head "Current Liabilities" which will be paid in half / yearly installments over specified period.

Company has got the allotment letters alongwith possession of the above sites, the legal title of which will be transferred in the name of the Company after making the payment of full consideration.

### 8. The amount of Exchange Difference (Net):

- a) The Foreign Exchange Income of Rs. 0.03 lacs (PY Rs. Nil) resulting from settlement and realignment of foreign exchange transaction has been adjusted in the Profit & Loss Account.
- b) Premium paid on Forward Contract is Rs. 65.52 lacs out of which Rs 30.69 lacs (PY Rs. 34.83 lacs) is recognized as expense to Profit & Loss Account on time proportion basis.
- c) Forward contracts entered into for hedging purpose and outstanding as on March 31, 2011:

Forward Contracts for payment to be made against payables	As At			
	31.03.2011		31.03.2010	
	Amount in Foreign Currency	Equivalent Indian Rupees	Amount in Foreign Currency	Equivalent Indian Rupees
Loan	Nil	Nil	US\$45,00,000	Rs. 2,031.30 lacs

### 9. Assets taken on operating lease:

- The Company has taken certain shops/offices/other Fixed Assets on non-cancellable operating lease. Minimum lease payments of Rs. 2,093.07 lacs (PY Rs. 1,624.75 lacs) are charged to Profit & Loss Account during the year.
- Total contingent rents (Calculated on Revenue Sharing Basis) recognized as expense in the statement of profit and loss for the year is Rs. 85.12 lacs (PY Rs. 15.64 lacs).
- Future commitments in respect of minimum lease payments payable in respect of aforesaid lease entered by the Company are as follows:

(Rs. in lacs)

Particulars		As at 31.03.2011	As at 31.03.2010
a.	Not later than one year	2,143.07	1,804.61
b.	Later than one year and not later than five years	7,220.43	6,661.60
c.	Later than five years	3,206.78	3,756.02

- Sub-lease payments received (on accrual basis) of Rs. 138.22 lacs (PY Rs. 132.22 lacs) are recognized in the Profit and Loss Account.
- The total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases at the Balance Sheet date are Rs. 320.90 lacs (PY Rs. 481.11 lacs).

### 10. Assets given on operating lease:

- Future minimum lease payments receivable by the Company in respect of non-cancellable operating lease for shops / kiosks entered by the Company are as follows:

(Rs. in lacs)

Particulars		As at 31.03.2011	As at 31.03.2010
a.	Not later than one year	328.50	334.67
b.	Later than one year and not later than five years	1,014.05	1,289.28
c.	Later than five years	67.24	99.95

- Total contingent rents (Calculated on Revenue Sharing Basis) recognized as income in the statement of profit and loss for the year is Rs. 38.55 lacs (PY Rs. 30.73 lacs).

### 11. Deferred Tax Assets and Liabilities

In view of the Accounting Standard (AS)-22 "Accounting for Taxes on Income", the Deferred Tax Assets/ Liabilities as at March 31, 2011 comprise of the following major components:

(Rs. in lacs)

Particulars	As At 31.03.2011	As At 31.03.2010
Fixed Assets	1,394.74	1,165.45
<b>Deferred Tax Liability (A)</b>	<b>1,394.74</b>	<b>1,165.45</b>
Provision for Retirement Benefits	18.73	13.44
Disallowance of Preliminary Expenses	0.04	0.05
<b>Deferred Tax Assets (B)</b>	<b>18.77</b>	<b>13.49</b>
<b>NET DEFERRED TAX LIABILITY (A-B)</b>	<b>1,375.97</b>	<b>1,151.96</b>

## 12. Employee Benefits

### a) Defined Contribution Plans :-

The Company has recognised Rs. 144.57 lacs (PY Rs. 102.92 lacs) as expense in Profit & Loss Account.

### b) Defined Benefit Plans :-

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded. The Company has also provided for Leave Encashment which is unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account, the funded status and amounts recognized in the balance sheet for the respective plans (as per Actuarial Valuation as on March 31, 2011).

