

CARE/NRO/GEN/2024-25/1045

The Board of Directors

SRM Contractors Limited

Sector-3 Near BJP Head Office, Trikuta Nagar
Jammu, Jammu and Kashmir, India-180012

August 14, 2024

Dear Sir/Ma'am,

Monitoring Agency Report for the quarter ended June 30, 2024 - in relation to the IPO of SRM Contractors Limited ("the Company")

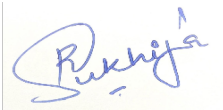
We write in our capacity of Monitoring Agency for the Initial Public Offer for the amount aggregating to Rs. 130.20 crore of the Company and refer to our duties cast under 41 of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended June 30, 2024, as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated March 13, 2024.

Request you to kindly take the same on records.

Thanking you,

Yours faithfully,



Rajan Sukhija

Assistant Director

Rajan.Sukhija@careedge.in

Report of the Monitoring Agency

Name of the issuer: SRM Contractors Limited

For quarter ended: June 30, 2024

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil (Please refer to page 3 of the report for details)

(b) Range of Deviation: Not Applicable

Declaration:

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.



Signature:

Name and designation of the Authorized Signatory: Rajan Sukhija

Designation of Authorized person/Signing Authority: Assistant Director

1) Issuer Details:

Name of the issuer : SRM Contractors Limited
 Name of the promoter : Mr. Sanjay Mehta
 Industry/sector to which it belongs : Construction - Civil Construction

2) Issue Details

Issue Period : March 26, 2024, to March 28, 2024
 Type of issue (public/rights) : Initial Public Offer
 Type of specified securities : Equity shares
 IPO Grading, if any : Not Applicable
 Issue size (in crore) : Rs. 130.20

3) Details of the arrangement made to ensure the monitoring of issue proceeds:

Particulars	Reply	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
Whether all utilization is as per the disclosures in the Offer Document?	Yes	CA certificate*, Management Certificate, Bank Statements	@	-
Whether shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not Applicable	Not Applicable	Not Applicable	-
Whether the means of finance for the disclosed objects of the issue have changed?	No	Not Applicable	Not Applicable	-
Is there any major deviation observed over the earlier monitoring agency reports?	No	Not Applicable	Not Applicable	-
Whether all Government/statutory approvals related to the object(s) have been obtained?	Yes	Offer Document	Not applicable	-
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not Applicable	Not applicable	Not Applicable	-
Are there any favorable/unfavorable events affecting the viability of these object(s)?	No	Not Applicable	Not Applicable	-
Is there any other relevant information that may materially affect the decision making of the investors?	No	Not Applicable	@	-

*CA certificate from Satyendra Mrinal and Associates (Statutory Auditor) dated August 10, 2024

@ Note: From the escrow account, the company had transferred the funds to a current account & to several other current accounts thereafter for utilization as and when required. However, there were numerous other debits and credits in these accounts. Accordingly, we were not able to independently ascertain the utilization of issue proceeds. However, the Company had represented to us that the funds had been used in line with the offer document and submitted CA certificate confirming the same.

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CARE Ratings Limited

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CIN-L67190MH1993PLC071691

#Where material deviation may be defined to mean:

- a) Deviation in the objects or purposes for which the funds have been raised
- b) Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.

4) Details of objects to be monitored:

(i) Cost of objects –

S. No.	Item Head	Source of information / certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of -firm arrangements made
1	Issue related expenses	Management Certificate, Chartered Accountant certificate*, Offer Document	6.82	NA	NA	-	-	-
2	Funding capital expenditure requirements for the purchase of equipment/machineries	Management Certificate, Chartered Accountant certificate*, Offer Document	31.50	NA	NA	-	-	-
3	Full or part repayment and/or prepayment of certain outstanding secured borrowings availed by our Company	Management Certificate, Chartered Accountant certificate*, Offer Document	10.00	NA	NA	-	-	-
4	Funding the Working Capital requirement	Management Certificate, Chartered Accountant certificate*, Offer Document	46.00	NA	NA	-	-	-
5	Investment In Joint Venture Project	Management Certificate, Chartered Accountant certificate*, Offer Document	12.00	NA	NA	-	-	-
6	General corporate purposes	Management Certificate, Chartered Accountant certificate*, Offer Document	23.88	NA	NA	-	-	-
Total			130.20					

*CA certificate from Satyendra Mrinal and Associates (Statutory Auditor) dated August 10, 2024

