

Date: 15.05.2024

To
The Corporate Relations Department
BSE Limited,
Dalal Street,P.J,Towers,
MUMBAI- 400001

To
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex, Bandra (E),
MUMBAI- 400051

Dear Sir/Madam,

Sub: Monitoring Agency Report for the quarter ended 31.03.2024

Ref: BSE Scrip Code: 539302, NSE Symbol: POWERMECH

Pursuant to Regulation 32(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with 173A(4) of the SEBI(Issue of Capital and Disclosure Requirements) Regulations,2018, please find enclosed herewith, Monitoring Agency Report issue by CARE Ratings Limited, Monitoring Agency, for the quarter ended 31.03.2024 in respect of the utilization of proceeds of the QIP of the Company.

A copy of this disclosure is also being uploaded on the website of the Company at www.powermechprojects.com

Kindly take the same on record.

Sincerely,
For Power Mech Projects Limited

Mohith Kumar Khandelwal
Company Secretary



Encl:A/a

POWER MECH PROJECTS LIMITED

AN ISO 14001:2015, ISO 9001:2015 & ISO 45001:2018 CERTIFIED COMPANY



JAS-ANZ



M4570910IN

Regd. & Corporate Office :
Plot No. 77, Jubilee Enclave, Opp. Hitex,
Madhapur, Hyderabad-500081
Telangana, India
CIN : L74140TG1999PLC032156

Phone : 040-30444444
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E-mail : info@powermech.net
Website : www.powermechprojects.com



No. CARE/HRO/GEN/2024-25/1009

**The Board of Directors
Power Mech Projects Limited**

Plot No. 77, Jubilee Enclave,
Opp. Hitex Arcade, Madhapur,
Hyderabad
Telangana 500081

May 15, 2024

Dear Sir/Madam,

Monitoring Agency Report for the quarter ended March 31, 2024 - in relation to the Qualified Institutions Placement of Power Mech Projects Limited ("the Company")

We write in our capacity of Monitoring Agency for the Qualified Institutions Placement Issue for the amount aggregating to Rs.350 crore of the Company and refer to our duties cast under 173A 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 31/03/2024 as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated 18/10/2023.

Request you to kindly take the same on records.

Thanking you,
Yours faithfully,



Puja Jalan

Associate Director

puja.jalan@careedge.in

CARE Ratings Limited

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CIN-L67190MH1993PLC071691

Report of the Monitoring Agency

Name of the issuer: Power Mech Projects Ltd.

For quarter ended: 31/03/2024

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: NA

(b) Range of Deviation: NA

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: Puja Jalan

Designation of Authorized person/Signing Authority: Associate Director

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1) Issuer Details:

Name of the issuer : Power Mech Projects Ltd.
Name of the promoter : Sajja Kishore Babu
Industry/sector to which it belongs : Construction and Mining

2) Issue Details

Issue Period : 10/18/2023 to 10/23/2023
Type of issue (public/rights) : Qualified Institutions Placement
Type of specified securities : Equity Shares
IPO Grading, if any : Not applicable
Issue size (in ` crore) : Rs.350 crore (Note 1)

Note 1:

The company had offered 9,01,789 Equity Shares under the rights issue, at Rs.3,881.17 per share (including share premium of Rs.3,871.17 per share) aggregating to Rs.350 crore. The issue was subscribed and the company has allotted 9,01, 789 Equity Shares to the applicants.

Particulars	Remarks
Total shares issued and subscribed as part of QIP (number)	9,01,789
Total subscriptions towards QIP (in Rs.)	349,99,96,413.13
Details of expenses incurred related to issue (in Rs.)	6,60,37,520.00
Net Proceeds of QIP (in Rs.)	343,39,58,893.13

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	Chartered Accountant certificate*, Utilization certificate as received from the management ¹	The net proceeds of QIP issue is Rs.343 crore. In line with offer document, the company utilized Rs.103.40 crore towards prepayment of working capital debt and general corporate purposes. As per the letter of offer, the remaining amount of Rs.240 crore has to be utilized towards installation of washery by financial year 2026.	