The principal assumptions used in determining gratuity and leave liability for the Company's plans are shown below:

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Discount Rate (based on the market yields available on Government bonds at the accounting date with term that matches that of the liabilities)	8.00%	7.50%	8.00%	7.50%
Salary increase (taking into account inflation, seniority, promotion and other relevant factor)	5.50%	5.00%	5.50%	5.00%
Expected Rate of Return on Plan Assets	0.00%	0.00%	9.15%	8.65%

Changes in the present value of Defined Benefit Obligation are as follows:

(Rs. in Lacs)

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Present Value of Defined Benefit Obligation at the beginning of the year	26.35	18.96	42.42	25.25
Interest Cost	2.10	1.42	3.39	1.89
Past Service Cost	-	-	0.48	-
Current Service Cost	10.24	13.19	21.47	17.29
Benefits Paid	(1.36)	(1.83)	-	(0.19)
Actuarial (gain) / loss on obligation	(11.33)	(5.38)	(5.08)	(1.82)
Present Value of Defined Benefit Obligation at the end of the year	26.00	26.36	62.68	42.42



Changes in the fair value of Plan Assets are as follows:

(Rs. in Lacs)

Particulars	Gratuity	
	2010-11	2009-10
Fair value of the plan assets at the beginning of the year	28.33	26.07
Expected return on Plan Assets	2.59	2.26
Contribution by employer	-	Nil
Benefits Paid	Nil	Nil
Actuarial (gain) / loss on Plan Assets	-	Nil
Fair value of the plan assets at the end of the year	30.92	28.33

Net Asset / (Liability) recognized in the Balance Sheet as on March 31, 2011:

(Rs. in Lacs)

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Present Value of Defined Benefit Obligation at the end of the year	26.00	26.36	62.68	42.42
Fair Value of Plan Assets	Nil	Nil	30.92	28.33
Net Asset / (Liability) recognized in the Balance Sheet	(26.00)	(26.36)	(31.76)	(14.09)

Net Employees Benefit Expense (recognized in the Statement of Profit & Loss for the year ended March 31, 2011):

(Rs. in Lacs)

Particulars	Earned Leave		Gratuity	
	2010-11	2009-10	2010-11	2009-10
Current Service Cost	10.24	13.19	21.47	17.29
Past Service Cost	Nil	Nil	0.48	Nil
Interest Cost	2.10	1.42	3.39	1.89
Expected return on plan assets	Nil	Nil	(2.59)	(2.26)
Net actuarial (gain) / loss recognized in the year	(11.33)	(5.38)	(5.08)	(1.82)
Expenses recognized in the statement of Profit & Loss	1.01	9.23	17.67	15.10

**13. Capital work in progress (CWIP):**

- includes Preoperative Expenses which are as follows:

(Rs. in Lacs)

Particulars	2010-11	2009-10
Traveling and Conveyance	4.49	3.22
Salary and Related Expenses	39.95	33.90
Security and House Keeping	0.25	1.88
Insurance	-	1.47
Legal and Professional	16.45	-
Electricity and Water Expenses	0.91	7.03
Lease Rent (including CAM)	-	0.57
Interest	79.45	259.41
Other Expenses	0.41	4.09
<b>Total for the Year</b>	<b>141.91</b>	<b>311.56</b>
Add: Brought forward from Previous Year	<b>390.30</b>	<b>1,109.75</b>
<b>Grand Total</b>	<b>532.21</b>	<b>1,421.32</b>
Less: Allocated to Fixed Assets	432.95	931.60
Less: sold / written off	99.26	99.42
<b>Balance Carried Forward</b>	<b>-</b>	<b>390.30</b>

**14. Segment Reporting**

Segment information as required by Accounting Standard (AS)-17 "Segment Reporting". The Company is operating in the same geographical segment and reportable business segment are given hereunder:

(Rs. in Lacs)