NA: Not applicable

Sr. No	Item Head	Source of information /certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document in Rs. Crore	Amount utilised in Rs. Crore			Total unutilised amount in Rs. crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter in Rs. Crore			Reasons for idle funds	Proposed course of action
1	Issue related expenses	Management Certificate, Chartered Accountant certificate*, Bank statements	6.82	-	6.40 [^]	6.40 [^]	0.42	-	-	-
2	Funding capital expenditure requirements for the purchase of equipment/machineries	Management Certificate, Chartered Accountant certificate*, Bank statements	31.50	-	8.51	8.51	22.99	-	-	-
3	Full or part repayment and/or prepayment of certain outstanding secured borrowings availed by our Company	Management Certificate, Chartered Accountant certificate*, Bank statements	10.00	-	8.50	8.50	1.50	-	-	-
4	Funding the Working Capital requirement	Management Certificate, Chartered Accountant certificate*, Bank statements	46.00	-	37.68	37.68	8.32	-	-	-
5	Investment In Joint Venture Project	Management Certificate, Chartered Accountant certificate*, Bank statements	12.00	-	2.34	2.34	9.66	-	-	-
6	General corporate purposes	Management Certificate, Chartered Accountant certificate*, Bank statements	23.88	-	7.62	7.62	16.26	-	-	-
Total			130.20		71.05	71.05	59.15			

*CA certificate from Satyendra Mrinal and Associates (Statutory Auditor) dated August 10, 2024

[^]This includes expenses of Rs. 1.59 crores paid by the SRM prior to Q1FY25 (which was subsequently reimbursed from the IPO proceeds received to the company)

(iii) Deployment of unutilized proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount invested in Rs. Crore	Maturity date	Earning in Rs. Crore	Return on Investment (%)	Market Value as at the end of quarter in Rs. Crore
1.	FDR in J&K Bank	10.00	25.04.2025	0.14	7.80	10.14
2.	FDR in ICICI Bank	10.00	16.04.2025	0.16	7.25	10.16
3.	FDR in HDFC Bank	5.00	26.04.2025	0.07	7.40	5.07
4.	FDR in HDFC Bank	2.00	26.04.2025	0.03	7.83	2.03
5.	FDR in Yes Bank	5.00	28.07.2024	0.08	7.50	5.07
6.	FDR in Yes Bank	10.00	08.10.2024	0.17	7.70	10.17
7.	FDR in Yes Bank	7.00	23.10.2024	0.12	7.70	7.12
8.	FDR in Yes Bank	8.00	28.10.2024	0.13	7.70	8.14
9.	Current Account Balance in HDFC Bank	2.15	Not Applicable	Not Applicable	Not Applicable	2.15
	Total	59.15		0.90		60.05

(iv) Delay in implementation of the object(s) –

Objects	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the offer document	Actual		Reason of delay	Proposed course of action
Issue related expenses	Not mentioned	Ongoing	-	-	-
Funding capital expenditure requirements for the purchase of equipment/machineries	March 31, 2026	Ongoing	No Delay	-	-
Full or part repayment and/or prepayment of certain outstanding secured borrowings availed by our Company	March 31, 2025	Ongoing	No Delay	-	-
Funding the Working Capital requirement	March 31, 2026	Ongoing	No Delay	-	-
Investment In Joint Venture Project	March 31, 2026	Ongoing	No Delay	-	-
General corporate purposes	March 31, 2025	Ongoing	No Delay	-	-

5) Details of utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:

Sr. No	Item Head [^]	Amount in Rs. Crore	Source of information / certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1	Salary	4.05	Management Certificate, CA certificate*	-	-
2	Commercial Space For Office	1.73	Management Certificate, CA certificate*		
3	Insurance Expenses	1.37	Management Certificate, CA certificate*		
4	Printing & Stationary	0.03	Management Certificate, CA certificate*		
5	General Expenses	0.24	Management Certificate, CA certificate*		
6	Electricity Expenses	0.07	Management Certificate, CA certificate*		
7	Telephone & Internet Expenses	0.07	Management Certificate, CA certificate*		
8	Machine Rent	0.06	Management Certificate, CA certificate*		
	Total	7.62			

*CA certificate from Satyendra Mrinal and Associates (Statutory Auditor) dated August 10, 2024

[^] Section from the offer document related to GCP:

"Our Company intends to deploy the balance Net Proceeds aggregating up to Rs. 23.88 crores in utilizing the proceeds earmarked for general corporate purposes."

Disclaimers to MA report:

- a) This Report is prepared by CARE Ratings Ltd (hereinafter referred to as "**Monitoring Agency/MA**"). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The views and opinions expressed herein do not constitute the opinion of MA to deal in any security of the Issuer in any manner whatsoever.
- b) This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments. For the purpose of this Report, MA has relied upon the information provided by the management /officials/ consultants of the Issuer and third-party sources like statutory auditors (or from peer reviewed CA firms) appointed by the Issuer believed by it to be accurate and reliable.
- c) Nothing contained in this Report is capable or intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The MA is also not responsible for any errors in transmission and specifically states that it, or its directors, employees do not have any financial liabilities whatsoever to the users of this Report.
- d) The MA and its affiliates do not act as a fiduciary. The MA and its affiliates also do not act as an expert to the extent defined under Section 2(38) of the Companies Act, 2013. While the MA has obtained information from sources it believes to be reliable, it does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives from auditors (or from peer reviewed CA firms), lawyers, chartered engineers or other experts, and relies on in its reports.
- e) The MA or its affiliates may have other commercial transactions with the entity to which the report pertains. As an example, the MA may rate the issuer or any debt instruments / facilities issued or proposed to be issued by the issuer that is subject matter of this report. The MA may receive separate compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors.