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SRM CONTRACTORS LIMITED

Our Company was incorporated on September 4, 2018 as "SRM Contractors Private Limited", a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated September 4, 2018 issued by the Registrar of Companies, Jammu. Subsequently, our Company was converted into a public limited company pursuant to a special resolution passed by the shareholders of our Company at the extraordinary general meeting held on June 30, 2023 and the name of our Company was changed from "SRM Contractors Private Limited" to "SRM Contractors Limited" pursuant to conversion from private to public company and a fresh certificate of incorporation dated August 11, 2023 issued by the Registrar of Companies, Jammu. For details of change in the name and registered office of our Company, see "History and Current Corporate Matters" on page 217 of the Red Herring Prospectus dated March 16, 2024 filed with the ROC ("RHP" or "Resolving Prospectus").

Corporate Identity Number: U45400JH2018PLC002933
Registered Office: Sector 3, Near SJP Head Office, Trikuta Nagar, Jammu - 180012, Jammu and Kashmir, India. Contact Person: Anu Mehta, Company Secretary and Compliance Officer. Tel: +91 94910 77114 / +91 91 2472729
E-mail: co@srml.com; Website: www.srml.com



(Please scan the QR code to view the RHP)

OUR PROMOTERS: SANJAY MEHTA, ASHLEY MEHTA AND PUNEET PAL SINGH

INITIAL PUBLIC OFFERING OF UP TO 62,00,000 EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF SRM CONTRACTORS LIMITED ("OUR COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹14 PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹4 PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹(₹) LAKHS ("THE ISSUE"). THE ISSUE WILL CONSTITUTE 4% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL.

Our Company is an engineering construction and development company engaged primarily in the construction of tunnels, slope stabilisation works, roads (including bridges) and other miscellaneous civil construction activities in the Union Territories of Jammu & Kashmir and Ladakh.

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.
• QIB Portion: Not more than 50% of the Issue • Non-Institutional Portion: Not less than 15% of the Issue • Retail Portion: Not less than 35% of the Issue

PRICE BAND: ₹200 TO ₹210 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH

THE FLOOR PRICE IS 20 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 21 TIMES THE FACE VALUE OF THE EQUITY SHARES
THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FINANCIAL YEAR 2023 FOR THE ISSUER AT THE UPPER END OF THE PRICE BAND IS AS HIGH AS 18.75 AS COMPARED TO THE AVERAGE INDUSTRY PEER GROUP PE RATIO OF 32.15 WEIGHTED AVERAGE RETURN ON NET WORTH FOR FISCAL 2023, 2022 AND 2021 IS 28.21%
BIDS CAN BE MADE FOR A MINIMUM OF 70 EQUITY SHARES AND IN MULTIPLES OF 70 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated March 16, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for the Issue Price" section on pages 121 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis for the Issue Price" section on pages 121 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the Red Herring Prospectus and the terms of the Issue, including the risks involved and not rely on any other external sources of information about the Issue available in any manner.

RISKS TO INVESTORS:

1. In past, our Promoter namely, Sanjay Mehta have made secondary sale of the Equity Shares held by him at ₹49 per equity shares dated June 19, 2023 and transfer price for such secondary sale is lower than the Issue price the Cap price is ₹210.

2. Our business is concentrated in the Union Territory of Jammu & Kashmir and Ladakh and we are exposed to risks emanating from economic, regulatory and other changes in the Union Territory of Jammu & Kashmir and Ladakh.

Our business is primarily dependent on projects undertaken or awarded in the Union Territory of Jammu & Kashmir and Ladakh, by our client such as National Highways & Infrastructure Development Corporation Limited - Ministry of Road Transport & Highways, Government of India (NHIDCL), Konkan Railway Corporation Limited (KRCL), Government of Jammu and Kashmir Economic Reconstruction Agency (ERA, Jammu), Border Road Organisation (BRO), Public Work (R&B) Department, Jammu & Kashmir (PWD, J&K), Northern Railway, Irrigation & Flood Control Department, J&K, J&K Rural Roads Development Agency (JKRDA), other entities funded by the Government of India, J&K Government and Third party major infrastructure and construction entities executing projects in the Union Territory of Jammu & Kashmir and Ladakh.

3. We derive a significant portion of our revenues from a limited number of clients. The loss of any significant clients may have an adverse effect on our business, financial condition, results of operations, and prospects

(in ₹ lakhs)

No.	Particulars	For nine (9) months period ending December 31, 2023		Financial Year 2022-23		Financial Year 2021-22		Financial Year 2020-21	
		Revenue	%	Revenue	%	Revenue	%	Revenue	%
1.	Revenue from Top five (5) Clients	18,945.15	80.77%	21,518.48	71.66%	21,050.37	79.85%	12,440.27	77.72%
2.	Revenue from Top ten (10) Clients	22,926.67	97.74%	27,626.16	92.00%	25,280.30	95.90%	14,597.40	91.20%

4. Our business is working capital intensive involving relatively long implementation periods. We require substantial financing for our business operations. Our indebtedness and the conditions and restrictions imposed on our financing arrangements could adversely affect our ability to conduct our business.

Typically, projects in the infrastructure sector which we undertake are working capital intensive in nature and involve long implementation periods. Majority of the working capital funds of our Company are blocked due to providing margin money for Bank Guarantee, Earnest Money Deposit, Performance Deposit and Security deposit (for our Projects) on which the banks are not providing finance. As on December 31, 2023, our Company's net working capital consisted of ₹8,622.13 Lakhs. Further, As on March 31, 2023, our Company's net working capital consisted of ₹7,058.79 Lakhs as against ₹4,585.17 lakhs as on March 31, 2022 and ₹27,32.52 lakhs as on March 31, 2020. As on December 31, 2023, our total borrowings stood at ₹4,232.29 lakhs. We may incur additional indebtedness in the future. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements.

5. We derive majority of our revenues from construction of Roads, Tunnel and Slope Stabilisation work and our financial condition would be materially and adversely affected if we fail to obtain new Roads, Tunnel and slope stabilisation work or our current Roads, Tunnel and Slope Stabilisation work are terminated.

(in ₹ lakhs)

Our operations	As on nine (9) months December 31, 2023	As % of Revenue from Operations	As on March 31, 2023	As % of Revenue from Operations	As on March 31, 2022	As % of Revenue from Operations	As on March 31, 2021	As % of Revenue from Operations
Road Projects	17,585.32	74.97%	13,532.93	45.07%	10,277.71	38.99%	8,729.29	54.54%
Tunnel Projects	62.87	0.27%	7,822.08	26.05%	10,857.19	41.22%	6,742.26	42.12%
slope stabilisation works	5,876.72	24.20%	8,390.26	27.94%	4,904.58	18.81%	228.71	1.43%
Other miscellaneous civil Construction Activity	130.13	0.55%	283.80	0.94%	311.66	1.18%	305.62	1.91%

6. The average cost of acquisition of Equity Shares by our Promoters could be lower than the floor price.

Promoters	Average cost of acquisition per Equity Share (in ₹)
Sanjay Mehta	0.72
Ashley Mehta	NIL
Puneet Pal Singh	49

7. Our Company is not in strict compliance with the Corporate Social Responsibility as required under the provision of Companies Act 2013.

As per the applicable laws, Our Company is required to spend 2% of its average net profits made during preceding three financial year on CSR activities. we have undertaken CSR activities financial contributions in Prime Minister Cares Fund and local welfare trusts undertaking activities pertaining to the welfare of old age people and education of children and have spent 17.04 lakhs, 1.80 lakhs and 1.81 lakhs in FY 2022-23, 2021-22 and 2020-21, respectively. However, our Company has not met with its statutory requirement of spending ₹25.55 lakhs, ₹13.39, ₹11.21 in FY 2022-23, 2021-22 and 2020-21, respectively and has not complied with requirement of parking the embarked CSR contribution funds into a separate account within the stipulated timelines.

8. Weighted Average Cost of Acquisition for all Equity Shares transacted in one year, eighteen months and three years preceding the date of the Red Herring Prospectus by our Promoters and Promoter group:

Period	Weighted Average Cost of Acquisition (in ₹)	Upper end of the Price band (₹ 210) is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in ₹)
Last 1 year	0.32	656.25	Lowest and Highest price ₹ 0.32
Last 18 months	0.32	656.25	Lowest and Highest price ₹ 0.32
Last 3 years	0.32	656.25	Lowest and Highest price ₹ 0.32

9. This is the first Main Board Public Issue being handle by BRLM associated with Issue. The BRLM has handled 14 SME public issues in the past three years, out of which 7 issue closed below the issue price on listing date.

10. Weighted Average Cost of Acquisition for all Equity Shares transacted during eighteen months preceding the date of the Red Herring Prospectus by our Promoters and Promoter group:

Period	Weighted Average Cost of Acquisition (in ₹)	Floor Price (i.e. ₹200)	Cap Price (i.e. ₹210)
WACA of Primary Transaction	NA		NA
WACA of Secondary Transaction	0.32	625 times	656.25 times

BID / ISSUE PROGRAMME

*The L1 mandate window closes at 5:00 p.m. on Bid Issue Closing Day

An indicative timetable in respect of the Issue is set out below:

Submission of Bids (other than Bids from Anchor Investors):

Bid Issue Period (except the Bid Issue Closing Date)	
Submission and Revision of Bids	Only between 10:00 am and 5:00 pm (Indian Standard Time ("IST"))
Bid Issue Closing Date*	
Submission of Electronic Applications (Online ASBA through 3+/- 1 accounts)	Only between 10:00 am and 5:00 pm IST
Submission of Electronic Applications (Bank ASBA through Online channels like Internet banking, Mobile Banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹500,000)	Only between 10:00 am and 4:00 pm IST
Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications)	Only between 10:00 am and 3:00 pm IST
Submission of Physical Applications (Bank ASBA)	Only between 10:00 am and 1:00 pm IST
Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications where Bid Amount is more than ₹500,000)	Only between 10:00 am and 12:00 pm IST

BID / ISSUE CLOSES TODAY*

Modification/Revision/Cancellation of Bids	
Upward Revision of Bids by QIBs and Non-Institutional Bidders categorised	Only between 10:00 a.m. and up to 5:00 p.m. IST on Bid Issue Closing Date
Downward or downward Revision of Bids or cancellation of Bids by RIBs	Only between 10:00 am and 5:00 pm IST
* QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.	
Post Issue Schedule:	
Event	Indicative Date
Bid Issue Closing Date	Thursday, March 28, 2024
Fixatation of Basis of Allotment with the Designated Stock Exchange	On or about Monday, April 01, 2024
Initiation of Refunds (if any, for Anchor Investors) - withdrawal of funds from ASBA Account	On or about Tuesday, April 02, 2024
Credit of the Equity Shares to demat accounts of Allottees	On or about Tuesday, April 02, 2024
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Wednesday, April 03, 2024

THE EQUITY SHARES OF OUR COMPANY WILL GET LISTED ON MAIN BOARD PLATFORM OF NSE AND BSE

Continued on next page.