Particulars	Cinemas	Food & Beverages	Cash & Carry	Jewellery	Corporate (Unallocable)	Total
<b>Revenue</b>						
Net Sales/Income (There is no inter-segment revenue)	3,688.10 (2,187.92)	2,124.99 (1,702.88)	52,125.26 (44,391.01)	1,45,816.39 (82,134.52)	342.58 (358.66)	<b>2,04,097.32</b> <b>(1,30,774.99)</b>
<b>Result</b>						
Before interest, other income, depreciation, non-cash expenses and taxes	661.27 (321.25)	347.53 (210.66)	1,035.90 (911.17)	8,608.64 (6613.38)	(1,419.51) (-859.88)	<b>9,233.83</b> <b>(7,196.58)</b>
Add: Other Income	2.56 (1.83)	3.84 (7.73)	20.46 (9.46)	2.80 (-)	154.57 (17.24)	<b>184.23</b> <b>(36.26)</b>
Less: Depreciation	495.98 (262.87)	233.72 (198.34)	174.49 (177.85)	8.58 (4.31)	289.11 (205.72)	<b>1,201.88</b> <b>(8,49.09)</b>
Less: Non-cash Items	0.39 (6.80)	9.92 (-7.18)	6.84 (-)	- (-)	50.50 (517.93)	<b>67.65</b> <b>(517.55)</b>
Profit / (-) Loss before interest and taxes	167.46 (53.41)	107.73 (27.24)	875.03 (742.78)	8,602.86 (6,609.07)	-1,604.55 (-1,566.30)	<b>8,148.53</b> <b>(5,866.20)</b>
Interest					2,452.77 (1,671.27)	<b>2,452.77</b> <b>(1,671.27)</b>
<b>Profit before taxes</b>						<b>5,695.76</b> <b>(4,194.93)</b>
Taxes					1,970.19 (1,600.86)	<b>1,970.19</b> <b>(1,600.86)</b>
<b>Net Profit</b>						<b>3,725.57</b> <b>(2,594.07)</b>

**Other Informations :**

Segment Assets	10,107.01	3,902.08	12,094.60	27,879.00	12,033.78	<b>66,016.47</b>
	(8,392.63)	(3,680.25)	(6,678.21)	(17,968.59)	(11,550.56)	<b>(48,270.24)</b>
Segment Liabilities	532.02	128.75	4,110.93	10,428.04	19,499.06	<b>34,698.80</b>
	(369.17)	(147.58)	(1,392.81)	(86.10)	(18,575.35)	<b>(20,571.01)</b>

**Note:** Figures in brackets are for previous year.

**15. Related Party Transactions**

As per Accounting Standard (AS)-18 "Related Party Disclosures", the Company's related parties and transactions are disclosed below:

**a. Related parties & relationships with whom transactions have taken place during the year:****i. Key Management Personnel (KMP)**

Dr. Anil Jindal  
 Mr. Sunil Jindal  
 Mr. Raju Bansal  
 Mr. Vinod Gupta

**ii. Enterprises owned or significantly influenced by KMP and/or their Relatives**

SRS Finance Ltd. (w.e.f. 26.03.2010)  
 BTL Industries Ltd.  
 SRS Global Securities Limited (Formerly SRS Housing Finance Ltd.)  
 BTL Portfolio Ltd.  
 SRS Real Infrastructure Ltd.  
 SRS Real Estate Ltd.  
 BTL Investments & Securities Ltd.  
 SRS Buildcon Pvt. Ltd. (w.e.f. 01.02.2010)  
 SRS Portfolio Ltd  
 Vinod Gas Agencies

**b. Transactions with related Parties :****(Rs. in Lacs)**

S. No.	Name of the Party	Nature of Transaction	2010-11	2009-10	
I	SRS Finance Ltd.	Share Application Money (Refunded)	-	311.40	
		Issue of Equity Shares	-	623.40	
		Sale of Fixed Assets	52.53	-	
		Electricity charges (Income)	-	6.18	
		Purchases of Fixed Assets	44.34	-	
		Sale of Materials	1.08	10.37	
		Purchases of Materials	5.45	-	
		Rent paid	3.65	9.72	
		Reimbursement of Exp	1.61	12.79	
		Advance Received and Paid (Net)	6.81	-	
		Transfer of Party Account	3.75	1.02	
		<b>Closing Balance:</b>			
		Sundry Debtors	-	6.89	
		Sundry Creditors	-	3.63	
Security Receivable	-	4.86			