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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 shareholder approval has been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not applicable as there is no deviation from expenditures disclosed in the offer document	Chartered Accountant certificate*, Utilization certificate as received from the management ¹	Not applicable	
Whether the means of finance for the disclosed objects of the issue have changed?	Not applicable as there was no change	Not applicable	Not applicable	
Is there any major deviation observed over the earlier monitoring agency reports?	No, there are no deviations observed from last monitoring agency report	Not applicable	Not applicable	
Whether all Government/statutory approvals related to the object(s) have been obtained?	The company is yet to receive government, regulatory and statutory approvals for the installation of coal washery at Tasra project.	Mail correspondence from the company	Delay in the receipt of required approvals may extend the construction timelines of washery at Tasra project.	
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)?	The company is awaiting approval for Environmental clearance from Ministry of Environment, Forest and Climate Change, Government of India for the installation of coal washery.	Mail correspondence from the company	Approvals from concerned authorities are critical for the installation and operation of coal washery. Delay in the receipt of the same might extend the timelines of washery at Tasra project.	
Is there any other relevant information that may materially affect the decision making of the investors?#	No. All information has already been disclosed in the letter of offer.	Not applicable	Not applicable	

*Chartered Accountant certificate from M/s. K. S. Rao & Co. Chartered Accountants (**Member of Peer Review Board and also Statutory Auditor of PMPL**) dated April 30, 2024.

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¹A detailed document dated April 30, 2024 presenting the utilization of funds during Q4FY24 undersigned by CFO, Mr. Nani Aravind Nallamothu.

#Where material deviation may be defined to mean:

- Deviation in the objects or purposes for which the funds have been raised
- 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 –

Sr. 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	Funding capital expenditure for the installation and operation of washery and coal handling plant including other incidental infrastructure works for the Tasra opencast project	Chartered Accountant certificate*, utilization certificate from the management ¹	240.00	Not applicable	In line with the objects in letter of offer			
2	Repayment / prepayment in full or part, of a portion of the loan availed by our Company from Bank of Bahrain and Kuwait B.S.C	Chartered Accountant certificate, utilization certificate from the management considered during last review and Bank Statements	20.00	Not applicable	In line with the objects in letter of offer			
3	General corporate purposes (GCP)	Chartered Accountant certificate and utilization certificate from the management considered during last review	83.40	Not applicable	In line with the objects in letter of offer			
Total			343.40					

*Chartered Accountant certificate from M/s K. S. Rao & Co. dated April 30, 2024.

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(ii) Progress in the objects –

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			Unutilised amount in Rs. crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter as on January 01, 2024 in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter as on March 31, 2024 in Rs. Crore			Reasons for idle funds	Proposed course of action
1	Funding capital expenditure for the installation and operation of washery and coal handling plant including other incidental infrastructure works for the Tasra opencast project	Chartered Accountant certificate*, utilization certificate as received from the management ¹ , and Monitoring account statement.	240.00	0.00	2.88	2.88	237.16 [^]	Out of Rs.240 crore, amount of Rs.2.88 crore has been spent towards payments to suppliers for installation of washery in Tasra Opencast project. Rs.0.16 crore is outstanding in the Monitoring account while the remaining amount of Rs.237 crore is invested in Fixed deposits with IndusInd and RBL Bank.		
2	Repayment / prepayment in full or part, of a portion of the loan availed by our Company from Bank of Bahrain and Kuwait B.S.C	Chartered Accountant certificate and utilization certificate as received from the management	20.00	20.00	0.00	20.00	0.00	During Q3FY24, the company has spent entire amount of Rs.20 crore towards repayment of loan availed from Bank of		

