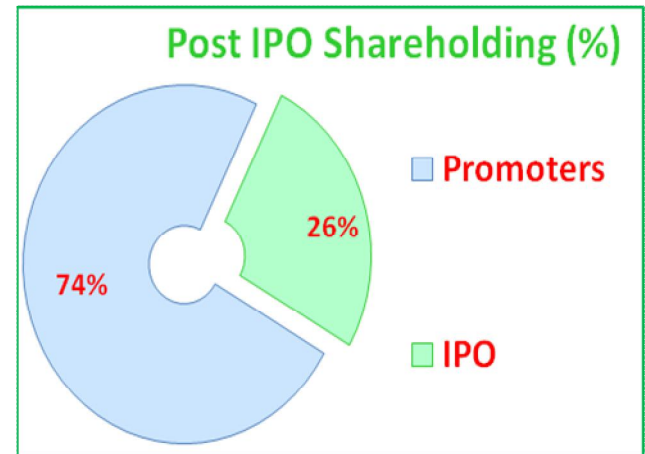




## SRS Ltd IPO (SRS)

Sector	Retailing
Website	<a href="http://www.srsparivar.com">http://www.srsparivar.com</a>
Issue Opens	23-Aug-11
Issue Closes	26-Aug-11
No. of Shares	3.5 Crore
Aggregating (INR)	227 Crore (Upper band)
Key Executives	Anil Jindal, Sunil Jindal Bishan Bansal, Raju Bansal
Registrar	Beetal Financial
BRLM	Karvy, IDBI Capital SPA Securities
Post IPO Equity (INR)	139.29 Crore

Price ` 58-65 (FV 10)



Assuming IPO @ Rs.65/Share Upper Band

## Company Background

Incorporated in 2000, Faridabad (Haryana) based SRS Limited is engaged in the business of Cinema Exhibition, Food & Beverages, Retail and Manufacturing & Retailing of Jewellery operations.

Company operates 23 SRS Value Bazaar retail stores, 15 food courts and 30 cinema screens in North India. The company also operates five jewellery retail and wholesale outlets and a jewellery manufacturing unit in Delhi.

SRS Cinemas is the cinema exhibition brand under which the Company operates a chain of cinemas spread across six cities. This includes 11 properties at strategic locations having 30 screens and 7,608 seats. The food courts are run under the SRS 7dayz and Punjabi Haandi brands and currently, the Company operates 15 food courts across North and Central India. The Company operates a chain of retail stores under the brand name of SRS Value Bazaar that offer FMCG products. SRS Fashion Wear is the other brand under which the Company retails multi-brand apparels. Company has 23 retail stores in North India. They also sell a wide range of gold and diamond jewellery under the brand name of SRS Jewells

## Objectives of the Issue

The company plans to raise about ` . 277 Crore (at upper band) from the issue, It plans to utilize issue proceeds as:

Particulars	Rs. Crore
Setting Up Cinemas	101.17
Setting up Food Courts	40
Setting Up Retail Stores	53.7
Setting up Jewellery manufacturing facilities & retailing outlets	16.7
<b>Total Rupees Crore</b>	<b>211.57</b>

Besides, it plans to meet IPO Expenses, Corporate Expenses etc. from the issue proceeds.



## Highlights

- Growth in Indian economy, has also created increased consumerism in India. There is fast growing middle class with increased disposable incomes.
- With growth in Consumerism, there is more & more demand for entertainment, luxury items like Jewellery, out of home dining etc.
- Further, brand awareness is also fast catching the middle class masses.
- SRS is a small player into Consumer space with focus mainly in area around Faridabad & Delhi.

## Financial Highlights (Consolidated)

Rs. Crore	FY 2010	FY 2011	FY 2012 E
Total Income	1329.86	2077.7	2493.2
Operating Expenses	1287.35	2020.75	2418.4
PBT	42.51	56.95	74.8
Exceptional Items	0	0	
Tax	16.36	19.44	25.4
PAT	26.15	37.51	49.4
Equity (FV 10)	104.29	104.29	139.3
EPS	2.51	3.60	3.54

## Peerset Comparison (FY 2011)

Rs. Crore	SRS	Pantaloon	Trent
FY 2011 Total Income	2077.7	5935	717
FY 2011 Net Profit	37.51	179	43
Equity	104.29	41.2	20
Face Value	10	2	10
CMP	65	275	1160
PE	18.07	31.65	53.95
M Cap/Total Sales	0.33	0.95	3.24
NPM (%)	1.81	3.02	6.00

## Risks

- The company may be looking attractive compared to peers on PE basis BUT, its margins are the least and its branding power is also low. Beyond Faridabad and a few areas of Delhi, it is unknown face.
- Economic slow down directly impacts consumer spending, which has adverse impact on business.

## Valuation & Recommendation: Risky

SRS is a small player into Retailing. Company is focused mainly in and around 2 cities. Though ICRA has given it Grade-3, still it looks risky proposition given the turmoil in listed space that is going on presently.



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**Shri Parasram Commodities Pvt. Ltd.**

FMC Regn. No. -NCDEX/TCM/CORP/0572, MCX/TCM/CORP/0828,

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