S. No.	Name of the Party	Nature of Transaction	2010-11	2009-10
2	SRS Global Securities Limited (Formerly SRS Housing Finance Ltd.)	Issue of Equity Shares	-	48.00
3	BTL Industries Ltd.	Issue of Equity Shares	-	89.00
		Advance to Supplier	-	13.00
		Share Application Money	-	2.00
4	BTL Portfolio Ltd.	Issue of Equity Shares	-	12.00
5	SRS Real Infrastructure Ltd.	Reimbursement of Exp (net)	6.58	13.96
		Rent Paid	60.00	30.00
		Sale of Goods	11.44	-
		Purchase of Space	188.78	-
		Security Given	-	690.00
		<b>Closing Balance:</b>		
		Sundry Creditor	-	2.00
		Security Receivable	690.00	690.00
6	SRS Real Estate Ltd.	Office Rent and Other Income received	42.00	42.00
		Reimbursement of Exp (Net)	16.74	33.46
		Sale of Goods / Material	0.31	1.12
		Display Charges received (including Service Tax)	275.75	275.75
		<b>Closing Balance</b>		
		Sundry Debtors	278.47	275.96
7	BTL Investments & Securities Ltd.	Issue of Equity Shares	-	5.66
8	SRS Buildcon Pvt. Ltd.	Issue of Equity Shares	-	25.05
		Loans & Advances given	-	25.05
9	SRS Portfolio Ltd.	Issue of Equity Shares	-	185.50
		Advance given	0.01	-
		<b>Closing Balance</b>		
		Advance Receivable	0.01	-
10	Vinod Gas Agencies	Purchase of Material	6.93	33.36
11	Dr. Anil Jindal	Director's Remuneration	179.33	149.42
12	Mr. Sunil Jindal	Director's Remuneration	21.60	13.20
13	Mr. Raju Bansal	Director's Remuneration	17.86	7.18
14	Mr. Vinod Gupta	Director's Remuneration	17.86	11.64



16. "Earning per Share" computed in accordance with Accounting Standard (AS)-20 "Earning Per Share":  
(Rs. in Lacs)

Particulars	2010-11	2009-10
<b>a) Numerator:</b>		
Net Profit after taxation as per Profit & Loss Account	3,725.57	2,594.06
<b>b) Denominator:</b>		
Weighted average no. of equity shares outstanding for:		
-Basic	10,42,91,009	10,24,44,714
-Diluted	10,42,91,009	10,24,44,714
<b>c) Face Value per share (in Rs.)</b>	10.00	10.00
<b>d) Earning per Share (EPS):</b>		
-Basic (in Rs.)	3.57	2.53
-Diluted (in Rs.)	3.57	2.53

17. **Directors Remuneration:**

(Rs. in Lacs)

Particulars	2010-11	2009-10
Directors' Remuneration	231.65	177.12
Employer's Share to PF etc.	5.00	4.32

**Note:**

Above remuneration is inclusive of allowances and perquisites but excluding the value of non-monetary perquisites, if any, & gratuity. As the provision for gratuity is determined for the Company as a whole and no separate amount for the Directors is available. No leave encashment benefit is available to the Director(s).

Computation of net profit in accordance with the relevant provisions of the Companies Act, 1956 has not been disclosed as no Commission is payable to the Director(s).

18. **Auditors Remuneration (excluding service tax)**

(Rs. in Lacs)

Particulars	2010-11 *	2009-10
Statutory Audit Fee	13.50	12.00
Tax Audit Fee	2.50	2.00
Out of Pocket Expenses	0.66	0.46
<b>Total</b>	<b>16.66</b>	<b>14.46</b>

\* Excluding Rs. 6.14 Lacs (excluding service tax) paid to auditors for other services, presently been shown under 'Share Issue Expense' under the head "Miscellaneous Expenditure (to the extent not written off or adjusted)".

19. Previous year's figures have been regrouped/rearranged wherever necessary to confirm to this year's classification.
20. All amounts in the consolidated financial statements are rounded off to nearest Rupee in lacs, except as otherwise stated.
21. Schedules I to 22 are annexed to and form an integral part of the Consolidated Balance Sheet as at March 31, 2011 and Consolidated Profit & Loss Account for the year ended as on that date.

Signatures to Schedules I to 22.

As per our report of even date attached

**For S.S. Kothari Mehta & Co.**

(Chartered Accountants)

Firm Reg. No.000756N

*Naveen*



**(Naveen Aggarwal)**

Partner

M. No. 094380

Place: Faridabad

Dated: 28<sup>th</sup> April 2011

**For and on behalf of the Board**

*Anil Jindal*

**(Anil Jindal)**

Chairman

DIN-00005585

*Navneet Kwatra*

**(Navneet Kwatra)**

COO & Company Secretary

*Sunil Jindal*

**(Sunil Jindal)**

Managing Director

DIN-00013791

*Bhagwan Dass*

**(Bhagwan Dass)**

Chief Financial Officer

### NOMINATION FORM

[(To be filled in by individual(s))]

To SRS Limited C/o Beetal Financial & Computer Services Pvt. Ltd. BEETAL HOUSE, 3 <sup>rd</sup> Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi – 110062	From : Name of the Shareholder and address _____ _____ _____ Folio No./DP ID* _____ No. of Shares _____
--	--

I am/We are holder(s) of Shares of the Company as mentioned above. I/We nominate the following person in whom all rights of transfer and/or amount payable in respect of Equity Shares shall vest in the event of my/our death.