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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			Unutilised amount in Rs. crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As at beginning of the quarter as on January 01, 2024 in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter as on March 31, 2024 in Rs. Crore			Reasons for idle funds	Proposed course of action
		considered during last review and bank statements						Bahrain and Kuwait B.S.C, as per the objects of the issue.		
3	General corporate purposes (GCP)	Chartered Accountant certificate and utilization certificate as received from the management considered during last review.	83.40	83.40	0.00	83.40	0.00	During Q3FY24, the company made repayment (additional repayment of Rs.10 crore of Bank of Baharain and Kuwait B.S.C) and multiple payments towards suppliers and sub-contractors, as per the objects of the issue.		
Total			343.40	103.40	2.88	106.28	237.16			

[^]includes interest of Rs.0.04 crore received on fixed deposits withdrawal of Rs.3 crore from IndusInd Bank.

* Chartered Accountant certificate from M/s K. S. Rao & Co. dated April 30, 2024.

¹ A detailed document dated April 30, 2024 presenting the utilization of funds during Q4FY24 undersigned by CFO, Mr. Nani Aravind Nallamothu.

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(iii) Deployment of unutilized public issue proceeds:

Sr. No.	Type of instrument and name of the entity invested in	Amount invested	Maturity date	Earning	Return on Investment (%)	Market Value as at the end of quarter
1	Fixed Deposits	Rs.106 crore	October 31, 2024	Rs.8.82 crore	8.32%	Rs.107.93 crore
2	Fixed Deposits	Rs.106 crore	October 31, 2024	Rs.8.82 crore	8.32%	Rs.107.93 crore
3	Fixed Deposits	Rs.25 crore	November 01, 2024	Rs.1.99 crore	7.96%	Rs.25.86 crore
4.	Monitoring Account	Rs.0.16 crore	-	-	-	Rs.0.16 crore

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

Objects	Completion Date				Actual	Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the offer document						Reason of delay	Proposed course of action
Funding capital expenditure for the installation and operation of washery and coal handling plant including other incidental infrastructure works for the Tasra opencast project		FY24	FY25	FY26	Rs.2.88 crore during FY24	Ongoing*	Delay in getting the environmental clearance from MOEF&CC (Ministry of Environment, Forest and Climate Change)	Board took note of the reason for delay.
	Rs. crore	24	48	168				
Repayment / prepayment in full or part, of a portion of the loan availed by our Company from Bank of Bahrain and Kuwait B.S.C	By FY24				Fully utilized on October 30, 2023 (within timelines)	NA		
General corporate purposes (GCP)	By FY24				Full amount of Rs.83.40 crores has been spent till Dec. 31, 2023 (within timelines).	NA		

*as per the terms of offer document, in the event that estimated utilization out of the Net Proceeds in a scheduled fiscal year is not completely met, the remaining Net Proceeds shall be utilised in the next fiscal year or if required, the amount scheduled for deployment in a specific Fiscal may be utilized in an earlier Fiscal, as may be determined by the company, in accordance with applicable laws.

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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	Repayment of working capital demand loan	10.00	Chartered Accountant certificate and Management certificate submitted during last review.	Amount of Rs.83.40 crore utilised under various item heads are as per the provisions of letter of offer. Section from the letter of offer related to GCP is presented below.	
2	Payment to suppliers	63.00	Chartered Accountant certificate and Management certificate submitted during last review.		
3	Payment to sub-contractor	10.40	Chartered Accountant certificate and Management certificate submitted during last review.		
	Total	83.40			

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

"Our Company proposes to deploy the balance Net Proceeds, aggregating to ₹ 833.96 million, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the Gross Proceeds, in compliance with applicable laws. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, without limitation, funding growth opportunities, **part prepayment/repayment of any borrowings**, business development initiatives, **meeting expenses incurred in the ordinary course of business** and towards any exigencies or any other purpose, as may be approved by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

In addition to the above, our Company may utilise the Net Proceeds towards other purposes considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act. Our Company's management shall have flexibility in utilising surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds.

In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals."

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