Nominee's name							Age						
To be furnished in case the nominee is minor	Date of Birth												
Guardian's Name & Address													
Occupation of Nominee (✓)	1.Service	2.Business	3.Student	4.Household									
	5.Professional	6.Farmer	7.Others										
Nominee's Address													
	Pin Code												
Tel. No.													
Fax No.													
Email Address							STD Code						
Specimen signature of Nominee/Guardian (in case nominee is a minor)													

Kindly take the aforesaid details on record.

Thanking You,  
Yours Faithfully,

Date :

Name (s) of equity shareholder(s) [as appearing on the Certificate(s)]	Signature (as per specimen with Company)
Sole/1 <sup>st</sup> holder	
2 <sup>nd</sup> holder	
3 <sup>rd</sup> holder	
Witnesses (two)	
	Name & Address of Witness
	Signature & Date
1	
2	

## INSTRUCTIONS:

- Please read the instructions given below very carefully and follow the same to the letter. If the form is not filled as per instructions, the same will be rejected.
- The nomination can be made by individuals only. If the Shares are held jointly, all joint holders shall sign (as per the specimen registered with the Company) the nomination form.
- A minor can be nominated by a holder of Shares and in that event the name & address of the Guardian shall be given by the holder.
- The nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on re-patriable basis.
- Transfer of Shares in favor of a nominee shall be a valid discharge by a Company against the legal heir(s).
- Only one person can be nominated for a given folio.
- Details of all holders in a folio need to be filled; else the request will be rejected.
- The nomination will be registered only when it is complete in all respects including the signature of (a) all registered holders (as per specimen lodged with the Company) and (b) the nominee.
- Whenever the Shares in the given folio are entirely transferred or dematerialized, then this nomination will stand rescinded.
- Upon receipt of a duly executed nomination form, the Registrar & Transfer Agent (RTA) of the Company will register the form and allot a registration number. The registration number and folio no. should be quoted by the nominee in all future correspondence.
- The nomination can be varied or cancelled by executing fresh nomination form.
- The Company will not entertain any claims other than those of a registered nominee, unless so directed by Court.
- The intimation regarding nomination/nomination form shall be filed in duplicate with the RTA of the Company who will return one copy thereof to the Shareholder.
- For Shares held in dematerialized mode nomination is required to be filed with the Depository Participant in their prescribed form.

## FOR OFFICE USE ONLY :

Nomination Registration Number	
Date of Registration	
Checked by (Name & Signature)	



### SRS LIMITED

Regd. Office: "SRS Multiplex", Top Floor, City Centre, Sector-12, Faridabad - 121007

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional Attendance Slip at the venue of the meeting.

DP Id*	
Client Id*	

Folio No.	
No. of Shares	

Name and Address of the Shareholder

I hereby record my presence at the 11<sup>th</sup> Annual General Meeting of the Company held on Thursday, 26<sup>th</sup> May, 2011 at 10:30 A.M at "SRS Banquet", Near SRS Multiplex, City Centre, Sector-12, Faridabad-121007

\_\_\_\_\_  
Signature of Shareholder/Proxy

\* Applicable for investors holding shares in dematerialized form.

### SRS LIMITED

Regd. Office: "SRS Multiplex", Top Floor, City Centre, Sector-12, Faridabad - 121007

#### PROXY

I/We ..... being Member/Members of **SRS LIMITED** hereby appoint ..... (or failing him.....of.....) as my/our Proxy to attend and vote for me/our behalf at the 11<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, 26<sup>th</sup> May, 2011 at 10:30 A.M at "SRS Banquet", Near SRS Multiplex, City Centre, Sector-12, Faridabad-121007 and at any adjournment thereof.

Signed this .....day of.....2011

Signature \_\_\_\_\_

No. of Shares \_\_\_\_\_

Affix here One Rupee Revenue Stamp
---

\* Applicable for investors holding shares in dematerialized form.

Note: This Form in order to be effective should be complete and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



## **QUALITY POLICY**

The Company is committed to :

Serve the humanity by providing Quality Entertainment & Shopping Environment in best possible way so as to achieve customer's total delight and satisfying them by meeting their needs & expectations through continual improvement in its services and works activities with involvement of all level of employees of its organization.

